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Factors Influencing the Level of Ethics and Integrity, and Relationship with Organizational Commitment in Federal Government

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ABSTRACT

This article examines the influence of the quality of a Chief Integrity Officer (competence, work performance and independence) and ethical climate on the level of ethics and integrity. In addition, the study also examines the relationship of the level of ethics and integrity on the organizational commitment in Malaysia's Federal Government. Primary data were collected using a questionnaire survey through email to the CIO and the officer in charge of the integrity unit in the federal territory. Factor analysis and descriptive statistics were used for data analysis and multiple regression was used for hypotheses testing of the relationships. The finding shows that the quality of CIOs and ethical climate were found to have a significant level of ethics and integrity in federal organizations. Meanwhile, the relationship between the level of ethics and integrity with organizational commitment was found to be a significant relationship in terms of affective commitment only. This study indicated that competence, the work performance of CIOs and ethical climate environment can enhance the level of ethics and integrity. Therefore, CIOs must enrol in professional certificates of integrity, high education and working experience, and must report any breaches of integrity without fear. The study also shows that employees feel honest, principled and comfortable to be working in an ethical and integral environment with their good moral values and this leads to higher good commitment in the Federal Government sector organizations.

Introduction

The increase in unethical conduct has led to the intensification of efforts to boost integrity with codes of ethics, norms and policies meant to create an effective civil services delivery system in the organization. Therefore, the success of implementing ethics and integrity effectively will reduce ethical scandals such as corruption, bribery, fraud, inefficiency, misappropriation of assets and failure in governance (Alam et al., 2018). The main aim is to protect the public interest by having a governance system that is effective and efficient—one which ensures that the rights of the public are protected and reflects accountability as well as integrity in practising daily tasks by the public sector officers. If this fails, the system of governance would face failure as well (Aziz et al., 2015). Thus, the situation has promoted the Malaysian government to initiate serious efforts to overcome the issue of

integrity that has affected the civil servants. In 2008, it is the requirement that all public sector needs to have a Chief Integrity Officer (CIO) to help oversee ethical issues (Circular 2009). This study was conducted to see whether the presence of a CIO will be able to increase the level of ethics in the Malaysian Federal Government by preventing and reducing unethical behaviour. In the United States, the government has taken steps to inculcate ethics, integrity and moral values in the public sector (Mintrop, 2012). Jones (2009) reiterates that the strength of integrity is reflected through a good balance of perceived needs and the values demanded externally that are deeply rooted in the culture connecting the external conduct of responsibility particularly to the public, thus leading to accountability. Employees who uphold integrity have been proven to be more committed to their work in the organization (Said et al., 2016). Moreover, it is crucial for an organization to have integrity in order to be placed in a global ranking (Talib et al., 2013). Therefore, the roles of Chief Ethics and Compliance Officer (CECO) are important in terms of (a) helping provide shelter from severe sanctions in the event of legal/regulatory difficulty, (b) contributing to the establishment of an enduring ethical culture, (c) helping other corporate leaders prevent misconduct or effectively address it when it occurs and (d) providing a public demonstration of the organization's commitment to integrity (Tran, 2010). Nowadays, the public sector is a matter of global concern because of the constant cases of failures in governance, fraud, inefficiency and corruption. This situation has promoted the Malaysian government to initiate a serious effort to tackle integrity deficiency issues that have been shackling the civil servants. The Malaysian Public Sector was previously known as the Malaysian Civil Service (MSC). It is divided into three tiers of government including Federal Government, State Government and Local Government (Azleen & Nurul, 2013). Thus, the government acknowledged that ethics and integrity in the public sector are important as it is needed to manage and administer an organization and contribute to better delivering services and national development. **Table 1** shows the initiatives undertaken by the Malaysian government to enhance ethics and integrity in the Malaysian public sector. Amongst the initiatives were the appointment of a CIO and the implementation of the Certified Integrity Officer (CeIO) programme by the Malaysia Anti-Corruption Academy (MACA).

Table 1 shows that the initiatives were undertaken for preventing unethical behaviour in Malaysia even before it gained independence in 1957. In 1967, the Anti-Corruption Agency was established to eliminated bribery and other unethical behaviour in the public sector. In 1980, the

Table 1: Malaysian government initiative to promote ethics and integrity in the public sector

Year	Milestone
1950	Prevention of Corruption Ordinance
1961	Prevention of Corruption Act
1967	Anti-Corruption Agency (ACA) – Act 1967
1980	Introduced 'Clean, Efficient, Trustworthy'
2004	Malaysian Institute of Integrity (MII), National Integrity Plan (NIP)
2006	Malaysia Anti-Corruption Academy (MACA)
2008	Corporate Integrity Development Center (CIDC) * Putting the Chief Integrity Officer (CIO) from ACA 'Kader' at ministries, departments, agencies in high-risk unethical scandal
2009	Malaysia Anti-Corruption Commission (MACC's), MACC Act 2009 – Transformed from ACA, Implementation of the Certified Integrity Officer, Programme committee on Integrity (CIG)
2013	Agency Integrity Management Division (AIMD)
2014	Integrity and Governance Committee – Head Integrity Unit:
2019	National Anti-Corruption Plan (NACP) – Launching by Dato Seri Tun Dr Mahathir (2019–2023)

