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CORPORATE INTEGRITY PRACTICES AND VALUE CREATION: CASE EVIDENCE FROM MALAYSIAN GOVERNMENT OWNED COMPANIES

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CORPORATE INTEGRITY PRACTICES AND VALUE CREATION: CASE EVIDENCE FROM MALAYSIAN GOVERNMENT OWNED COMPANIES

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Thesis submitted in fulfilment
of the requirements for the degree of
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ABSTRACT

Integrity has been recognised as a fundamental key to the success and sustainability of an organisation. The role of integrity in addressing issues of corruption, misconduct, and other integrity non-compliance activities has positioned Corporate Integrity Practices (CIPs) as one of the initiatives undertaken to ensure that business operations are conducted in accordance with established ethical and moral values for organisations, particularly within Government-Owned Companies (GOCs). The pressure for GOCs to uphold higher standards of integrity is intensified by their reliance on public funding and the need to demonstrate social accountability. Moreover, CIPs are viewed as a component of sustainability that offers opportunities for value creation. However, the consistency of integrity compliance and the capacity of CIPs to create organisational value remain questionable, due to variations in the implementation and contextual factors of different organisations. Furthermore, studies focusing on value creation through CIPs remain limited, particularly within the context of Malaysian GOCs. Therefore, this study addresses the existing literature gaps by offering additional insights into how CIPs contributes to the creation of economic, environment, social and governance (EESG) values. In particular, this study focuses on five (5) fundamental issues on CIPs; current CIPs carried out in the GOCs, the motivating factors of CIPs, the critical success factors (CSFs) of CIPs, CIPs and EESG value creation and the role of integrity and governance unit (IGU) in enhancing integrity compliance within the GOCs. These issues are examined using multiple case study approach on two GOCs, where each of them represents federal and state government-owned companies respectively. This study uses institutional, legitimacy and dynamic capability theory to underpin the overall conceptual framework, explaining the drivers, processes, and value outcomes of corporate integrity practices. The findings reveal that there are five (5) current CIPs which are whistleblowing, internal control, core values, disciplinary action and integrity training and education have been adopted by the companies are able to create values in terms of economic, environment, social and governance (EESG). The study also finds out that government enforcement, norms and competition are the factors that have driven the GOCs to adopt CIPs. The result further reveals that the success of CIPs within the GOCs context is highly influenced by ethical leadership, commitment, communications and culture. Finally, align with the Guidelines for Integrity Unit and Governance Management and the Core Function Implementation Procedures, this study agrees that IGU in both GOCs have performed their role as a key player in the enhancement of integrity compliance. The findings of this study provide valuable opportunity for the practitioners to gain a better understanding of how CIPs can be leveraged to strengthen integrity compliance. For academicians, the insights from this study also contribute to the body of knowledge particularly in the role of IGU and CIPs enhancement which leads to EESG value creation.

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LIST OF ABBREVIATIONS

Abbreviations

ABMS	Anti-Bribery Management System
BIGC	Board of Integrity and Governance Committee
BOD	Board of Director
CeIO	Certified Integrity Officer
CIP	Corporate Integrity Practice
CSF	Critical Success Factor
CPI	Corruption Perception Index
CRM	Corruption Risk Management
EESG	Economic, Environmental, Social and Governance
EIA	Environmental Impact Assessment
FAL	Financial Authority Limit
GOC	Government Owned Company
HCAD	Human Capital and Development
IAR	Internal Audit and Risk Department
IGU	Integrity and Governance Unit
IIM	The Malaysian Institute of Integrity
IR	Industrial Relation
MACC	Malaysian Anti-Corruption Commission
NACP	National Anti-Corruption Plan
OACP	Organisational Anti-Corruption Plan

OPD	Operating Department
RFI	Request for Information
RMS	Risk Management System
SOP	Standard Operating Procedure
STP	Sewage Treatment Plant

CHAPTER 1
INTRODUCTION

1.1 Background of the Study

Integrity is an important cultural behaviour for business success as it improves organisational performance by reducing moral hazard, agency cost and corporate risks (Chen & Gao, 2024; Shu et al., 2018). The promotion of integrity enhances sustainability (Bao et al., 2024; Fuerst & Luetge, 2021;Yin & Zhang, 2020) and improves political and corporate governance (Fuerst et al., 2023), which eventually leads to greater corporate profitability and efficiency (Vu et al., 2025; Chen & Gao, 2024). As companies anticipate and respond to current challenges, it is essential that integrity and compliance standard are upheld (EY Global Integrity Report, 2022).

The implication of integrity in current business challenges is relevant as the factor is associated with trustworthiness, competence, professionalism, and the ability to conform with moral standards (Fuerst & Luerge, 2021). Sajari et al. (2023) concluded that the implementation of integrity practices reduces ethical scandals such as corruption, bribery, fraud, governance inefficiency, misappropriation of assets, poor internal control and unethical behaviour, as well as avoids adverse effects on the government and economy in the future. The widely cited Enron's scandal which came to light in 2001, revealed that the quality of ethics and integrity must be valued by whole organisations through manifestation in their practices rather than just proper documentation (Kabeyi, 2019). Similar scandals, such as WorldCom, Panama Paper, and Petrobras, have signified the need for governance reforms, particularly in strengthening integrity measures. Consequently, more companies are investing in integrity initiatives (EY Global Integrity Report, 2022).

In line with these integrity initiatives, several international standard-setting organisations such as The Organisation for Economic Co-operation and Development (OECD) has set benchmarks and published handbooks to enhance compliance and combat corruption. The OECD has also formulated and developed regulatory policies to provide policymakers with a blueprint for a public integrity strategy (Boros & Fogarassy, 2019).

Another global effort to strengthen corporate integrity is the establishment of the Committee of Sponsoring Organisations (COSO), which focuses on effective internal control (Rendon & Rendon, 2022). The COSO framework has been used to integrate internal control into business processes as it provides reasonable assurance that organisations are operating ethically, transparently, and in line with industry standards. This framework contributes to integrity enhancement by indicating the effectiveness of the control environment, risk assessment, control activities, information communication, and monitoring.

In Malaysia, a recent series of integrity issues involving mega-scandal corporations, such as 1Malaysia Development Berhad, MISC Berhad, and FGV Holdings Berhad, are a reflection of weak integrity amongst Malaysian companies. The Corruption Perception Index (CPI) of Malaysia published by Transparency International in 2022 also showed inconsistent integrity performance, as indicated in Figure 1.1.

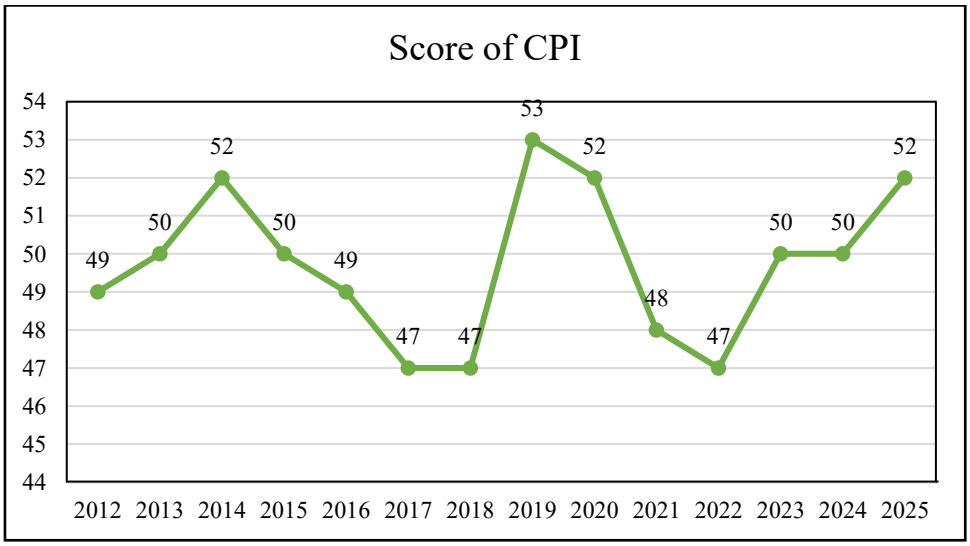


Figure 1.1 Corruption Perception Index (CPI) of Malaysia

(Source: Transparency International, 2026)

Based on the statistical data in Figure 1.1, the Corruption Perception Index (CPI) of Malaysia demonstrates a sharp decline from 53 points in 2019 to 47 points in 2022, indicating a worsening performance of integrity practices and compliance. Due to this concern, the Malaysian government emphasises integrity and transparency as the focus of The Thirteen Malaysian Plan (RMK13) 2026–2030. Building on this commitment,

the government has confirmed its dedication to continuously uphold the implementation of the National Anti-Corruption Plan (NACP) and Organisational Anti-Corruption Plan (OACP) which are imperative plans in mitigating integrity non-compliance. The RMK12 also shows the intense effort of the government to combat integrity issues through the establishment of policy enablers. One of the policy enablers focuses on strengthening the public service where integrity and transparency are emphasised in all aspects of management. To meet the expectations of RMK12, corporate integrity practices (CIPs) have been suggested as a key factor to maintaining the level of confidence amongst potential investors as well as to preserve public trust.

