UNIVERSITI TEKNOLOGI MARA

THE INFLUENCE OF LEVERS OF CONTROL ON PUBLIC SECTOR EMPLOYEES' ATTITUDES TOWARDS CORRUPTION

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ABSTRACT

The levers of control have become a critical area of research in organisational studies, as they can enhance performance across various contexts and align employee behaviour with organisational strategic goals. Numerous studies have examined how the four levers of control, namely diagnostic control, boundary systems, interactive control, and belief control, can be strategically utilised to achieve desired outcomes. While much of this research has focused on private-sector organisations, there is limited attention to how these levers can influence employee attitudes in public-sector organisations. The need for public sector reform is increasingly important for improving efficiency, accountability, and service quality to meet citizens' evolving needs effectively and transparently. Moreover, the issue of corruption in public sector organisations is a significant concern, as it undermines trust, wastes public resources, and damages the reputation of institutions, highlighting the need for effective control mechanisms to ensure transparency and accountability. This raises a critical question: can the levers of control effectively influence employees' attitudes towards corruption in the public sector? Addressing this question is essential for understanding how control mechanisms can support public-sector reforms and drive positive outcomes at the employee level. Examining employees' perspectives can be challenging, as corruption is a sensitive issue and measuring actual corruption at the organisational level can be difficult due to confidentiality concerns. Additionally, individual traits may moderate this relationship; morally engaged employees are more likely to act honestly and comply with the organisational policy, morally disengaged individuals may have a weaker sense of right and wrong and may tolerate corruption even when a control system is in place. This study examines the moderating effect of moral disengagement on the relationship between levers of control and employees' attitudes towards corruption. The findings can serve as a guideline for designing effective control frameworks that balance accountability with empowerment, ultimately enhancing organisational performance and employee well-being. Furthemore, the findings add to the growing knowledge of organisational behaviour and provide practical implications for managing human capital in dynamic and competitive environments.

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CHAPTER 1
INTRODUCTION

1.1 Introduction

This chapter presents the importance of management control systems in the public sector, deliberates on corruption issues in Malaysia, and then thoroughly discusses control levers and attitudes towards corruption. This study's overall structure began with its background, providing a broader picture of the research phenomenon. The following sections provide definitions of the topic and are subsequently followed by the problem statements based on the identified research issues, objectives, and questions. Next, the study's significance is highlighted, followed by its predicted contributions and limitations.

1.2 Background of the Study

Public sector organisations operating in a dynamic environment are under heightened pressure to innovate and improve performance to achieve complex and multiple goals while serving the public. The pressures to reform public management systems emerge from international demands, which reflect a global consensus on institutional design and managerial best practices (Hood, 2000). Public sector organisations encountered numerous challenges before implementing appropriate management control systems that may constrain efficiency, openness, and accountability. Hierarchical structures, multiple red tape, and inflexible procedures are commonly associated with public sector organisations. These stringent decision-making procedures provide little opportunity for creativity or adaptability and may hinder the ability to respond to emerging challenges or public needs. Leaders of public organisations tend to prioritise rule-following or advice-giving, rather than taking responsibility for service provision strategies, which often results in indefinite or blurred responsibilities. This issue has been a primary criticism from managerialism advocates against traditional public management (Hood, 2000).

The new public management reforms are seen as a mechanism to address the shortcomings of traditional public bureaucracies (Hood, 2000). Traditional public