government introduced 'Clean, Efficient and Trustworthy' to replace the Prevention of Bribery Ordinance 1950 and the Anti-Corruption Agency in 1961 with the aim to ensure the prevention of corruption and enhance the integrity in the public sector (Lokman & Talib, 2015). In 2004, the Malaysian government established the Institut Integriti Malaysia (IIM) and the National Integrity Plan (NIP), with the purpose to increase the level of integrity in the organization and to make integrity a part of the culture of Malaysian society (Siddique, 2010). Meanwhile, to ensure the effectiveness to overcome integrity issues, MACA had been established in 2006 by providing training programmes in various fields, such as investigation, prosecution, intelligence, prevention, consultancy and management. Also, through its Corporate Integrity Development Center (CIDC), MACA developed the CeIO programme to train government officers in preparation for them to head organizations on integrity issues (Norazlan, 2013). The CeIO programme requires a CIO to undergo a six-month training by MACA, and amongst the objectives of the programme are to promote compliance with laws, system, and procedures; advise on fraud issues and instil initiatives that can help prevent unethical behaviour (NKRA E-Newsletter, 2013). According to Circular No. 6 (2013), there are three levels of risk in the public sector consisting of high risk, medium risk and low risk. In August 2008, Malaysia Anti-Corruption Commission (MACC) placed its CIOs as 'Kader' at ministries, departments and government agencies to help monitor and mitigate the

occurrence of fraud and corruption risk. Another initiative by the government was the transformation of ACA on 1 January 2009 to become the Malaysian Anti-Corruption Commission (MACC) whose main function was to enforce the law to prevent corruption. Upon the recommendation by MACC in 2013, Unit Integrity was established in all federal and state government agencies with CIOs as the head of the Integrity Unit, who will manage and implement initiatives pertaining to integrity. On 29 January 2019, the government launched the National Anti-Corruption Plan (NACP) 2019–2023 with the objective of making 'Malaysia known for integrity, not corruption' and building a corrupt-free nation that upholds transparency. The NACP was developed as a realization of the 'Pakatan Harapan' government's manifesto which was implemented within five years. With NACP, it was hoped that Malaysia will one day become a benchmark to combat corruption in the public sector (GIACC, 2019). Most of the research on the level of ethics has been done in the private sector. Putih and Ismail (2015) found that corporate governance mechanisms have an influence on the level of ethics disclosed in the annual report in the public listed companies, whereas Lokman and Mahadzir (2019) found that the organizational factors such as ethical training have an influence on the level of ethics of employees. A Chief Ethics Officer has an influence on the level of ethics and integrity in a medical organization (Guten et al., 2004). In the public sector, studies have shown that ethical leadership has an influence on the level of ethics of the local government (Hamoudah et al., 2021). However, to the researcher's knowledge, there is no study that has looked at the quality of CIOs on the level of ethics in the public sector. A CIO position was made mandatory in 2008 in all organizations (Corporate Integrity Development Centre, Malaysian Anti-Corruption Commission). All public sector organizations were thus required to have a CIO in their organization to oversee issues of ethics and also to inculcate ethical values of the organization. This article examines the relationship of the quality of a CIO based on independence, competence and work performance and ethical climate with the level of ethics and integrity in Federal Government and the relationship between the level of ethics and integrity with the organizational commitment (affective commitment, continuance commitment and normative commitment).

Problem Statement

The cases of unethical scandal in the government sector have caused millions to be wasted through inefficient, unchecked and uncontrolled purchases of unnecessary equipment for projects that have been abandoned eventually. If the Malaysian government does not curb

unethical issues such as corruption, bribery and fraud, these will lead to uncertain economy, reduced investment, less expenditure by the government on public projects because of lower tax revenue and exertion of an 'informal corruption cost' causing other institutions to be ineffective (Diaby & Sylwester, 2014).

Table 2 shows the Corruption Perception Index (CPI) statistics in the public sector of Malaysia from 2012 to 2020. The CPI score below 50 indicates that the country has serious problems in terms of corruption which relate to the 'misuse of public power for private benefit' (TI, 2020). In summary, Malaysia's CPI scores have increased above 50 in 2013, 2014, 2015, 2019 and 2021, which indicates that graft-fighting in the public sector is effective. However, in 2012, 2016, 2017, 2018 and 2021 the CPI scores dropped below 50, that is, between 47 and 49. Among of big scandal is due to the 1 Malaysia Development Berhad (1MDB) scandal involved embezzlement, bribery, false declarations and bond mispricing relating to extensive borrowing (Jones., D.S, 2020), SRC International Sdn. Bhd cases involved the money laundering by receiving a total of RM42 million from SRC International to Najib's private bank accounts (Malay Mail, 2019), and the Federal Land Development Authority namely scandal of losing rights to four plots of land valued at around RM270 million due to an ownership transfer through an allegedly "dubious transaction" (Malaysiakini, 2017). There are some high-profile cases which granted a discharge not amounting to an acquittal to an acquittal which could create negative perception handling matters. Latest, the decline of CPI score 2021 due to continued adverse reports on wrongdoings and poor governance by government officials in the Auditor-General's report which went unpunished, discharge not amounting

Table 2: Malaysia's Corruption Perception Index score (CPI) 2011–2021

Year	Malaysia's Ranking Out of Country	CPI Score/Scale of (0-10/0-100)
2011	60/182	4.3/10
2012	54/174	49/100
2013	53/177	50/100
2014	50/175	52/100
2015	54/174	50/100
2016	55/176	49/100
2017	62/180	47/100
2018	61/180	47/100
2019	51/180	53/100
2020	57/180	51/100
2021	62/180	48/100

Source: Transparency International Website (2020).

to acquittal for high-profile personalities in corruption cases and lack of political will from various administrations in fighting corruption (New Strait Time, 2022). It has been reported that accountability, integrity and ethics have been a subject of discussion in Malaysia's public sector (Alam et al., 2018; Johari, Rosnidah, Nasfy, and Sayed Hussin, 2020). Therefore, the decline of CPI score indicates that graft-fighting measure efforts are still inadequate to fight corruption in the Malaysian public sector.