CIPs refer to the measures taken by an organisation to ensure that the business is conducted based on moral principles, transparency and fairness (Fuerst & Luetge, 2021). As such, integrity is closely linked to the concept of good governance (Huberts, 2018), which promotes ethics and moral values in the resolution of business dilemmas (Erhard & Jensen, 2017). Practices of corporate integrity have been manifested through the implementation of a whistleblowing system (Elaigwu et al., 2022; Atan et al., 2017), internal control (Maulidi & Ansell, 2022; Yin & Zhang, 2020), fundamental principles inherent in the business core values (Jollands et al., 2015), and introduction of reward and punishment measures (Lasakova et al., 2021). In the context of Malaysia, numerous corporate integrity studies have adopted the Integrity Evaluation Tools (IET) developed by Dubinsky and Ritcher (2015). This evaluation focuses on three main dimensions: ethical culture, ethical foundation, and ethical risk management (Yahya et al., 2022).

The decision to implement CIPs shows the commitment of organisations to promote ethics and good governance which is crucial for sustainability, as integrity strengthens accountability and transparency (Said et al., 2020). Integrity is also recognised as a recent prime aspect of legitimacy (Burdon & Sorour, 2020). Organisations with good internal control, integrity-based culture, and committed management are perceived as more legitimate due to better reputation. The decision to maintain CIPs simultaneously encourages other ethical management such as internal control, integrity culture, and managerial commitment to be more efficiently conducted (Shu et al., 2018). Therefore, organisations that implement CIPs are expected to obtain more support, resources, and opportunities that guarantee their survival.

The implementation of CIPs in government-owned companies (GOCs) as opposed to private entities is also reviewed as a vital requirement, as these organisations operate using public sources and government support, whereby their activities must be

transparently reported and conducted. GOCs can be viewed as a broad term for any commercially focused entities where the government holds a controlling stake such as the government-link companies (GLCs) and state-owned enterprises (SOEs). In general, GOCs are controlled by the government and often receive public subsidies to pursue social and political objectives rather than purely economic goals (Barreiro-Gen et al., 2023). As entities owned by ministries, government agencies, and state governments, GOCs are also required to establish an Integrity and Governance Unit (IGU). The IGU is crucial in transforming Malaysia into a free-corruption nation (Malaysian Transformation Plan, 2023) and to maintain public trust (Said et al., 2020).

Apart from that, being recognised as a part of the government representative, GOCs are required to consistently put CIPs in place to uphold their global reputation in the realm of governance. Investigation of the CIPs of GOCs is also crucial, as it allows for an effective evaluation of service performance delivered to the public. This investigation provides a more accurate assessment by considering real cases rather than relying solely on predetermined standards. Recognised as a main contributor to national economic growth, the GOCs willingness to implement CIPs is vital to ensure the sustainability of the nation through good operational conduct that will minimise the possibility of resource waste (Batth, 2016). Given such importance, this study provides an opportunity to further explore how CIPs are conducted and provide value for organisations, particularly GOCs.

CIPs are not a mandatory requirement in the context of Malaysia (CCM, 2016) despite the benefits it brings to organisations. Factors that motivate organisations to implement CIPs could also be different and difficult to justify. In the context of GOCs, the tight control by the government is a prominent factor that has encouraged CIP implementation (Johari et al., 2021). GOCs implement CIPs with the hope of improving their overall business conduct through legal and regulatory compliance that secures their long-term success. In addition, as symbols of government performance and images, GOCs aim to be role models for other organisations to implement their CIPs. Acknowledged as a good exemplary creates huge competitive advantages, specifically in terms of resource supplies and support (Abdul Rahman & Alsayegh, 2021). Another motivating factor of implementing CIPs is the norms that are built through the organisational culture that consistently promote integrity in all aspects of business operation. The consistency shown by the managerial team to make integrity a culture is an inevitable reason for CIP enhancement.

Despite GOCs implementing CIPs, the recurring integrity-related issues within GOCs indicate the need for further research into the critical success factors of integrity practices, particularly within GOC context. Implementation of CIPS requires a clear understanding of the critical success factors that strengthens their long-term success in generating meaningful values (Alam, et al., 2019). For example, Roslinda (2026) suggests that strong commitment to integrity, well-trained personnel, strict compliance with legal and environmental requirements, systematic documentation and transparent communication foster trust and accountability. As a significant contributor to the national economy (Basri, 2019), GOCs need to identify the core factors that enhance integrity compliance, as it helps GOCs to focus on areas that could generate the greatest competitive edge within a limited time period (Amin, 2020).

Integrity has been acknowledged as a sustainability factor that offers added values including greater competitive advantage (Yahya et al., 2022). For instance, integrity increases trust which builds reputation and translates into a good corporate image (Fuerst & Luetge, 2021) and could lead to greater financial support (Rashidirad & Salimian, 2020). Nevertheless, the manner in which implementation of CIPs create value, both financial and non-financial should be further explored. This is because the expected added values may be more understood by examining how CIPs practically affects daily business affairs.

Integrity and Governance Unit (IGU) is a strategic initiative established by organisations to enhance integrity compliance, further reinforced through the implementation of CIPs. The main functions of IGU focus on governance, integrity strengthening, complaint management, and detection and verification (Guideline of IGU, 2019). Thus, IGU is directly involved in establishing an integrity complaint system, organising integrity training and educational programmes, becoming a committee for integrity investigation, and developing policies related to integrity compliance. However, the effectiveness of IGU in promoting corporate integrity in GOCs remains unclear. The responsibility of the unit must be clearly understood to ease integrity control and evaluation, which leads to the achievement of its objectives. In addition, the organisation needs a leader who has key responsibility and sufficient authority for maintaining corporate integrity which is a paramount factor for integrity enforcement. Hence, investigating the roles and functions of the corporate integrity unit (CIU) is vital for confirming its impact on integrity compliance.

1.2 Problem Statement

The Malaysian Anti-Corruption Commission (MACC)'s 2021 statistics demonstrates the gravity of integrity violation. As shown in Table 1.1, arrests for corruption crimes were primarily for bribery and false claims. This finding illustrates persistent inconsistency in corruption decline, raising doubts about the effectiveness of current measures in mitigating integrity violations.

Table 1.1
Investigation Papers and Arrests Malaysia 2018 - 2023

	Investigation papers						**Arrests**					
Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Accepting bribery	267	374	310	343	239	344	394	448	478	419	354	527
Giving bribery	94	98	107	107	79	59	124	222	159	115	92	86
False claim	260	285	240	240	271	374	232	315	241	175	292	293
Misuse position	106	125	98	98	95	110	93	70	58	89	79	90
Other offences	106	157	102	102	82	139	51	46	62	53	92	141

(Source: Data of Statistic Malaysia, 2024)

More recent data by MACC stated that 104 reports on corruptions were submitted to the MACC Agency Integrity Management Division in 2025, representing a 0.9 per cent increase from the 96 reports recorded in 2024 (New Strait Times, 2026). Despite various approaches and mechanisms introduced to mitigate integrity problems, bribery control remains ineffective, resulting in poor integrity compliance (Wan Husain et al., 2025; Sajari et al., 2023). Previous studies have shown that all the efforts are still insufficient to mitigate the integrity issues (Siddiquee & Zafarullah, 2022; Salin et al., 2019). This may occur when the system used to promote integrity is not made compulsory. For instance, the implementation of integrity pledges and the adoption of a corporate integrity system in Malaysia are presently voluntary (Corporate Integrity System Guideline, 2016). As such, a full commitment to integrity compliance becomes vague. Despite the importance of integrity, compliance remains low, particularly in developing countries like Malaysia (Johari et al., 2021).

Current literature on corporate integrity suggests that integrity practices contribute towards firm performance and creates value for organisations (Vu et al.,

2025; Fuerst & Luetge, 2021; Atan et al., 2017). Practices such as code of conduct, ethical leadership, internal control, risk assessment, culture and core values have been identified as effective integrity mechanisms (Hamoudah et al., 2021; Alam et al., 2019; Piazolo & Förster, 2019; Kaptein & Avelino, 2005). However, inconsistencies remain in the literature, with researchers arguing that corporate integrity is context-specific and tend to differ across organisations and among countries (Bao et al., 2024; Zainal et al., 2020). These inconsistencies show that it remains unclear whether a similar set of CIPs in Western countries have delivered similar values in the local context, specifically in the Malaysian GOCs. The economic literature also claims that integrity is a normative category and that ethics does not offer any specific approach in terms of practising integrity (Hoekstra et al., 2023; Piazolo & Forster, 2019). Furthermore, studies that examine CIPs as a collection of activities to promote value creation for firms in Malaysia are still sparse. Given that CIPs are not a compulsory requirement amongst Malaysian companies, it is difficult to establish uniformity of CIPs implementation, which may limit its effectiveness. Therefore, this study will investigate further how CIPs as a collection of practices are implemented in Malaysian GOCs.

