Effectiveness of Whistleblowing Procedure and Strategy In Construction Developer Companies: A Conceptual Paper

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ABSTRACT

Whistleblowing can be illustrated as an essential element of the primary and effective approach to reduce corruption by producing a flow of procedure in channelling unethical activities complaints to the authorities. This importance in dealing with corruption problem by implementing whistleblowing procedure is to promote transparency for all business relationship between parties involved. In Malaysia, the National Key Results Area (NKRA) has indicated that eradicate corruption to be achieved under the Government Transformation Program (GTP). Thus, this research aim is to propose a framework and state variables to be tested empirically in future studies related to whistleblowing implementation in developer organizations in Malaysia. The possible finding is the administrative procedures of the 'appropriate authorities' responsible for implementing the process could equally be strengthened. Current procedure of whistleblowing policy implemented have made the observer faced with various forms of behavioural options including keeping silent to remain in the organization, reporting to colleagues, confronting the wrongdoers, engaging in internal and external whistleblowing or exiting the company. The comparison is made against the objectives which are to identify the procedure of channelling whistleblowing procedure in different developer companies and to determine the difficulties of whistleblowing in developer companies. This paper is enforced by in-depth literature review, primarily in the most recent research that supports the whistleblowing strategy in construction industry. Thus, by analysed all the details will give some illustration on what to be proposed as a strategy of an effective whistleblowing that well suited to be implemented in a developer companies.

Keywords: *Whistleblowing, Procedure, Strategy, Whistleblower, Construction Developers*

INTRODUCTION

The construction industry plays a significant role and being a prime contributor to the national economic growth (Abdullah, Chiet, Anuar and Shen, 2004). The flow of construction necessitates the contribution of different stakeholders, involves many procedures, different stages of work, and a critical deal of inputs from both the public and private sectors (Abdul Aziz and Mohmad, 2010). Thus, it can be said that construction industry is prone to unethical activities since it is fragmented and involves a large number of participants in a complex that leads to a variety of human behaviour and attitude toward unethical activities (Nordin,

Takim and Nawawi, 2011). The number of wrongdoings within the professional is quite worrying especially in Malaysian construction industry. This ethical issue is not properly managed within construction company in Malaysia. Thus, the need to address wrongdoings is more significant in the construction sector because this sector has a strong linkage with other sectors in a nation's economy (Khan, Liew and Ghazali, 2014) and the outcome of its activities has significant on the entire economy of a some countries (Anaman and Osei-Amponsah 2007).

As the procedure of administration increases in predicament, whistleblowing could be the only approach to interpret wrongdoings within the company (Miceli, Near and Dworkin, 2013). Construction companies are usually under pressure to comply with international ethical standards (Suen, Cheung and Mondejar, 2007). On the other hand, Hall and Davies (1999) argued that identifying unethical and illegitimate practices can be extended by whistleblowing and it acts as a discouragement to corruption. Thus, Suen et al. (2007) highlighted the importance to establish strategies to encourage whistleblowing in the construction industry. Meanwhile, construction management studies have recognized whistleblowing as an effective agent to control corrupt practices within construction companies (Nordin et al. 2011; Oladinrin and Ho 2015a, b; Suen et al. 2007).

For a long time, whistleblowing has been controversial in Malaysian construction industry. The present accentuation on the requirement for whistle blowing in private circles might be credited to the detrimental impacts of debasement, unethical direct and practices. Absence of mindfulness in regards to whistleblowing among the workers because of slightest exposure is happening. According to Amanuddin, Zubaidah and Choo (2015), the righteousness of whistle blowing either in the Malaysian private sector or public sector are generally dimmer. This is going on in light of the fact that Malaysian mindfulness towards informant assurance especially relating to the Whistleblower Protection Act (WPA) 2010 is still at the feeble level. Sometimes, the workers may have expectation to blow the whistle however their endeavour is imperatives without anyone else's input problem whether to report or not. Since individuals do not blow the whistle, it supports up the quantity of misfortunate behaviour, misrepresentation and crime among the industry practitioner.