Table 3 shows that misappropriation of assets forms the highest percentage which occurs in Federal Government agencies as compared to local and other agencies (Kamaliah et al., 2018). In addition, the number of arrests in the public sector has increased from 2018 to 2020 (MACC, 2021). Therefore, a CIO is perceived as a person who has an important role and the responsibility to ensure that ethics and integrity are properly implemented in an organization. If a CIO's relationship is positive on the level of ethics and integrity in an organization, the CeIO programme would be recommended to be continued and made compulsory to be attended by CIOs.

The most important gap in this study is to examine the influence of a CIO through its quality, that is, competence, work performance and independence, which was introduced in 2008 as 'Kader' and function to handle the high-risk unethical scandal at ministries, departments and agencies in the public sector. In a meeting with the officials at MACA, they agreed that this research needs to be conducted as there is no research had been conducted to look at its impacts. Previous research (Haron et al., 2015; Kaptein, 2007) has looked at leadership and moral reasoning and has majorly been done on public listed companies with not much on the public sector. Another variable, ethical climate, is also being studied. Another gap of this study is the 12 dimensions of the level of ethics and integrity used by Corporate Integrity Assessment Questionnaire (CIQM) developed by the Institute of Integrity Malaysia to measure the progress

in making a formal and transparent commitment to ethics and integrity in workplaces. Previous studies on corporate integrity system have shown that a good level of ethics will have good high impact on the organizational commitment. Meanwhile, based on the study of Hunt and Vitell (1986), theory of ethics is more positive rather than normative approach (Torres, 2001). According to Zakaria et al. (2010), Hunt and Vitell's theory of ethics states that personal characteristic influences perceived ethical problems, which in turn influences the formation of ethical judgement. Another theory is the social identity theory that explains the relationship between the level of ethics and integrity and organizational commitment. Based on the social identity theory, it was found that employees who perceived that their organizations engaged in ethically responsible behaviour and treated employees with fair procedures showed higher levels of organizational commitment (Brammer et al., 2007; Moon & Choi, 2014).

Literature Review and Hypotheses Development

Theory of Study

The theory describes and explains how people behave (Tsalikis & Fritzsche, 1989). Thus, this study uses the Hunt and Vitell's theory of ethics to explain the influence of personal characteristics and organizational environment on the level of ethics and integrity in an organization. According to this theory, the personal characteristics (which in this study is the quality of a CIO) and organizational environment (for ethical climate variable) will have a significant influence on the level of ethics and integrity in an organization. Another theory used in this study is social identity theory (Ashforth & Mael, 1989; Tajfel, 1978). This theory explains the relationship between the level of ethics and the integrity to organizational commitment. According to this theory, a good ethical environment (whereby there is transparency, unethical behaviour is being reprimanded and good behaviour being recognized) will lead to an increase in satisfaction amongst employees and will then lead to a higher organizational commitment in the organization.

Table 3: Percentage of fraud cases based on the type of government agencies

Fraud	Federal (%)	Local (%)	Others (%)
Bribery/Kickback	24.18	10.99	12.09
Theft	36.26	14.29	17.58
Misappropriate of Assets	37.36	16.48	17.58
Procurement Fraud	35.16	14.29	15.38
Payroll Fraud	14.29	4.40	9.79
Financial Statement Fraud	7.69	0.00	2.20

Source: Kamaliah et al. (2018) Effectiveness of monitoring and mitigations of fraud incidents in the public sector.

Level of Ethics and Integrity

Institut Integriti Malaysia (IIM) identifies 12 dimensions that if exist in an organization can help measure the level of ethics in the organization, based namely on (i) vision and goal, (ii) leadership, (iii) infrastructure, (iv) legal compliance, policies and rules, (v) organizational culture, (vi) disciplinary and reward measures, (vii) measurement,

research and assessment, (viii) confidential advice and support, (ix) ethics training and education, (x) ethics communications, (xi) whistleblowing and (xii) corporate social responsibility. A study conducted by Said and Omar (2014) used the questionnaire on two giant government-linked companies—a utility company and health care company. Findings show that the level of ethics and integrity on average is 50% for both companies, with utility companies having a higher level of ethics and integrity (67.7%) than the health care companies (59.7%). The score for corporate social responsibility is the highest for both companies and the lowest score is for infrastructure.

Quality of Chief Integrity Officer

Despite growing research in behavioural ethics, little is known about one of the most important ethics-related roles in organizations. There are numerous names given for the ethics-related role such as Ethics and Compliance Officer (ECO) (Chandler, 2015; Trevino et al., 2014), Compliance Officer (CO) (Chandler, 2015), Ethics Ambassador (Irwin & Bradshaw, 2011) and Ethics Officer and Chief Ethics Officer (Guten et al., 2004). Previous research also mention about CECOs whose roles are clearly and properly defined and who are empowered to create and maintain strong ethics programmes. In Malaysia, a CIO was introduced with Circular No. 6 (2013). In this study, the quality of a CIO will be measured by independence, competence and work performance. This measurement is based on the study of Tong (2013, 2014) where he measures the quality of internal auditors using the following three dimensions:

(i) *Independence*. It refers to the need for individuals to have an attitude and exhibit exemplary behaviour such as compromises with their positions as independent and responsible professionals (Wangcharoendate & Ussahawanitchakit, 2010). According to Tong (2013), defining 'independence' is an important characteristic that has to be included to ensure that internal audit is sufficiently effective. The measurement independence of this study looks towards operationally and functionally reporting (Tong, 2013). In the case of a CIO, reporting operationally refers to reporting within the organization's management structure that facilitates the day-to-day operations of the internal activity, that is, coordinate and monitor integrity programmes of a CIO and that requires reporting to the head of the department. Reporting functionally is directly reporting to a higher level outside the organization by the CIO on issues related to the abuse of power and money laundering. Outside parties include

the Agency Integrity Management Division, thereby avoiding restraining of the report by the organization. A CIO should have an impartial, unbiased attitude and must avoid conflicts of interest in conducting engagements towards ethics and integrity reporting. It is recommended that they report to the General Secretary of Ministry or the Head of the Department and the Agency Integrity Management Division every four months, that is, on 15 May, September and January (Circular No. 6, 2013).

(ii) *Competence*. It defines as 'an underlying characteristic of a person, which results in effective and/or superior performance in a job (Boyatzis, 1982). Meanwhile, Tong (2013) defined competence as the quality of being adequately well-qualified physically and intellectually. Individual competence can be described as a set of skills and knowledge that an individual needs to perform a specified job effectively (Baker et al., 1997). According to Tong (2013), measurement for competence looks at the years of experience and educational qualification level to set the quality of an internal audit which is based on the sum of mean educational qualification levels among the audit staff. As per this, an internal auditors' average score of 4 will be awarded for 'PhD', 3 for 'master', 2 for 'degree' and 1 for 'diploma'. The mean of educational qualification is the sum of the score divided by the maximum score given to the number of staff. Meanwhile, work experience based on experienced staff usually has accumulated extra knowledge and skills; therefore, the score will be awarded based on how long they worked. The mean of experience is derived by dividing the sum of the score by the maximum score. Thus, the measurement of a CIO's competence will be based on the educational qualification level and working experience (Tong, 2013).

(iii) *Work performance*. It refers to activities done by and the behaviour and results of an employee that help achieve the organizational goals (Viswesvaran & Ones, 2000). The IIA Performance Standard 2200 (IIAM, 2008) deals with engagement planning and states that internal auditors should develop and record a plan for each engagement, including the scope, objective, timing and resource allocations. Engagement planning should cover adequate scope and should be performed by staff with the required knowledge and skills. Tong (2013) stated that a relationship between work performance might affect the internal audit and its efficiency. The significant relationship shows that the quality of work performance which is planned, performed and reviewed and the suitability of the audit

are vital to ensure the objective is accomplished and engaged effectively and efficiently in the organization. In this study, the work performance of are the roles of CIO as stipulated in Circular Series 1 No. 1 (2011).

Ethical Climate

Victor and Cullen (1988) defined ethical climate as 'the prevailing perceptions of distinctive organizational procedures that have ethical content' or 'those aspects of work climate that determine what creates ethical behaviour at work'. Ethical climate influences both decision-making and subsequent behaviour in response to ethical dilemmas (Martin & Cullen, 2006). According to Sim (1992), the concept of ethical climate is powerful. The ethical climate of an organization is the shared set of identifications about what correct behaviour and how ethical issues will be handled. This climate sets the tone for decision making at all levels and in all circumstances. Abdullah et al. (2014) used the term ethical climate interchangeably with the ethical culture. Ethical climate or culture measurement is implemented from the scale developed by Victor and Cullen (1988) and Suar and Khuntia (2004). This research used the ethical climate questionnaire (ECQ) developed by Victor and Cullen (1988). Thus, previous research has shown that the influence of ethical climate (Kolthoff et al., 2010) will enhance the level of ethics and integrity in the organization. Shafer (2015) studies the ethical climate of professional accountants in Hong Kong and the results show that an ethical climate has a significant relationship with ethical judgements in the organizations.

Organizational Commitment

Behaviour and performance are strongly related to organizational commitment (Benkhoff, 1997). Thus, there are three components proposed in previous research (Allen & Meyer, 1990; Meyer & Allen, 1991, 1997; Meyer & Herscovitch, 2001), namely affective commitment, continuance commitment and normative commitment.

(i) **Affective commitment** is referred to the individual's emotional attachment to and involvement and identification with the organization. It takes into account three main aspects, namely the development of psychological affinity to a firm, association with the organization and the wish to remain as a member of the organization. Individuals, by developing emotional affinity towards a firm, tend to associate themselves with the objectives of the firm and support the firm in achieving these objectives (Allen & Meyer, 1990).

(ii) **Continuance commitment** refers to the length of time an individual works in an organization. According to this theory, when an individual works for several years in an organization, he/she tends to accumulate investments in the form of time, job effort and organization-specific skills, which are too costly to lose. Employees tend to evaluate their investments by looking at what they have contributed towards the organization, what they would gain by remaining in the organization and what they would lose if they left the firm (Romzek, 1990). In addition, when an employee feels that he/she does not possess the necessary skills to compete for a job in any other field, he/she tends to develop continuance.

(iii) **Normative commitment** reflects commitment based on perceived obligation towards the organization. It conceives organizational commitment as a desire to maintain membership in an organization because of a strong felt moral obligation.

Despite the differing conceptual views, the three components have generally been held to share a common trait, that is, commitment is a psychological state (Allen & Meyer, 1990) that explains employees' relationship with their organizations, and the attendant implications of the decision to continue or discontinue membership in such organizations (Meyer & Allen, 1991). In summary, the three conceptualizations are only differentiated in the literature by the nature of the psychological states.