Current literature on corporate integrity suggests that integrity culture has positive impacts on firm performance and sustainability (Altamuro, 2022; Yin & Zhang, 2020; Jiang et al., 2019). The role of integrity in building transparency has inspired organisations to enhance corporate integrity practices (CIPs) (Elaigwu et al., 2022; Johari et al., 2021). At the same time, enforcement from government and authority towards integrity enhancement have also become a triggering factor for organisation to uphold moral values as a practice in their workplace (Joseph et al., 2023). However, in the context of GOC, having dual objectives; financial and social obligation (Barreiro-Gen et al., 2023; Mohd Nasir, 2017) has made it difficult to identify the motivating factors that encourage the organisations to adopt CIPs. Given the current lack of understanding on why Malaysian GOCs adopt CIPs, this study aims to investigate the factors that motivate the adoption of CIPs among selected GOCs. Knowledge of these factors is expected to assist policymakers and organisational leaders in designing more effective integrity frameworks and implementation strategies.

The success of a system, process, or organisational practice generally depends on the presence of critical success factors (CSFs) that could influence the level of desired outcome (Marwan et al., 2024). While prior studies in Malaysia have examined CSFs in government-linked companies (GLCs), these investigations are focused on

performance measurement system, specifically for the implementation of balance scorecard (Md Zin et al., 2021; Ayoup, 2015). Meanwhile, prior studies on CIPs in Malaysia have examined factors that strengthen CIPs in public sectors (Johari et al., 2021) and the role of leadership in promoting integrity (Sajari et al., 2023; Hasin et al., 2020). However, there is still a lack of prior research on CSF of CIP in Malaysian GOCs. Therefore, further investigation on CSFs of CIPs is needed. Such investigation is crucial to bridge the current research gap by providing empirical insights into the specific organisational factors that enable the effective and sustainable adoption of CIPs among Malaysian GOCs.

Changes in global trend competition in recent years have motivated organisations to emphasise the importance of value creation (Said et al., 2020; Salvioni & Gennari, 2017). Traditionally, value creation is more focused on financial or economic values (Kasim, 2014). However, previous studies have agreed that financial and nonfinancial elements are equally important in determining an organisation's values (Bao et al., 2024; Abdullah et al., 2019; Biggemann et al., 2014). Since the scope of nonfinancial elements is diverse, examining such values could present challenges in achieving comprehensive coverage. In recent years, attention has been given to environment, social, and governance (ESG) as a proxy of nonfinancial value creation. Nevertheless, ESG is rarely used as a measure of value creation in relation to CIP. Most ESG studies have focused only on the value created by ESG's activities and the association between ESG and a firm's performance (Fuente et al., 2021). Past studies noted that limited empirical findings are available on how ESG (nonfinancial) values complement economic (financial) values in organisations, despite significant attention given to it (Bao et al, 2024; Zhao et al., 2018). To address this limitation, this study will investigate how CIPs create value in both forms as measured by the elements of economic, environmental, social and governance (EESG).

The instruction of IGU establishment for all GOCs is a strategy of the Malaysian government to strengthen integrity in this country. This strategy aligns with the suggestion that the best way to establish and maintain corporate integrity is to create a corporate integrity unit (Sajari et al., 2023; Biegelman et al., 2007). As the leader of the integrity unit, the role played by the Chief Integrity Officer (CIO) is also important for achieving the establishment objective. However, studies that examine the role of the Integrity and Governance Unit in promoting corporate integrity are still limited. For example, Sajari et al. (2018) only focused on the role of the CIO in shaping the ethical

and integrity culture while Hasin et al. (2020) and Alam et al. (2019) examined the role of leadership styles in the implementation of CIPs. Given that studies on the role of the Integrity and Governance Unit (IGU) in enhancing integrity practices, particularly in Malaysian GOCs, are still scarce, there is an urgent need to examine the importance of such a unit in CIP compliance.

Amidst the extensive application of Institutional and Legitimacy Theory in prior studies, these theories are insufficiently utilised in integrity practices within GOCs. As highlighted by Bhuiyan et al. (2023), research on sustainability and institutional theory must account for variations in legal systems, institutional settings, and political influence, in which particularly relevant in GOCs. Meanwhile, Dynamic Capability Theory have predominantly focused on areas such as digital transformation and technological innovation (Bian & Wang, 2024; Karan et al., 2024; Wei & Zheng, 2024), with limited exploration of how dynamic capabilities operate in the scope of integrity and governance to create ESG values.

Despite the abundance of studies on corporate integrity, most studies adopted a quantitative approach that may overlook broader themes and relationships. In addition, quantitative studies can lead to greater spurious correlation and may not be sufficient to uncover complex and dynamic issues (Kimani et al., 2021). To accommodate the limitations, the current study chooses to adopt a qualitative case study approach to offer a comprehensive understanding of how CIPs are implemented by Malaysian GOCs. A comparison between CIP implementation by multiple case studies will be conducted, which can potentially contribute to the rich and detailed description of the research issues.

1.3 Research Objectives

The main objective of this study is to gain insights into the corporate integrity practices (CIPs) in Malaysian Government-Owned Companies (GOC) towards value creation. The specific research objectives are as follows:

RO1: To explore the current state of corporate integrity practices (CIPs) in the selected GOCs.

RO2: To investigate the factors that motivate the adoption of CIPs among selected GOCs.

RO3: To investigate the critical success factors of CIPs in selected GOCs.

RO4: To examine how CIPs create value in terms of economic, environmental, social, and governance.

RO5: To investigate the role of the Integrity and Governance Unit (IGU) in enhancing corporate integrity compliance within selected GOCs.

1.4 Research Questions

In alignment with the identified problem of this case study, five research questions were posed. Therefore, the study endeavoured to answer the following research questions (RQ):

RQ1: What is the current state of CIPs in the selected GOCs?

RQ2: Why do GOCs adopt CIPs?

RQ3: What are the critical success factors (CSFs) for CIPs in GOCs?

RQ4: How do CIPs create value in the GOC's economy, environment, society, and governance?

RQ5: How does the Integrity and Governance Unit (IGU) contribute to enhancing corporate integrity compliance in GOCs?

1.5 Significance of the Study

Integrity is the key factor for sustainability and strong performance, as it is part of the core elements of ethical business (Yin & Zhang, 2020). The effectiveness of an integrity system can be evaluated through its practices involving all levels of corporate structures. Given that GOCs are the backbone of the Malaysian economy, their credibility in implementing corporate integrity system practices can be a reliable benchmark for other institutions. Thus, the in-depth findings of CIPs would be useful to benchmark corporate ethics enhancement which has become a critical issue for an organisation's sustainability (Ling et al., 2023). The model presented in this study can be an important advancement in the sustainability literature.

Apart from that, this study also investigates the components of critical success factors (CSFs) of GOCs in ensuring the success of CIPs. While the identification of effective CSFs in GOCs has been extensively explored, there has been limited focus on CIPs. The lack of attention on CSFs in integrity studies has led to uncertainties regarding the factors that should be prioritised in strengthening integrity compliance.

Therefore, this study provides further empirical evidence the factors affecting organisational decisions when it comes to the prioritisation of available resources to enhance integrity performance. This insight is particularly valuable for strategic managerial teams within organisations.

The strength of this qualitative study is that it provides a deeper understanding of a phenomenon that may not be fully discovered through surveys (Yin, 2018). The direct attachment of persons who are directly involved in integrity management and compliance in this study is important to obtain a clearer understanding of the real situation. As such, this study facilitates the construction of a more comprehensive and practical framework of corporate integrity, which is currently being questioned due to the poor integrity compliance. Furthermore, the findings of this study can enhance the understanding of integrity practices in the context of developing countries.

Previous studies have identified weak enforcement as a factor of ineffective integrity performance in Malaysia (Muhamad & Ghani, 2020; Mohamed et al., 2017). As such, the government has implemented various measures to improve integrity compliance. However, the outcome of these practices has not yet to be validated through scientific evidence. This study offers interested stakeholders an overview of the results directly obtained from industries. At the same time, it addresses the gap in understanding the motivating factors behind integrity practices, thereby providing insights for enhancing compliance and legal enforcement.

1.6 Research Methodology

This section provides a foundation for the research methodology employed in this thesis. Chapter four covers a more in-depth exploration of the research methodology, providing thorough specification and comprehensive elaboration which includes specific details and procedures of the research undertaken.

A qualitative research methodology was utilised for this study as it provides culturally specific and contextually rich data critical for understanding the practices of corporate integrity from the perspective of Malaysian companies. Many issues surrounding CIPs are complex, dynamic, and difficult to measure quantitatively, while quantitative studies may overlook broader themes and relationships and risk producing spurious correlations rather than a deep explanation of practice. In addition, the qualitative case study design allows the researcher to gather in depth evidence through

interviews, observations, document review, and thematic analysis, thereby producing a more comprehensive understanding of how CIPs are implemented and how they create value in Malaysian GOCs (Merriam, 2009). Institutional and legitimacy theory is used to explain the reasons organisations are willing to adopt integrity practices. Hoque (2018) argues that most of the studies that use institutional theory are qualitative as the researchers focused on the practices that were developed, experienced, and abandoned elements difficult to measure quantitatively.

1.6.1 Research Process

Figure 1.2 illustrates the multiple stages undertaken during this study.