Rationale

Construction industry has been viewed as the most corrupted industry in the world by the Transparency International's Bribe Payer's Index 2008. It has been discovered that there was asserted of around misfortunes of US$3,200 billion got from the degenerate framework acquisition from development industry amid 2006. The Transparency International 2005 expressed that additional 25% from the cost of open contracting, missed advancement openings and unstable business circle were contributed by debasement. While in the Malaysian setting, a report discharged by Malaysia Ministry of Works amid 2005 expressed that "sick project" has been caused by unethical exercises of the members in the undertaking project (Adnan, Hashim, Yusuwan and Ahmad, 2012). In the meantime, in view of the investigation by Sanusi, Omar, Aziz, and Islam (2011), it has been discovered that larger part of the construction practitioner did not practice their occupations with honesty. This shows the majority of construction industry practitioner in Malaysia engaged with extortion especially in bribery and corruptions. In the other hand, the Malaysian Transparency Perception Survey 2007 has sustained that as to be contrasted with other construction practitioner; it has been discovered that the construction industry having the most astounding vote in favour of the least perceived integrity at work survey. This issue emerges in light of the fact that the fraudster in construction industry just worry on pursuing more benefits from the venture without taking think about the future effect of their deceitful and defilement hone (Sanusi et. al, 2011).

A wrongdoing activity in construction has been a serious problem facing our construction industry for the last 10 years. Only 585 corruption complaints reported by the whistleblower from January till November 2017 shows that the number of complaints reported still low compared to the real situation in Malaysian construction industry (Malaysia Anti-Corruption Commission, 2017). In Malaysia, the rate of wrongdoing complaints is at low because there are difficulties in implementing procedure, complexity of the whistleblowing procedure and low in terms of the protection act for the whistleblower (Meng and Fook, 2011). That is why this procedure is still lacking from implementation incorporates of Malaysia construction industry. 23% of Public companies in Malaysia are subjected to misconduct in terms of unreported fraud (PricewaterhouseCoopers, 2006). This is due that in Malaysia construction industry, they do not know the proper channel on how to channel their report of complaint on people that have done improper conduct in the industry.

The comparison is made against the objectives which are to identify the procedure of channelling whistleblowing procedure in different developer companies and to determine the difficulties of whistleblowing in developer companies. Thus, by analysed all the details will give some illustration on what to be proposed as a strategy of an effective whistleblowing that well suited to be implemented in a developer companies. Therefore, this paper is enforced by in-depth literature review related to support the whistleblowing strategy in construction industry. Also, by analysed all the details will give some illustration on what to be proposed as a strategy of an effective whistleblowing that well suited to be implemented in a developer companies.

LITERATURE REVIEW

The term "whistleblowing" is presumed to have been attached to a case for the first time on the 1963 (Near and Miceli, 1987). Whistleblowing policy can be described as an act that encourages employee of organizations whether to report any person that cooperate with the organization has committed bribery or any fault of corruption. Oladninrin and Ho (2015b) found that providing encouragement to whistleblowing needs to take into account the incentives to malicious accusation of financial misconduct. Considerately, the lack of expertise in bringing this policy as a publicly known policy must be due to it. Regulators are not effectively enforcing the company because of undue attention to processes and the lack of adequate expertise (Oladinrin and Ho, 2015a). However, it is a good imaginative that if this policy being structured properly in all organization in Malaysia construction industry, there might be an improvement of professional ethics thus enhancing the movement of progress in construction site itself if the whistleblowing policy is implemented properly. Consequently, with the increase in unethical behaviour in the industry, contractors have always been at the core of any blames consequentially from any construction variances (Oladinrin and Ho, 2015a).

Overview of whistleblowing policy in Malaysia

Whistleblowing policy is one of the initiatives by the authorities to improving the professional ethics in all industry of European countries. Despite this, it has been rarely known in the ASEAN countries especially in Malaysia. In the light of gigantic prominent embarrassments in Malaysian corporate world, for example, Transmile Group Berhad, Kenmark Industrial Co. Berhad, Megan Media Holdings Berhad, Linear Corp Bhd, Aokam Perdana, the fall of Renong, Perwaja Steel and Malaysia Airline System (MAS), it has been a desire for Malaysia to claim such laws, acts, standards and directions to support whistleblowing particularly in private segment. In request to accomplish a definitive objective of being free-debasement nation, Malaysia has taken the authoritative push to give security towards mysterious exposure. Malaysia

acquainted the main law relating with whistleblowing amid 2003 under Securities Industry (Amendment) Act 2003. Only a few organizations had implemented this policy to improve their employee's ethics. Therefore, it is not surprising if the rates of corruption in Malaysia are one the highest rate in the world according to by some statistics. Whistleblowing policies are normally established in order for employees to feel confident when raising concerns about certain business practices. Importantly, the policy should serve to reassure the employee that they will be protected from victimization if the disclosure is made in the public interest. Greenhalgh (1997) has been described that the core of professionalism is the possession and autonomous control of a body of specialized knowledge which, when combined with honorific status and converses power.