Therefore, the study hypothesizes the quality of a CIO and the ethical climate on the level of ethics and integrity to organizational commitment. Thus, based on the previous studies the hypotheses are as follows:

H1: *There is a significant relationship between the quality of a CIO with the level of ethics and integrity*

H1a: *There is a significant relationship between the independence of a CIO and the level of ethics and integrity.*

H1b: *There is a significant relationship between the competence of a CIO and the level of ethics and integrity.*

H1c: *There is a significant relationship between the work performance of a CIO and the level of ethics and integrity*

H2: *There is a significant relationship between ethical climates and the level of ethics and integrity.*

***H3**:*   *There is a significant relationship between the level of ethics and integrity and organizational commitment.*

H3a: *There is a significant relationship between the level of ethics and integrity and the affective commitment*

H3b: *There is a significant relationship between the level of ethics and integrity and the normative commitment.*

H3b: *There is a significant relationship between the level of ethics and integrity and the continuance commitment*

Theoretical Framework

The theoretical framework of this study utilized the Hunt and Vitell theory of ethics (1986, 1993) to examine the relationship of the quality of the CIO and the ethical climate on the level of ethics and integrity in an organization. Based on this theory, personal characteristics (quality of CIO) and organizational environment (ethical climate) will have an impact on individual decision making, which affects ethical behaviour in influencing perceived level of ethics and integrity in the organization (Ferrell & Gresham, 1985). Meanwhile, 'social identity theory' (Tajfel, 1978) was used to examine the relationship between the level of ethics and integrity and the organizational commitment (affective commitment, continuance commitment and normative commitment) as the outcome of this research. According to Moon and Choi (2014), ethical value in the organization will make each individual employee positive and self-identified with strong commitment towards the organization. The theoretical framework of this study is illustrated in Figure 1.

Methodology

The population of this research is 128 officers in charge of ethics and integrity in their organization. It is confined

to the Federal Government as it has a moderate to a high level of risk as compared to the State Government which has low risk. Request has been made to CIDC for contact details of CIO (name, contact number and email). The names of CIOs have been provided to the researcher by the Corporate Integrity Development Centre (CIDC) and all 128 officers have completed taking the training modules offered by MACC as of August 2017. These 128 officers included CIOs, compliance officers, assistant director, investigation officers, staff of secretariat department, and directors of the integrity unit, senior compliance, governance and integrity centre. Emails have been sent to all 128 officers explaining the objectives of the study, and the link to the online questionnaire was provided. They were given two months to complete the questionnaire. Eighty-three responses were received, and they were all usable.

Sample size of this study was 70 which is based on Sekaran's rule of thumb (2010), and the sample size of 40 to 50 would be enough for the study. The total of 40 officers would be sufficient for this study based on Roscoe's rule of thumb which requires five samples per item studied. Thus, sample respondents of this study were 83/128, which made up 65% rate of response. This study used sample random sampling. Data were analysed using descriptive and multiple regression. Prior to that, reliability and validity were undertaken.

Table 4 shows the measurement of variable of this study.

Results

A total of 128 online questionnaires (Google Form) were emailed to the CIO and the other officers of the Malaysian public sector organizations in the federal territory. Details of respondents such as name, contact number, address, designation and email address were obtained from the Agency Integrity Management Division (BPIA) of MACC in August 2017. Data were collected within three months starting from the second week of August 2017 until the end of October 2017.
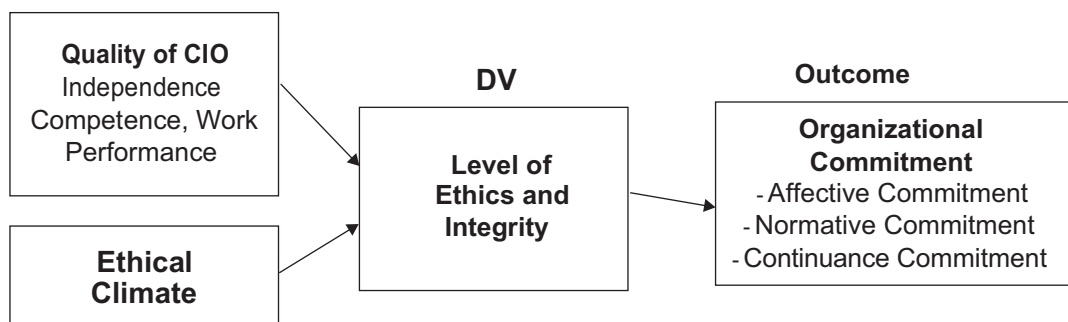

Figure 1: Theoretical framework

Table 4: Measurement of variables

Set	Variable	Measurement	Source
A	**Quality of CIO**		
	Independence	Functional Report & administrative Report. Score 1,2,3, 4, & (Ministry, CIO, Head of Department & other)	Adapted from Tong, (2013)
	Competence	Sum of educational qualification and experience (1-Diploma, 2-Degree, 3- Master, 4-Phd)	Adapted from Tong, (2013)
	Work Performance	Five-point rating scale of agreement level with the statement given	Self-developed by role of CIO/CeIO stated in Circular (2011)
B	**Ethical Climate**	Respondents' questions with nine dimensions using a 1-5 Likert Scale (Strongly disagree to strongly agree)	ECQ (Ethical Climate Question) by Victor & Cullen (1987, 1988)
C	**Level of Ethics and Integrity**	12 dimensions of CISM developed by IIM with five Likert Scale (1 - Strongly disagree to 5-Strongly agree	Institute of Integrity Malaysia (IIM, 2015) adapted from Dubinsky & Ritcher (2008, 2009)
D	**Organizational Commitment**	Using organizational Commitment Questionnaire (OCQ) with five Likert Scale ((1-Strongly disagree to 5-Strongly agree)	Adapted from Allen & Meyer (1990)