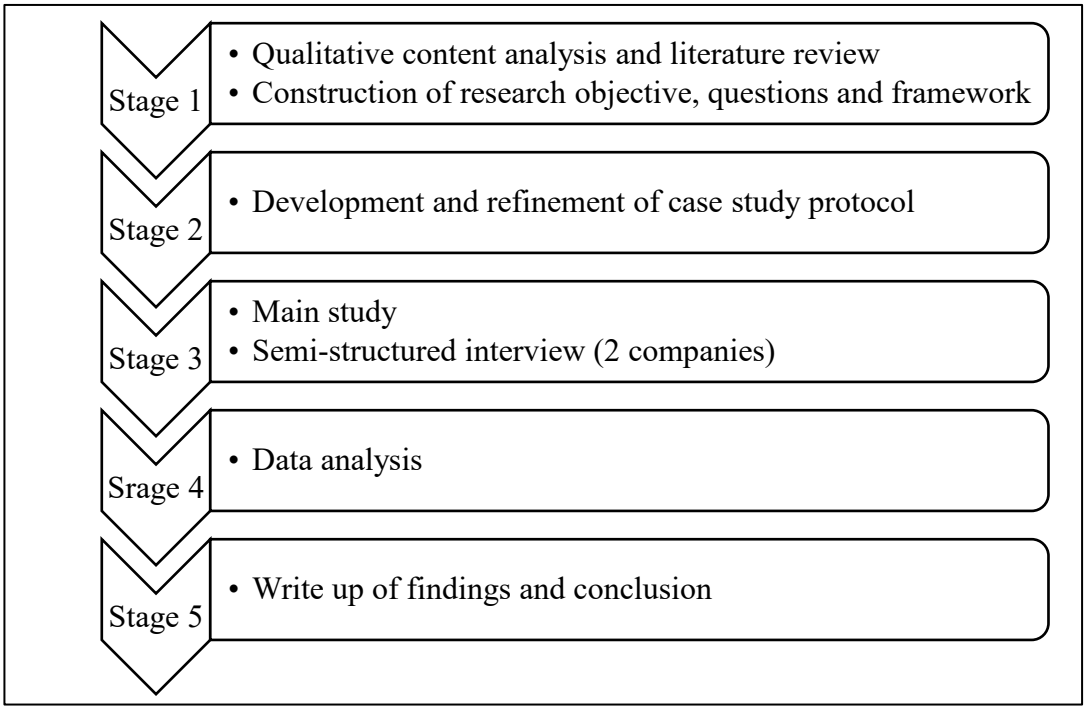


Figure 1.2 Research Process for Current Study

As illustrated in Figure 1.2, this study began with a comprehensive literature review and qualitative content analysis, which facilitated the identification of the research problem, research questions, and conceptual framework. The qualitative content analysis involved visiting websites and reviewing annual reports to capture the initiatives and efforts undertaken by companies to promote integrity. In the second stage, the case study protocol was developed and refined. Prior to this process, a feasibility of the component of corporate integrity was conducted through an exploratory visit to a bank and a few interviews with federal and state GLCs. From

those exploratory findings, interview questions were revised and refined. Stage three refers to the main study, during which interviews with case study companies were conducted. A multiple case studies approach was selected to ensure data's robustness and replicability. Stage four began with transcribing the interviews, followed by data analysis. Thematic analysis was employed to structure the findings, involving the identification of initial codes and establishment of themes. The final stage consisted of writing up the findings and conclusion.

1.6.2 Research Design, Data Collection, and Analysis

This section presents a summary of the research design, data collection, and analysis employed in this study. The comprehensive discussion and explanation of this methodology is presented in the Chapter 4 of this thesis.

1.6.2.1 Multiple Case Study Design

Multiple case studies design was employed to understand CIPs in Malaysian GOCs and the values created by those practices. Since integrity practices vary across situations and contexts, multiple case studies provide comprehensive explanatory findings that can strengthen the reliability of the analysis (Yin, 2018; Gustafsson, 2017). Evidence from multiple case studies can also clarify whether the findings are valuable and offers thorough understanding of different company practice levels, thus increasing replicability.

1.6.2.2 Data Collection of Multiple Cases

To ensure reliability in this qualitative study, a triangulation approach was utilised for data collection. Triangulation involves the use of various techniques or sources of data to construct a holistic comprehension of phenomena under investigation (Patton, 1999). This approach aims at eliminating biasness in data analysis and enhancing its objectivity. The data obtained through multiple methods enhances the validity of the findings because the same topic or focus is addressed through various approaches. Data were collected through semi-structured interviews, document reviews and observations.

1.6.2.3 Data Analysis of the Study

The data of this study was analysed using thematic analysis, which refers to a systematic approach employed to extract meaningful insights from the collected qualitative data. In this study, the process of conducting thematic analysis was facilitated by the Atlas.ti software. The process involved a rigorous process of organising, coding, and categorising the textual data to identify recurring themes and patterns. Through this iterative process, a deeper understanding of CIPs and value creation systematically emerged. This method ensured a comprehensive exploration of the qualitative data, enabling the study to draw meaningful conclusions and insights into the integrity practices in Malaysian GOCs.

1.7 Definition of Key Terms

Several key terms are used frequently and consistently in this thesis. The following terms are used consistently in this thesis and are defined as follows:

1.7.1 Corporate Integrity Practices (CIPs)

CIPs refers to the set of activities undertaken by an organisation in order to instil integrity in their workplace.

1.7.2 Government-owned Companies (GOCs)

GOCs refers to a company where the government is the majority shareholder and have rights as a major decision maker in the management of the company. In this study, GOCs includes companies under Government-interest companies (GIC), Government-linked companies (GLCs) and State-Owned Enterprises (SOEs). These terms are used interchangeably.

1.7.3 Critical Success Factor (CSF)

CSF refers to the key determinants that the organisations have focused on to ensure successful implementation of CIPs.

1.7.4 Integrity and Governance Unit (IGU)

IGU refers to the unit or department which serves as a key player or liaison for all integrity affairs, mainly in promoting integrity compliance through plans and implementations of integrity-based programmes.

1.8 Organisation of the Thesis

This thesis consists of eight chapters. Chapter one focuses on the overall perspective of integrity incidents globally and locally. This chapter aims to provide an understanding of the issues related to corporate integrity practices (CIPs) and value creation, which leads to the identification of research issues.

Chapter two reviews the past studies of CIPs and value creation where the gaps in the existing literatures are highlighted. These literatures are reviewed to inform and guide examination of the research objectives of this study. This chapter also includes the theories that are relevant in formulating a research conceptual framework.

Chapter three reports the research methodology adopted for the study. This chapter justifies the research paradigm, method, and design used in this study. The rigour of the study (validity and reliability) is also discussed in this chapter.

Chapters four and five present the findings of the first and second case studies respectively. These chapters contain the results of the interviews, observations and document reviews. This chapter focuses on the current practice, motivating factors, critical success factors (CSFs) and value creation of CIPs. The role of the integrity unit is also discussed in this chapter.

Chapter six discusses the overall findings of both case studies. It includes a performance comparison of both case studies.

Chapter seven concludes the study and identifies the contributions, limitations, and suggestions for future research. The presentation of the chapters and layout of the thesis are shown in Figure 1.3 below.