Procedures in whistleblowing policy

Whistleblowing procedure starts when a whistleblower in which a person who apprise the public or someone in authority about alleged dishonest or illegal activities occurring in a government department, a public or private organization or a company. Hannigan (2006) found that the alleged misconduct can be categorized as a violation of law, regulation and or a direct threat to the public interest such as corruption, violation and fraud. Miceli et. al (2013) describe whistleblowers as committed members of the organization who feel compelled to report wrongdoing by their own sense of moral behaviour. In order to persuade top management of the desirability of formulating such a procedure, several arguments have been made which are by deterring malpractice and avoiding crisis management it can contribute to the efficient running of the organization, by providing accountability it can help to maintain the organisation's reputation, it can help to ensure compliance with the law and minimise external disclosures, and it is a good practice which does not cost much to implement (Lewis, 2016). Although many employers have mission statements that refer to the need for high standards of ethical behaviour, until recently whistleblowing procedures were rarely used as a method of achieving this goal.

CONCEPTUAL FRAMEWORK

Employee's Awareness on Whistleblowing

Employees always are on point of seeing misconduct such as fraud and corruption happening in their organization. Based on the KPMG (2013) survey, the number of employees who disclose and address the issues on malpractice is relatively low. There are several caused that always influence the level of awareness among employees in an organization, its associated with the exposure towards action of whistleblowing, experience of whistleblowing, knowledge about the protection available for whistleblowers, different perceptions and views towards whistleblowing practice, years of service and whistleblowing culture in their workplace. According to Lee and Fargher (2013), employees in more powerful position in the company are likely to have high tendency to blow the whistle. This is because employees at higher supervisory level have better understanding and greater authority which made them less fear from the organization and vice versa.

Difficulties in whistleblowing

Wrongdoing activity occurrences in the extent working environment have been revealed in the literature (Edwards, Ashkanasy and Gardner, 2009). Corrupt practices within an organization can manifest in two forms which are the corrupt organization, where the organization benefits directly from corrupt acts and collusion among individual members of the organization (Pinto, Leana and Pil, 2008). Moreover, an environment that tolerated corruption in a way forced an individual to pay bribes, under-counter gifts, and dishonest dealings to do construction businesses (Getz and Volkema, 2001). The consequences of this type of behaviour for individuals and organizations are well-documented in previous studies including loss of employment; assets; relationships; and reputation (Patrick, 2011).

However, this act is not always seen positively by organizations. Buckna & Kleiner (2001) define a whistleblower as a person who depictions falsehood and corruption although he or she is alert of the potential negative outcomes of this act even may loss of job. The whistleblowers are exposed to organizational reprisal and to the punishment at the hands of other organizational members, organizational members respond and most likely show retaliation against whistle blower. Thus, whistleblowing is not a risk-free decision or ingenuity for any individual as it can entail direct consequences for the person raising voice against some wrongdoing.

Strategy to Effective Whistleblowing

Workers can be made aware of the contents of a whistleblowing procedure by a variety of mechanisms, for example: staff handbooks, induction programs, printed policy statements, intranet web pages, posters, contracts of employment, newsletters, e-mail and pay slips (Lewis, 2006). Many employers have mission statements that refer to the need for high standards of ethical behavior, until recently whistleblowing procedures were rarely used as a method of achieving this goal.