Eighty-three officers responded to the survey, which made up 65% rate of response. The profile of the respondents indicated the gender, race, religion and the level of education. The results showed that more than half, 53 respondents (63.9%), were males, while the remaining 30 respondents (35.1%) were females. The respondents were represented by four racial compositions that were Malay (91.6%), Chinese (2.4%), Indians (3.6%) and others (2.4%) including Siamese and *Orang Asli*. Most of the respondents were Muslim (95.2%), followed by Buddhists (2.4%) and Christians (1.2%). Nearly half of the respondents possessed a bachelor's degree (49.4%), followed by a master's degree (39.8%), a diploma (8.4%) and others (2.4%). Respondents were asked about the existence of an integrity unit for any breach of ethics and integrity in the past five years, whether the respondent is the head of the integrity unit or not. The next category inquired more details of the respondents relating to the integrity unit, which included full designation of respondents and whether they had any professional certificate or qualification related to ethics and integrity programme. Their working experience related to ethics and integrity portfolio, the operational and functional reporting level as well as the existence of other officers' responsibility for managing the ethics and integrity programme independently were other important points noted.

strongly agree with all items regarding the work performance and ethical climate in the organization. However, they slightly agreed on the items describing the affective commitment and neither agree nor disagree with the overall statements measuring the normative and continuance commitment.

Table 6 shows the descriptive statistics for the level of ethics and integrity which comprises of 12 dimensions. Legal compliance policies and rules scored the highest mean (4.20) and infrastructure scored the lowest score (3.03). The overall mean was 3.97 of 79.30%.

Hypothesis Results

Multiple regression analysis was carried out and displayed in Table 8. The model was found to be significant. **Table 7** shows that work performance (Adjusted R^2 = .241, $p < 0.05$) and ethical climate (Adjusted R^2 = .241, $p < 0.05$) were found to be significant to the level of ethics and integrity at 5% level of significance. Competence was also found to be significant to the level of ethics and integrity at 10% level of significance (Adjusted R^2 = .241, $p < 10$). However, independence was found not to be significant to the level of ethics. The R^2 value of 24.1% indicated that the independent variables studied in this research

Descriptive Statistics

Table 5 shows the summary of descriptive statistics for all variables. The highest mean of 4.20 was recorded by work performance (one of the qualities of CIO dimensions) and the lowest mean of 3.03 was recorded by continuance commitment (dimension of organizational commitment). This indicates that the respondents quite

Table 5: Descriptive statistics for variable

Variable	Min	Max	SD	Mean
Work Performance	1.67	5.00	.79	4.20
Ethical Climate	3.33	4.83	.32	4.10
Affective Commitment	1.33	5.00	.75	4.05
Normative Commitment	1.00	5.00	.92	3.24
Continuance Commitment	1.00	5.00	.88	3.03

Table 6: Descriptive statistics for dimension level of ethics and integrity

Variable	Min	Max	SD	Mean
Legal Compliance, Policies, & Rules	3.00	5.00	.56	4.20
Disciplinary Measure, & Rewards	2.55	5.00	.63	4.11
Vision and Goals	3.00	4.75	.47	4.08
Leadership	1.93	5.00	.68	4.07
Accountability	3.00	5.00	.64	4.05
Whistleblowing	2.78	5.00	.67	4.04
Organizational Structure	2.58	5.00	.61	4.04
Ethics Communication	2.21	5.00	.72	4.04
Confidential Advice & Support	2.75	5.00	.68	
Ethics Training & Education	1.33	5.00	.75	3.92
Measurement, Research & Assessment	2.09	5.00	.70	3.86
Infrastructure	2.40	5.00	.37	3.30

Overall Mean: 47.58/12 = 3.97 (79.30%).

Table 7: Hypotheses between the quality of CIO (independence, competence, work performance), ethical climate with level of ethics and integrity

Hypo	Min	Bets	t-Value	Sig	Result
H1a	Independence	.095	.941	.350	Not Significant
H1b	Competence	.162	1.684	.096*	Significant
H1c	Work Performance	.135	3.093	.003**	Significant
H2a	Ethical Climate	.270	2.577	.012*	Significant

** Significant: (p < 0.05); * Significant: (p < 0.10).

explained 24.1% of the variance in the level of ethics and integrity. All hypotheses were accepted and significant except for independence.

Table 8 shows the multiple regression analysis relationship between the level of ethics and integrity and organization commitment, that is, affective commitment, continuance commitment and normative commitment. The results show that only affective commitment has a significant relationship with the level of ethics and integrity (Adjusted R^2 = .471, p < 0.05). However, another two-dimension continuance and the continuance commitment (Adjusted R^2 = .471, p > 0.05) and normative commitment (Adjusted R^2 = .471, p > 0.05) were found not to be significant to the level of ethics and integrity. The R^2 value was 47.1% indicating that the affective commitment variable can explain how 47.1% of the variance in the level of ethics and integrity was accepted and significant, except for continuance commitment and normative commitment.