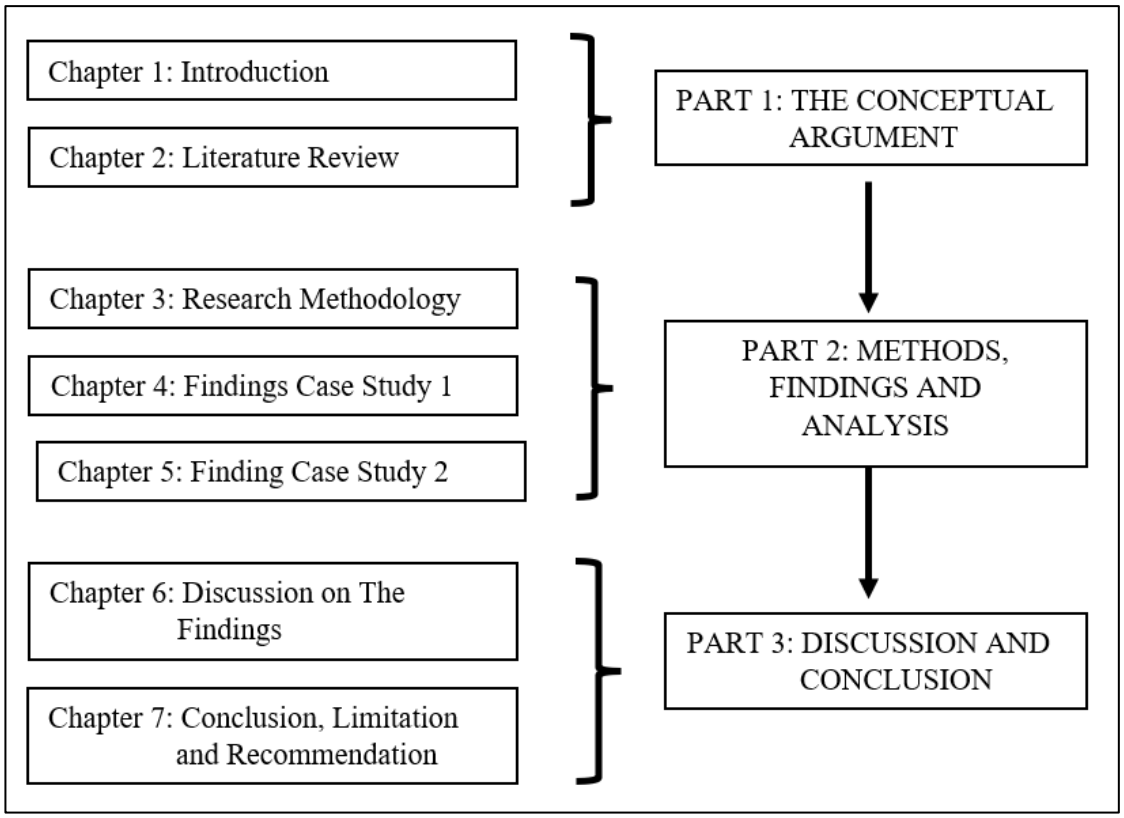


Figure 1.3 Organisation of The Thesis

1.9 Summary of the Chapter

This chapter has laid the foundation of the study through the overviewed background, research problem, research objectives, research questions and methodology. This chapter also elaborated on the significance and contribution of the study. The next chapter will provide a review of relevant literature to understand the context of this study.

CHAPTER 2
LITERATURE REVIEW

2.1 Introduction

This chapter explores the existing literature on corporate integrity practices (CIPs). It begins with a discussion of the relevant theories underpinning the study, which provide the theoretical foundation for analysing the motivation, implementation, and value creation of CIPs. It then discusses the concept of integrity, evolution and elements of CIPs, and various practices of corporate integrity from different countries. The prominent discussion is on the CIPs from the perspective of Malaysian government-owned companies (GOCs), how those practices contribute to the enhancement of organisations' value, motivating factors, and critical success factors of CIPs, and the functions of the integrity unit within the organisations. This chapter concludes with a proposed conceptual framework for the study.

2.2 Underpinning Theories

2.2.1 Institutional Theory

Institutional theory is widely recognised in contemporary organisational research for its emphasis on understanding why organisations behave the way they do (Aksom & Tymchenko, 2020; David et al., 2019; Misopoulos et al., 2018; Singh, 2015). This theory has been particularly influential in explaining the adoption of organisational practices, systems, or rules (Sahin & Mert, 2022; Scott, 2008). The key concept of institutional theory is rooted in the word *institutions,* which refers to beliefs, rules and symbolic elements that are capable of influencing organisational forms and technical requirements (Scott, 2008). This theory concerns how structures such as rules, norms, and routines have been established and become guidelines for organisational behaviours. Institutionalised guidelines constrain and shape human interactions by embedding expectations into formal organisational conduct (North, 2025).

In the context of upholding ethics and compliance, institutional theory is relevant to explain factors that motivate organisations to engage in CIPs. The institutional perspective suggests that social and organisational actions are never

random but are influenced by the context they are in (Palthe, 2014). External pressures from the environment, society and economic performance influence the ways in which organisations react to maintain their survival (Latif et al., 2020). Factors such as government regulations, local laws, market trends and other stakeholders (DiMaggio & Powell, 1983; Misopoulos et al., 2018) could pose significant pressure that eventually leads the organisations to the decision they choose.

The perception of being an integrity-driven company significantly contributes to sustainability and thus encourages the adoption of CIPs. The adoption of CIPs exemplifies the concept of isomorphism, where organisations standardise certain practices to enhance their sustainability efforts. The components of isomorphism include coercive, normative, and mimetic (DiMaggio & Powell, 1983). These three components involve interventions from internal and external factors that serves as a foundation for how institutional pressures influence organisations' decisions.

Coercive refers to the pressures from higher and powerful stakeholders that are not only related to government but also industrial and professional bodies (Latif et al., 2020). Pressures from these stakeholders have a significant influence on management's decision to change or adapt to integrity practices. In this study, coercive is also referred to as enforcement, which is mainly related to the reactions of authorities and the government to impose new laws and regulations to strengthen compliance with integrity. Alternatives taken by the Malaysian Government, such as the establishment of the Malaysian Anti-Corruption Commission (MACC), the National Transformation Plan, and the Anti-Corruption Act, are also aligned with the concept of coercive isomorphism. The important components of coercive power include protection and legislative mandate, serious sanctions, and intense punishment (Latif et al., 2020), whose main objective is to obtain high obedience towards regulation imposed.

Normative isomorphism comes from professionalisation, which refers to the collective struggles of an organisation to set the rules and methods that control how their work is done (DiMaggio & Powell, 1983). An organisation tends to portray that its operation is aligned with societal expectations through compliance with rules and regulatory mechanisms (Misopoulos et al., 2018). Therefore, adopting CIPs is seen as one of the normative drivers, as it promotes what organisation should be practising according to social obligations. In addition, CIPs cater to social approval through the influence of norms and a sense of responsibility. In the context of Malaysia, normative pressure extends into cooperative relationships across different organisational chains,

in which organisations are obliged to operate in a socially compliant manner which encourages the adoption of CIPs.

Mimetic assumes that institutions will adopt the practice of successful institutions and, therefore, decide to resemble them if it leads to greater access to resources and even strategic advantages (DiMaggio & Powell, 1983). Organisations tend to adopt CIPs when they realise that their competitors gain value through these practices. Organisations are more likely to adopt systems, standards, or processes that make them superior in terms of performance and reputation (Burdon & Sorour, 2020). Engagement with superior competitive advantages provides benefits to organisations, as they can predict economic benefits.

Relevant to this study, institutional theory is used to explain the factors that drive the survival and legitimacy of organisational practices. It is posited that the influence of law and regulations (coercive), imitation (mimetic), and norms (normative) will pressure organisations to adopt CIPs, which directly conforms to social desires and approval. For GOCs, where the operations are highly visible and subject to public scrutiny, these institutional pressures become significant factors to adopt CIPs. Moreover, the implementation of CIPs by GOCs is also perceived as an opportunity and strategic response to fulfil public demand that requires high transparency, accountability and ethical conduct. As suggested by Scott (2008), institutional theory is a widely used theoretical posture that concentrates on productivity, ethics, and legitimacy. Institutionalising social expectations will improve the survival of an organisation through the advantage of being perceived as legitimate (Karbhari et al., 2021). Therefore, legitimacy theory was also captured in this study's discussion.

2.2.2 Legitimacy Theory

Being acknowledged as an integrity-oriented organisation, GOCs attracts approval and support from society (Barreiro-Gen et al, 2023). This is because the action of practising integrity is congruent with acceptable behaviour which becomes a social norm. This is in line with the concept of legitimacy: the widespread belief that an entity's actions are acceptable and fit within a particular set of social norms, values, beliefs, and definitions created by society (Dowling and Pfeffer 1975). This theory recognises the importance of congruence between two main value systems: social values which are expressed through organisational activities and norms of acceptable behaviour. This

theory also suggests that social norms and values must approve any activities conducted by an organisation, as it is essential for the organisation's survival (Florio & Sproviero, 2021). If any disparity exists, organisations will be exposed to threats such as legal, economic, or social sanctions (Dowling & Pfeffer, 1975; Ali et al., 2020). In GOCs, consistently practising integrity is crucial to shaping society's perception of an organisation's legitimacy. Enhancing and advocating transparency, honesty, and accountability, which are integral components of integrity, align logically with society's expectations and the organisation's activities within a congruent value system.

Legitimacy theory purports that organisations should enhance and voluntarily adopt integrity practices if management perceives that those activities are expected by the societies in which the organisations operate. As for GOCs, legitimacy is closely linked to organisational operations since the allocated resources come from public contributions. As society contributes resources, organisations are responsible for ensuring that activities are accepted as legitimate by larger social systems (Florio & Sproviero, 2021).

Islam (2017) posits that legitimacy theory is relevant to understanding the disclosure practices of social enterprises because of its ability to explain how organisations manage their operations to meet society's expectations. Similarly, the organisations also need to ensure that the activities carried out must be handled with full integrity and ethics to maintain good social contracts that represent the norms and expectations of both business and society (Chelli et al., 2014). As legitimacy is not something the organisation can acquire, integrity practices must be extensively promoted and shown to gain consent from society. Thus, enhancing integrity compliance through the adoption of CIPs portrays that the organisation is fulfilling what society wants and desires (Islam, 2017). In return, society will approve the organisation's legitimacy and provide the resources that organisations need to maintain their survival (Chelli et al., 2014). Considering that integrity is a captivating element for sustainability, promoting CIPs offers a great opportunity to increase capital.

The capability of organisations to adapt to the base of resources is critically important to sustain competitive advantage in a rapidly changing world. The rapid changes that have taken place in the current business environment include a focus on integrity, governance, and social concern in creating firm value (Said et al., 2020; Md Zin, 2017). When an organisation submits to the restriction of society by enhancing integrity, it facilitates the flow of capital and resources to organisations as stakeholders

are more willing to provide financial support and opportunities to organisations perceived as trustworthy, transparent, and low risk. Therefore, institutional and legitimacy theories extend this study's focus to the concept of dynamic capability.