A study conducted by Kamarunzaman, Zawawi & Hussin (2014), showing that increase in positive relationship between top management towards whistleblowers and good practice of whistleblowing policy. The organizational support in terms of recognition from top management, serious attention towards employee needs and wellbeing, effort of management to deal with whistle blower's complaint, providing adequate communication channel and receiving fair treatment from supervisors after disclosure will make employees feel appreciated and comfortable with the working environment.
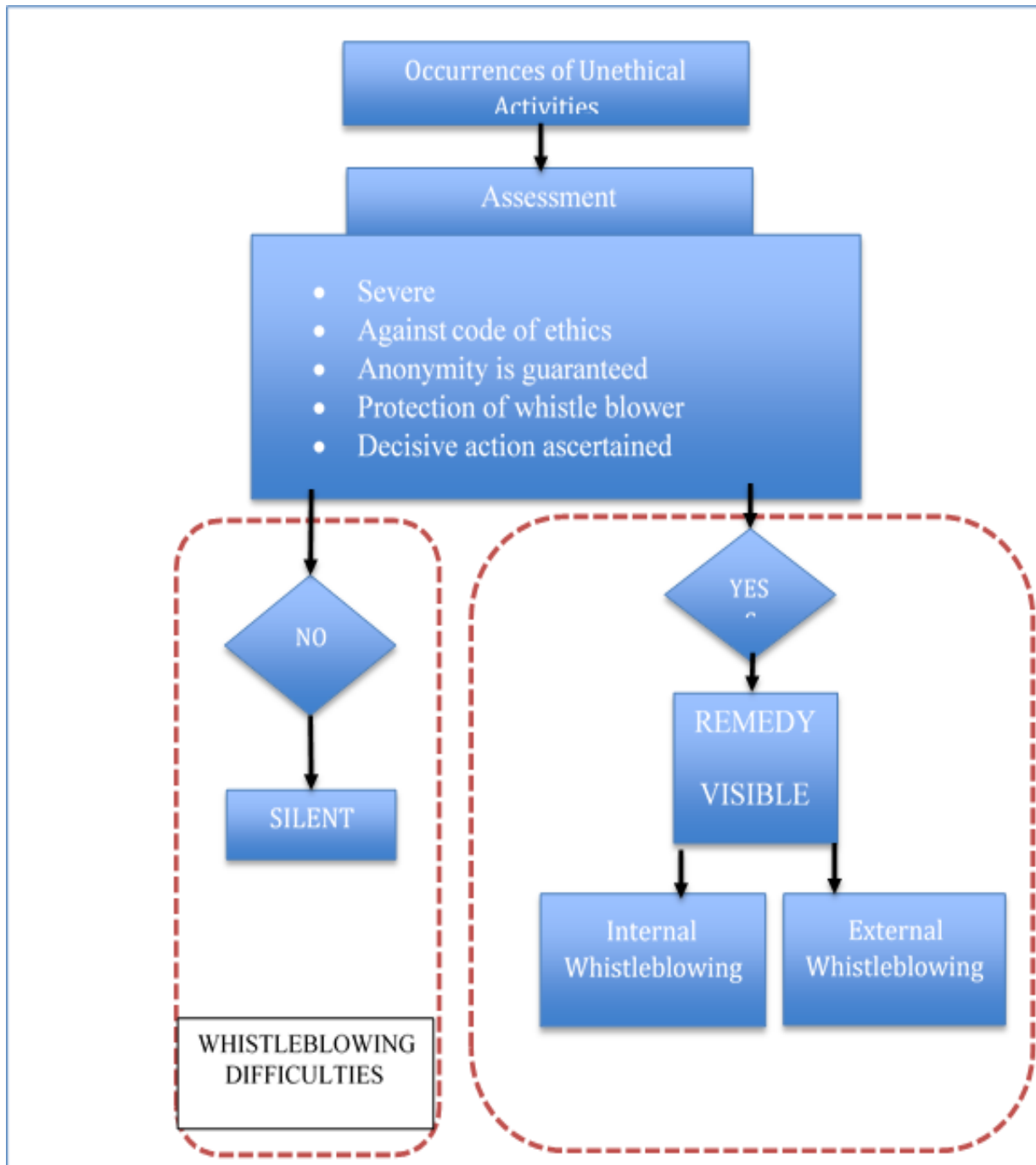
Figure 1: Framework of whistleblowing procedure in construction developer companies

RESEARCH METHODOLOGY

This paper is conceptual in nature. Therefore, the researchers searched electronic databases such as Google scholar, Emerald management, Science Direct and other related databases for scholarly articles on the variables under whistleblowing area.

In order to ensure that this study is done in a systematic manner and corresponding with the objective and aim of the study, there are four phases will be conducted in this research. The initial phase will be the approach to this study in which preliminary study has been conducted by researcher in development of research aim, questions and objectives. Next, the method of conducting a survey will be chosen in which judgemental sampling likely to be chosen as the researcher would like to select the respondents solely based on the judgment of the researcher. Only then, the distribution of direct questionnaires will be the tools in collecting the data. Lastly, in order to achieve the result of this research, data will be analysed by a quantitative method which is mean, mode, and ranks will be used by the SPSS software. For document analysis, several top developer companies whistleblowing policy will be used to analyse the whistleblowing procedure in each of the policy. The depth analysis will be constructed in atlas.ti software in sorting out all the crucial information in the developers' companies."

CONCLUSION

In conclusion, this research targeting in exploring and explaining whistleblowing implementation widely in Malaysia construction industry. It will also discuss findings from a conducted survey through questionnaires to propose an effective standard of procedure of whistleblowing as a way of reducing unethical activities among professional design team members.

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