Table 8: Hypotheses between the level of ethics and integrity and organizational commitment (AC, CC, NC)

Hypo	Min	Bets	t-Value	Sig	Result
H3a	Affective Commit	.469	4.775	.000***	Significant
H3b	Continuance Commit	-.105	-.951	.344	Not Significant
H3c	Normative Commit	.135	1.226	.224	Not Significant

Significant: (p < 0.05)

Discussion

Based on the findings, the quality of a CIO namely *independence* was found not to have a significant relationship with the level of ethics and integrity. This result is consistent with Tong (2013) where it was found that independence was not significant in determining the internal audit effectiveness. The existence of an independence officer in managing ethics and integrity has an average score of 63%, meaning to say 52 organizations have a person in charge in the organization to manage issues of ethics and integrity and remaining 31 organizations do not. Meanwhile, the functionally independent relates to CIO's professional task. This includes tasks related to abuse of power and money laundering. This should be reported to the highest level to avoid restraint of report organization. More can be done to increase the operational independence and functional independence of the CIO by creating a clearer reporting level and what issues should be reported to which party, whether to Agency Integrity Management Division of MACC or ministry secretary/state Secretary, CEO or the head of the department. To be functionally independent, a CIO is suggested to report ethics-related issues to MACC. However, this study found that most CIOs report to the head of the department. A clearer reporting level and which issues must be reported to which party should be made clearer by management to the CIO. However, *competence* was found to have a significant relationship with the level of ethics and integrity. It is consistent with previous research that shows that more competent (skill, knowledge and experience) officers will be able to implement an effective ethics programme at the workplace (Irwin & Bradshaw, 2011). This study is also supported by research conducted by Mihret and Yismaw (2007), Rai (2008) and Tong (2013) who found that the competence of the personnel is a crucial factor in determining the overall quality of their expert field. Thus, a CIO who has more experience, skill and knowledge regarding ethics and integrity is more effective in combating unethical issues in the organization. This study shows that 90% of CIOs have either a master's degree or a bachelor's degree. Meanwhile, 42%

of CIOs have working experience related to ethics and integrity and on average have more than 12 years of year of service. Thus, engaging the right person with suitable skills as a CIO is pertinent to have a good level of ethics and integrity in an organization. It has the highest mean score of 4.21 which indicates that respondents mostly agreed with the job description of the CIO. Work performance also scored the largest beta coefficients (0.32) in the multiple regression analysis indicating that this dimension has the strongest contribution in explaining the variance of the level of ethics and integrity. This finding is in line with the research paper published by Trevino et al. (2014) who found that the efforts of ethics and compliance officer to initiate and manage a variety of ethics and integrity related programmes can be beneficial in terms of improving employees' perceptions and decreasing inappropriate conduct. The work performance as the dimension of the personnel's quality is also supported by the previous research conducted by Tong, (2013). He found that the work performance of the internal auditors contributes to the overall quality of internal auditors. Respondents perceived that they are responsible to coordinate and monitor the ethics and integrity programme as well as implement a recovery integrity programme, monitoring the services delivery system in the organization and assisting the Integrity and Governance Committee. Moreover, they are also in charge of coordinating the actions taken on the breach of ethics and integrity. Integrating all these work scope responsibilities, it ensures the quality of the CIO and eventually contributes to the higher percentage score level of ethics and integrity as discussed in the previous section.

Ethical Climate was found to have a significant and positive relationship with the level of ethics and integrity. This is supported by the Hunt and Vitell's theory of ethics (1986) where apart from personal characteristics which is the quality of a CIO, the organizational environment also plays a crucial role in influencing the level of ethics and integrity in the organization. In this study, this organizational environment is represented by the ethical climate. In other words, ethical climate of the organization may influence the ethical decision and attitude or behaviour of the employee which eventually lays impact on the level of ethics and integrity. This finding is also consistent with research conducted by Choub and Zaddem (2013) which suggested that the ethical climate has an impact on the level of ethics and integrity within the organization. Ethical climate was also found to be a critical factor in influencing the employees' perception of how their organization emphasizes the ethical aspect of business and encourages employees' ethical work behaviours (Kwon et al., 2013). The mean score obtained for this variable is also quite high, 4.09. The high mean value indicates that the respondents perceived their organization practices a high ethical climate in the public sector.

The study reported that the relationship between the level of ethics and integrity and organizational commitment is significant. However, among the dimensions of organizational commitment, only affective commitment has a significant and positive relationship, meanwhile continuance commitment and normative commitment were found not significant. In this study *affective commitment* in supported by the social identity theory. Indeed, based on the social identity theory, individuals are psychologically linked to the groups and organizations to which they belong and consider the characteristics that apply to the group and organization (Chan & Mak, 2014). In particular, the respondents felt effective towards the organizations they work for because of the ethics and integrity characteristics that exist within it. A possible explanation for this might be that the employees feel comfortable to be working in an environment where the conditions are consistent with their moral values. As a result, it leads to a higher level of commitment in the organization. This finding is consistent with previous research's findings (Jaramillo et al., 2012; Salahudin et al., 2016; Trevino et al., 1998; Valentine et al., 2011). The level of ethics and integrity was not found to be significant with the *continuance commitment*. Continuance commitment is based on perceived costs, both economic and social, of leaving an organization (Meyer et al., 2002). Value congruence of the employee's personal and organizational value (ethical value) would be able to reduce the unethical practices of the employee (Bao et al., 2012). This finding is not consistent with the study conducted by Salahudin et al. (2016) who found that great work ethics influence the continuance commitment. Many people choose to stay in employment rather than being unemployed so that they can be independent and able to contribute to society. The mean for continuance commitment is 3.03, indicating that there is a low level of continuance commitment and that the respondents perceived that they have not much to lose if they were to leave the organization. Similarly, the level of ethics and integrity in the organization does not have a significant relationship with *normative commitment*. Normative commitment refers to the employee's feelings of obligation to stay with an organization. Normative commitment perceives staying in an organization because of desperation of returning organizational investment into one and a result of socialization into organization culture (Allan & Mayer, 1991). The results are not consistent with previous study done by Hung et al. (2015), where they found a significant relationship between ethical work climate and