2.2.3 Dynamic Capability Theory

Dynamic capability theory is used to solve the problem caused by environmental complexity which is related to the management's responsibility to adjust the way organisations work to meet environmental expectations (Samsudin & Ismail, 2019). When organisations can respond to changes caused by environmental complexity, they gain a competitive advantage that eventually leads to value creation. Practising corporate integrity is related to dynamic capabilities in the sense that it is associated with the organisation's elements, such as routines, processes, managerial, cognition, and knowledge, which are considered resources for capturing values during rapid environmental changes (Rashidirad & Salamian, 2020). The ability to create value in an uncertain environment generates a competitive advantage, which is the foundation of sustainability (Teece, 1997).

Kaya (2023) asserts that building dynamic capability is the most effective way to obtain a sustainable competitive advantage in an uncertain environment. One of the alternatives to build dynamic capability is by concentrating on the identification and organisational routines that could enhance an organisation's survival in a highly changing environment (Eisenhardt & Martin, 2000). At the same time, the routines must be linked to the criteria of adaptation, knowledge adaptation and relationship management (Kaya, 2023). Focusing on the value creation process through practising integrity promotes the generation of dynamic capabilities, as it can be viewed as part of an activity that deals with adaptive, absorptive, and innovative capabilities (Cyfert et al., 2021) which can be part of organisational strategies to fulfil industry and societal expectations. The adaptation elements of dynamic capability allow for the organisation's improvement and best management practice implementation. Therefore, management should be responsible for adjusting the way organisations work to meet environmental expectations.

By adopting CIPs, strong ethical compliance is expected to improve managerial performance, leading to greater value creation, particularly on economic, environmental, social and governance (EESG). Organisations with strong integrity

culture are better positioned to gain financial support from stakeholders as such culture forms a commitment to allocate adequate resources to meet ESG obligations (Bao et al., 2024). In addition, concentrating on integrity and ethical practices is ultimately fulfilling the social demand for ethical and moral conduct. When demand is fulfilled, the organisation's value can be expected to increase through the achievement of a good reputation, resulting in higher competitive advantages.

In the context of GOCs, the application of this theory is more relevant as it deals with multiple companies that have different and complicated operations which require a high capability to adopt changes to sustain competitive advantages (Samsudin & Ismail, 2019). Align with the foundation of dynamic capability theory, CIPs allow organisations to adapt to changes in regulations, stakeholder expectations, and ethical demands through continuous improvement, development and strategic application. These ongoing efforts result in higher transparency, better risk mitigation, and stronger governance. Through this adaptive process, CIPs contribute to economic, social, and governance value creation, reinforcing the organisation's long-term sustainability and legitimacy. Hence, this theory explains that value can be created through the successful adoption of rapid global changes, as manifested by the requirement of integrity compliance.

The use of three complementary theories which are institutional theory, legitimacy theory, and dynamic capability theory reflex the complex and multidimensional nature of CIPs, which cannot be sufficiently explained by a single theoretical lens. Institutional theory provides an understanding of how external pressures, particularly coercive, normative, and mimetic forces, influence organisational adoption of integrity practices (DiMaggio & Powell, 1983; Scott, 2014). In parallel, legitimacy theory explains how organisations utilise CIPs to align with societal expectations and maintain legitimacy by demonstrating adherence to accepted norms and values (Dowling & Pfeffer, 1975). However, while these theories explain the "why" behind CIP adoption, they offer limited insight into how such practices create value. Therefore, dynamic capability theory is incorporated to explain how organisations integrate, reconfigure, and deploy integrity-related resources and practices to enhance performance and sustain competitive advantage (Teece, Pisano, & Shuen, 1997; Teece, 2007). The integration of these theories thus provides a more comprehensive framework, capturing the motivations, legitimising functions, and value-creating mechanisms of CIPs.

2.3 Corporate Integrity Practices (CIPs)

2.3.1 Definition of CIPs

The word integrity originated from the Latin word 'integer' which literally means the state of being untouched, fresh, unimpaired, virgin, whole and complete (Bauman, 2013). Zainal et al. (2020) interpret the 'untouched' in the definition of integrity as the willingness to remain ethical and consistent when the actual result is unfavourable. This action reflects a commitment to moral values, norms and rules which emphasises that people with integrity will never breach moral principle even in the absence of scrutiny (Huberts, 2018). Similarly, Erhard and Jensen (2017) describe integrity as a state of being whole and unbroken, which requires individuals to honour their words. The integrity concept has been used not only in ethics but also in physiology, human resource, organisational behaviour, leadership, academic and all sectors of society (Bauman, 2013; Huberts, 2018).

Although integrity is subjective in nature and difficult to be defined objectively, (Fuerst & Luitge, 2021), the scholars agreed that integrity is the prominent component in ethics and could be used interchangeably (Yin & Zhang, 2020; Heywood et al., 2017). The concept of integrity was initially focused on individual and human attributes (Asawo, 2011) but it has evolved from micro (individual) to mezzo (organisations) and macro (global) (Primec et al., 2018). Since organisations are composed of human beings (stakeholders) and bound by shared standard, the notion of corporate integrity has emerged (Piazolo & Förster, 2019; Kaptein & Reenen, 2001). Maak (2008) argues that an organisation can indeed be a moral agent by demonstrating ethics and governance in decision-making, controlling policies, and responding to criticism. As such, Primec et al. (2018) concluded that corporate integrity must be incorporated and implemented in company management and governance processes. Meanwhile, practice refers to the actual application of ideas or beliefs which is exercised to manifest the applicability of the ideas or beliefs. Corporate integrity should be implemented or practised to evaluate the level of compliance with integrity.

Building upon the foundational perspective of Huberts (2018), Erhard and Jensen (2017) and Bauman (2013), this study defines CIPs as a set of activities conducted by individuals within the organisations that uphold the moral and virtue terms including honesty, accountability, trustworthiness, completeness and diligence

and consistently aligned with the organisation's objectives at all costs.

2.3.2 Evolution of CIPs

The evolution of CIPs is explained using a timeline shown in Figure 2.1. This timeline framework provides a brief understanding of the emergence of corporate integrity concept which evolved in late 1959.

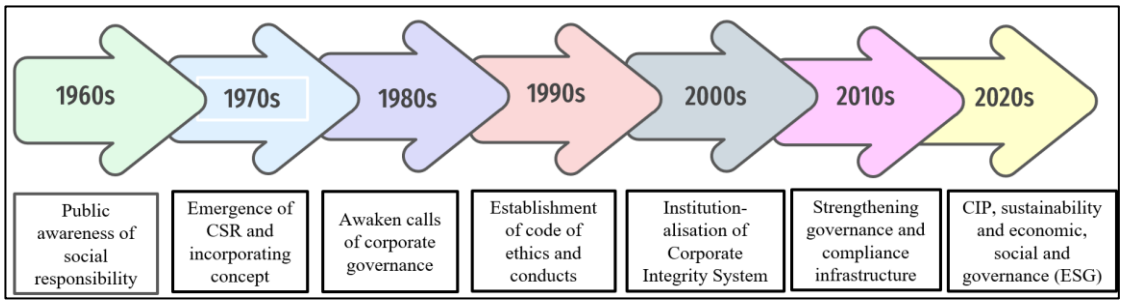


Figure 2.1 Evolution of CIP (source: Author)

Development in the 1950-1960s: Early History

Corporate integrity has been widely discussed alongside other elements such as ethics, accountability and governance. Some studies have even used these concepts interchangeably as integrity is considered a critical component of business ethics (Monga, 2016; Jacobs, 2004). The development of corporate integrity can be traced back to the 1950s through the domains of corporate social responsibility discussed by Frank Abram, who wrote 'Management Responsibilities in a Complex World', published by the Harvard Review in 1951 (Primec et al., 2018). The emergence of the integrity concept gained further momentum in the 1960s when growing public awareness of environmental concerns shaped corporate social responsibility (CSR), putting pressure on government regulations and corporate activities (Chabrak, 2015). Although the measurement of business performance is still based on profit, the concern of organisations has shifted slightly to the importance of social contribution. While CSR enforcement was not stringent at that time, regulations on governance and corporate activities must be handled with concern for social responsibilities. This era has also seen a growing academic interest in CSR. The political revolution and social movement that took place in the late 1960s triggered an intensification of rising public awareness and ecological concerns (Maak, 2008).

Development in the 1970s: Corporate Social Responsibility

The importance of CSR flourished in the 1970s. As cited in Primec et al., (2018), Eels & Walton (1974) stated that real efforts to define CSR began to emerge, incorporating concepts such as a corporation's legal responsibility, charitable activity, being ethical, and assuring legitimacy. Integrity, understood as a part of ethics, is also affected by the promotion of social responsibility. In response to social change, several regulations and laws regarding honesty in promotion, product safety, affirmative action, and other social issues have been introduced by governments in developed nations (Govekar et al., 2007). At the same time, governance and integrity thinking came into the discussion due to issues of checks and balances at the board level in corporations. For instance, the U.S. Securities and Exchange Commission requires listed companies to appoint independent directors to their boards. This requirement reflects the call for transparency and ethical oversight in corporate leadership. In essence, this period marked a change in managerial perspective as the emerging stewardship movement encouraged managers not only to manage the business but also to be a guardian of a company's resources. Additionally, the first article that deals with integrity attributes of government corporations, including state-owned companies (SOEs) began in 1972 (Daiser et al., 2017).