normative commitment. Similarly, Salahudin et al. (2016) also found that high Islamic work ethics show greater loyalty to an organization, which is parallel with the meaning of commitment in Islamic work ethics in which staying with an organization is part of obligation and the obligation to contribute to the society drives the commitment to work. Here, the mean is 3.24 which indicates a slightly higher mean as compared to continuance commitment. Respondents perceived that they do not have many obligations towards the organizations. In this study, the respondents were either the head of integrity units (64% of total respondents) in the organization or integrity officers appointed by the MACC to station in their respective organizations. They have mostly engaged actively outside of their organization, for instance, attending the ethics and integrity training or programme conducted either by MACC or Institute of Integrity Malaysia. Individuals who engage in external networking behaviours may place more value on their connections to peers and colleagues outside the organization, which may weaken their relationships within the organization and reduce their normative commitment, as reported in previous research by McCallum et al. (2014).

Contribution

The contributions made by this study is useful for raising awareness especially among the public employee to adopt good governance in various ways to ensure the organization is more influenced by an ethics and integrity environment in the public sector. And, through competence which is through experience and education level and work performance which is the job scope of quality of CIO become significant to increase the level of ethics and integrity in the public sector. To increase the competency level, CIOs are highly advised to enrol in more professional qualification courses related to ethics and integrity. All CIOs should have graduated with the CeIO course provided by the MACA. Other than that, top management should look at the procedure, code of conduct, legislation and guideline as these play a major role in influencing the level of ethics and integrity in public sector organizations. In terms of ethical climate, the contribution such as ethics-related rules and systems are very important in an organization. The results of this study found that the public sector organizations promote a transparent ethical surrounding, implement a strict code of ethical rules and enforce mechanisms to prevent unethical behaviour. Also, there are essential factors in creating an awareness of ethics and integrity among public servants. Although organizations have codes of ethics or business ethics committees, these formal rules or systems cannot encourage employees to behave ethically if the employees do not have a shared perception that their organization is ethical.

Conclusion

The novelty of this study is, first, that it examines influence of the quality of a CIO and ethical climate on the level of ethics and integrity in Malaysia Federal Government. This study has proven that high competency and work performance of a CIO will significantly influence the level of ethics and integrity. The competence level of a CIO is measured based on their experience and level of education. Thus, appointing CIOs who are highly more experienced and skilled could help in solving the unethical scandal effectively. Besides that, to increase the competence level, a CIO must enrol in more professional qualification courses related to ethics and integrity. All CIOs should have been graduated with the CeIO course provided by the MACC because their job has high responsibilities of curbing ethical issues in public sector organizations. In this study, work performance is measured based on the CIO's role to coordinate and monitor integrity programme, report any breach of integrity, coordinate the action taken on the breach of integrity and implement the recovery programme on integrity to increase the level ethics and integrity in the public sector. It is also worth noting that the Malaysia Institute of Integrity (IIM) should publish more articles related to ethics and integrity and distribute it among the civil servants. By doing so, one may hope to spread awareness on the issue of ethics and integrity in the public sector. Ethical climate is another factor studied in this research; to increase or improve the existing ethical climate of an organization one can establish clear policies, guidelines of conduct to all employees in the government agencies, ministries and statutory bodies in the public sectors to enhance the ethical behavioural practices. Also, the management should ensure that civil servants are always sensitive and concerned that their actions comply with the code of ethics, and message should be sent to all employees at public sectors that they are expected to perform with high integrity at all times. The study also examines the relationship of the level of ethics and integrity with organizational commitment, and it was found that level of ethics and integrity has a positive relationship with the affective commitment dimension of organizational commitment. The study concludes that the Malaysian public sector organizations have initiated programmes that help to foster ethics and integrity in the organizations. It was found that the level of ethics and integrity of the Federal Government is only at a moderate level of 73%. More efforts are needed to achieve a higher level of ethics and integrity. Out of the 12 dimensions of level ethics and integrity, it shows that

the organization is doing well in terms of legal, compliance, policies and rules.

Suggestion for Future Research

The study found the level of ethics in the Federal Government to be 79.30%. The study highlights the importance of having CIOs who are competent and can perform their work to ensure that there is a good increase in the level of ethics and integrity in an organization. CIOs should have the appropriate experience and education level to be competent in doing their job. CIOs should also perform their duties according to their job scope. It is recommended that CIOs who are not yet certified should work towards getting certification by enrolling themselves in a course provided by the MACA and in other such professional courses related to ethics and integrity. The public sector should foster an ethical climate through having ethics-related rules and systems in the organization. The organization should promote a transparent ethical climate by having a code of ethics that the employees should follow and should reward those who comply with the code while reprimand those who do not. Thus, a good level of ethics should also be fostered by the Malaysian Federal Government so that employees feel comfortable and safe at work and encouraged to stay on longer in the organization.

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Competing Interests Statement

I declare that I have no significant competing financial, professional, or personal interests that might have influenced the performance or presentation of the work described in this manuscript.

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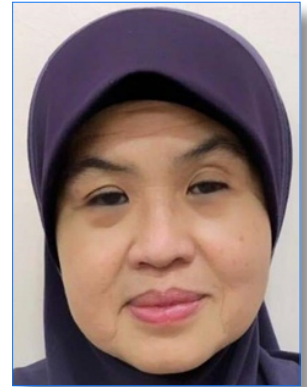
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