In 1975, the Accounting Standard Steering Committee in the USA issued The Corporate Report to encourage economic entities to report accountability issues resulting from directors' decisions. This initiative significantly promoted ethical and integrity behaviours among corporate members. By 1977, the responsibility of a company to prevent internal control failures and corporate wrongdoing was formally introduced through the release of a Green Paper titled 'The Conduct of Company Directors' (Josephson, 2014). This initial process of establishing a code of conduct and corporate governance highlights a significant indicator of the importance of integrity in sustaining organisations' values and performance.

Development in the 1980s: Lesson from corporation collapse

The recession experienced by many countries in the middle of the 1980s led to criticism of corporate governance, which included issues of financial mismanagement, dishonesty, deception, and misleading financial statements. These concerns were rooted in the early 1980s, when man-made disasters and modern business complexity began (Gould, 2021). The collapse of giant corporations particularly in the United States,

Australia, Canada and several European countries, known as 'dark cases' (Maak, 2008) has become a wake-up call to re-evaluate the ethical practice in corporate decision making. In addition, the failure of the Green Paper to generate meaningful action on internal control and corporate misconduct contributes to a series of unremitting scandals by the mid of 1985. Carnegei and O'Connell (2014) claimed that substance over form came strongly into view and promotion, but it was often misleading from a usefulness perspective which eventually provoked a series of governance reforms. Hence, this century marked a crucial sub-era of ethical culture, where a number of studies on the code of ethics have been conducted in the US (Govekar et al., 2007; Swenson & Wood, 2011).

During this time, the concept of integrity regained its prominence. The focus on sustainable development has also re-emerged through the establishment of business ethics codes (Chabrak, 2015). Public dissatisfaction with corporate misconduct and unethical behaviour has led firms to re-evaluate the exclusion of morals and values from corporate social performance (Govekar et al., 2007). The emergence of integrity and ethics in corporate performance continues after a comprehensive discussion of corporate moral agencies and the development of stakeholder theory in academic disciplines. As for developed countries such as the UK and the USA, the year between 1984 and 1987 witnessed a rapid acceleration of codes of ethics, indicating the recognition of an integrity culture, as an essential for corporate ethical excellence (Schlegelmilch & Houston, 1987). The establishment of the National Commission on Fraudulent Financial Reporting in October 1985 became one of the triggering factors in strengthening corporate integrity when it recommended that each company communicate its code of ethics to prevent dishonest conduct, specifically in financial reports (Schlegelmilch & Houston, 1987). The late 1980s saw an upsurge in the need for organisations to establish a code of ethics.

Development in the 1990s: Emergence of Code of Ethics/Conduct

This decade witnessed further specialisation and rising concerns regarding global business ethics. The implementation of United States Sentencing Commission guidelines in 1991 was counted as a commitment of the US government to enhance integrity, particularly for white-collar crime. For the first time, all executives were responsible for the misdeeds of their companies and subordinates (Rasberry, 2000). The commitment to promote integrity continued through the establishment of the Ethics

Officer Association (EOA) in 1992, with 40 countries joining as members and increasing to 700 by the end of 1997. A year later, another great effort in promoting integrity was seen when Transparency International was established with a Secretariate in Berlin. The main objective of the establishment was to tackle corruption issues, which was a taboo topic at that time.

The emerging code of ethics has concurrently raised attention to its integrity. This era witnessed a transformation from compliance to integrity-based management (Rasberry 2000). Organisations realised that not all legal behaviours are ethical; thus, legal compliance was inadequate to measure ethical issues. Hence, 1997 embarked on another great commitment to the enhancement of integrity when, for the first time, a comprehensive survey of ethics officers was conducted (Rasbeery, 2000).

Attention to integrity compliance has been continuously uplifted through several discussions in international conventions that focus on anti-bribery and corruption. The first convention was the Inter-American Convention against Corruption which was passed in 1996, followed by the OECD Convention on Combating Bribery in Foreign Officials in International Business Transactions, which came into force on 15 February 1999 (Schonfelder et al., 2016). These conventions led to more improvements and ideas for extending ethics compliance.

Development in the 2000s: Institutionalisation of Corporate Integrity System (CIS)

Jacobs (2004) argued that integrity should not only be a rigid and formal code of ethics, but something that can be learned from experience. Hence, his study on the integrity pragmatist approach stressed that a defensible approach to business ethics should be simultaneously equipped with practical guidance, rather than only with an integrity pact. The Enron scandal, which was exposed in 2001, has attracted more attention to the implementation of integrity practices than just a rhetoric written policy (Primec et al. 2018). The provisions of the Sarbanes-Oxley (SOX) Act of 2002 reflect the efforts of giant business countries to restore corporate integrity following the Enron scandals. The Act not only enhances governance by requiring stricter internal control and transparent disclosure but also protects whistleblowers.

Interestingly, efforts to promote integrity are extended to a level that involves rewards and recognition. For instance, the Integrity Award, now known as the Global-Anti Corruption Award, was first introduced in 2000 by the Transparency International.

At the same time, several practices were integrated into an integrity implementation system, which includes whistleblowing, in practice known as the confidential integrity advisor (CIA). De Graff (2019) posited that by the year 2000, most of the Dutch organisations had confidential advisors who were the key players in reporting any wrongdoing that took place in an organisation.

To strengthen the effectiveness of the whistleblowing system, which is known as one of the crucial elements in promoting integrity, the OECD Council adopted its recommendations to implement public and private sector whistleblower protection measures. This is an initial process that led to the establishment of whistleblower protection policies and practices, such as Canada's Public Servants Disclosure Protection Act (PSDPA) 2007, Ireland's Protected Disclosures Act (no.14 of 2014), and Malaysia's Whistle Blower Protection Act 2010.

Development in the 2010s: Strengthening Governance and Integrity Practice

In February 2010, the OECD published Good Practice Guidance and Internal Controls, Ethics, and Compliance (GPG) to address companies' need to establish and ensure the effectiveness of internal controls, ethics, and compliance programs (OECD GPG, 2010). The GPG is flexible and intended to be adapted by GLCs, specifically to prevent foreign integrity violations. The initiative to uphold and promote integrity practices continued through the establishment of the G20 Anti-Corruption Working Group (ACWG) in July 2010 (World Economic Forum, 2021). Part of the ACWG's thematic focus areas are integrity and transparency, which are in line with its primary goal of preparing comprehensive recommendations for G20 leaders which is practical for combating corruption. In the same year, Transparency International began its largest National Integrity System (NIS) assessment, which became the basis for other local assessment adaptations.

The initiative to intensify the practice of the corporate integrity system was continued through the introduction of the corporate integrity system (CIS). This system covers all aspects of integrity, including policies, practices, institutions, and integrity guardians that are responsible for the growth and development of integrity in an organisation (Six & Lawton, 2013). As an alternative to strengthen CIS, the International Organisation for Standardization (ISO) published ISO 37001, an Anti-Bribery Management System standard, in 2016. This international standard provides

guidelines for preventing, detecting, and responding to bribery, while also encouraging companies globally to adopt structured anti-bribery programs and strengthen internal controls and ethical culture. In 2017, Transparency International (TI) launched an anti-corruption knowledge hub that promoted integrity through the development of digital tools. This online space allows access to all information and research output regarding the violation of integrity at the fingertips.

Development from 2020 onwards: Linking CIPs and sustainability

In 2020, the World Economic Forum (WEF) continued its efforts to promote integrity practices. The establishment of the Global Future Council on Transparency and Anti-Corruption articulated a new agenda for business integrity by anticipating future global trends and shaping policies for better governance and sustainable development (PACI, 2021). The recognition of integrity as a core element of business sustainability invites more framework development for integrity compliance strategies. Global standardisations and regulatory reforms have emerged to identify the best practice for integrity compliance (van Eeden Jones & Lasthuizen, 2018; Siddiquee and Zafarullah, 2022). For instance, the development of numerous integrity evaluation tools and key indicator measures is more globally accepted and applicable (Fuerst et al., 2023).

In addition, rather than being viewed and remembered as a core value, integrity is embedded as a sustainability strategy, through the implementation of integrity-strengthening program and education (Piazolo & Forster, 2018). Many organisations rely on integrity model to design their sustainability standards. Leal Filho et al., (2023) asserts that integrity is a guiding principle for the development of sustainability standards and ethical decisions making, which improves customers' trust and accuracy of business decision. Azmat et al., (2022) found that the integrity mechanism contributes to the sustainable development of investment. By practicing integrity, investment genuinely contributes to sustainability as it becomes more credible, transparent and effective in handling global changes.

In recent years, integrity disclosure has become one of the defining sections in organisations' sustainability report. Such disclosure indicates a strong association between integrity and capability to generate long-term values. Nowadays, focus on sustainability and integrity goes beyond the corporate boundaries. Collaboration between industries and higher education institutions is also growing as an alternative

for bridging the knowledge gap and practical applications related to integrity initiatives (Mohammed et al., 2024). In addition, the CIPs are integrated into the development of the organisation's environmental, social and governance (ESG) framework. The recent development of CIPs has focused on updating the OECD Anti-Bribery Guidelines.

2.3.3 Development of CIPs in Malaysia

While challenges of corruption persist in Malaysia, significant initiatives have been undertaken by the government to develop laws, legal frameworks, and institutional mechanisms to combat corruption. The comprehensive alternatives for mitigating integrity violation issues demonstrate the commitment of the Malaysian government to build a high-integrity environment, leading to strong national development and economic growth (Johari et al., 2021; Jones, 2022). These initiatives include the introduction of several anti-corruption agencies, integrity programs, and the establishment of laws dedicated to enhancing integrity compliance.

The effort by the Malaysian government to combat integrity began in 1957 when three separate entities and their core functions were established: (1) the anti-corruption section in the Prime Minister's Department (PMD) to oversee preventive measures against corruption, (2) the special crime branch within the police force to investigate corruption cases, and (3) the Ministry of Law to execute prosecution duties. Nevertheless, the segregation of these entities caused uncoordinated functions that encouraged the government to form the Anti-Corruption Agency (ACA) in 1967 (Siddiquee & Zafarullah, 2022). ACA is authorised to investigate, interrogate, arrest, and prosecute offenders, and aligns with its three key component strategies: education, prevention, and enforcement.

Efforts to strengthen public integrity continued with the establishment of the Public Complaint Bureau (PCB) in 1971, where this bureau was responsible for investigating and managing public dissatisfaction which was demonstrated through the complaints of government services and administration (Siddiquee, 2011). In 1983, the effort to combat integrity continued with the launch of 'Leadership by example' campaign that introduced the 'Clean, Efficient, Trustworthy' pledge as part of the government's promises to deliver public services. 'Excellent work culture' was also promoted as part of the efforts to inculcate positive and ethical work values amongst public officials in 1989.

Continuity to strengthen integrity proceeded with the establishment of the Malaysian Institute of Integrity (IIM) in April 2004. The institute was established concurrent with the introduction of the National Integrity Plan (NIP), a plan aimed at enhancing organisational integrity, covering both the public and private sectors through education and training provision. Serving as the driving force behind the introduction of the NIP, the primary role of IIM is to develop the competencies and capacities of all public and private sector entities in the areas of governance, integrity, and anti-corruption through the provision of consultancy services, instruments, and training programs.

In 2006, the Malaysia Anti-Corruption Academy (MACA), an integrity-training academy, was established to provide and manage programs related to the enhancement of competency and professionalism among integrity officers and staff. MACA actively cooperates with many international agencies in developing anti-corruption programs, including seminars, training, workshops, and courses to improve its capacity and capability to fight corruption. One of the contributions of MACA in strengthening the effectiveness of integrity compliance is the designation of the Certified Integrity Officer (CeIO) Program, which aims to prepare government officers to address integrity concerns within organisations (Sajari et al., 2023). This program is part of the preparation for the establishment of the Integrity and Governance Unit (IGU) in government-interested companies, which was first implemented in 2014.

In January 2009, the ACA was restructured and transformed into the Malaysian Anti-Corruption Commission (MACC) after 12 years of being recognised as the backbone in combating bribery and other unethical behaviours in government offices (Sajari et al., 2023). Currently, the MACC is known as the most powerful anti-corruption institution in Malaysia, with the primary responsibility of investigating reports related to corruption activities. The MACC was established similar to Hong Kong Independent Commission against Corruption (ICAC) (Siddiquee & Zafarullah, 2022). In accordance with the establishment of the MACC, the activities of this agency are monitored by five external oversight bodies: an anti-corruption advisory board (ACAB), a complaint committee (CC), a special committee on corruption (SCC), an operation review panel (OPR), and a consultation and corruption prevention panel (CPP).

The first three independent bodies, i.e., ACAB, CC and SCC were established through the provision of the law, whereas OPR and CPP were formed based on

administrative orders (Siddiquee & Zafarullah, 2022). To enhance the efficacy of the MACC, a series of laws have been enacted to empower this agency to execute its responsibilities effectively. The rules and laws include the Malaysian Anti-Corruption Act 2009, Anti-Money Laundering and Anti-Terrorism Financing Act 2001, Witness Protection Act 2009, and Whistle Blowing Protection Act 2010 (Jones, 2022).

In June 2018, the National Centre for Governance, Integrity, and Anti-Corruption (GIACC) (recently known as the National Governance Planning Division, an agency under the MACC) was established to coordinate and monitor all activities related to governance, integrity, and combating graft. With the introduction of the National Anti-Corruption Plan (NACP) in 2019, which mainly focuses on strengthening the integrity and governance efficiency of public services, the GIACC was assigned to monitor the implementation of the plan. Aligned with the objective of the NACP, the Prime Minister has also directed the formulation and development of the Organisational Anti-Corruption Plan (OACP) for government agencies and the private sector. OACP refers to a document designed to address corruption-related challenges at the organisational level. The OACP highlights and identifies issues related to governance, integrity, and anti-corruption within an organisation and the actions taken to mitigate those weaknesses.

On 1 June 2020 a significant development in integrity in Malaysia was noted when Section 17A of the MACC Act (Amendment) 2018 came into effect, introducing the corporate liability concept. The enforcement of Section 17A of the MACC Act requires organisations to be more precautious with any possibility of corruption, thus enhancing the company's adequate procedures. These initiatives show the commitment of the Malaysian government to strengthen its integrity by mitigating corruption and other non-compliance activities. Following the development of CIPs in Malaysia, this study identifies the following four (4) CIPs components as discussed in the next subsection.

2.3.4 Components of CIPs

Corporate integrity practices (CIPs) refer to the actions carried out by organisations to uphold moral values and must be aligned with the organisation's goal (refer to 2.3.1). In Malaysia, most studies on CIPs were adapted from the initial version of an integrity benchmark global framework developed by Dubinsky and Richter in

2008, followed by the revised version in 2015. These benchmarks were later refined to incorporate improved measures based on the current and local context, known as the Integrity Assessment Tools (IAT) Self-Assessment Questionnaire by the Malaysian Institute of Integrity (MII) (Alam et al., 2019).

The refinement resulted in twelve (12) dimensions of integrity assessment. The dimensions are grouped into three main categories: foundations, culture, and risk. The integrity foundation consists of vision, leadership, resources, legal compliance, policies, and rules. Integrity culture encompasses organisational culture, rewards and discipline, communication, training, education, as well as social responsibility. Integrity risk was examined based on the dimensions of whistleblowing, infrastructure, advice and support, accountability, research, and assessment. The assessment was performed by Sajari et al. (2023), Wook et al. (2022), Yahya et al. (2022), Alam et al. (2019), and Zainal et al. (2020) while conducting integrity assessments in the context of public and statutory bodies in Malaysia.

In a more recent study, Fuerst et al. (2023) proposed an organisational integrity measure consisting of 16 dimensions. The independent dimension shows a few measures similar to those developed by Dubinsky and Richter's model. Whistleblowing, reward structure, communication, legal compliance, corporate culture, and policies are being listed as significant measures in evaluating organisational integrity (Yahya et al., 2022). Considering that these evaluations are extensively used to investigate corporate integrity compliance, this study employs several components relevant to the context of integrity practices. Nevertheless, this study tends to focus on only four components to constitute CIPs, as discussed below, after considering these four as the most prominent components in previous literature on integrity studies. The four components of CIPs used in this study are: (1) whistleblowing; (2) internal control; (3) core values and (4) disciplinary and rewards.

2.3.4.1 Whistleblowing

Whistleblowing has significant functions in detecting misconduct and wrongdoings in organisations, such as detecting fraud, corruption, mismanagement, safety issues, sexual harassment, theft, waste, discrimination, and legal violations (Friedrich & Quick, 2024; Shonhadji & Maulini, 2021; Monroe et al., 2020). The role played by a whistleblower as an informant of wrongdoings provides the opportunity for

management to detect the possibility of undesirable behaviour. As practiced in the auditing field, dealing with clients' complaints and investigating whistleblower lines gives auditors an idea about clients' commitment to ethical issues (Shonhadji & Maulini, 2021). It has become increasingly crucial to discuss integrity issues, as this practice entails discovering illegal actions, malpractices, and unethical behaviour (Hechanova & Manaois, 2020). Moreover, due to the sophisticated fraud modus operandi, detection of irregular actions is important and requires the assistance of whistleblowers (Nurhidayat & Kumusari, 2018). There are four major elements of whistleblowing: complaint, whistleblower, receiving party, and perpetrators (Monroe et al., 2019), which also contribute to forming part of the proposed measures in this study.

The discussion on complaints is closely related to whistleblowing channels as suggested by Hoekstra and Talsma (2021). Their study shows the importance of the whistleblowing channel leads to the requirement that all Dutch public companies with more than fifty employees appoint a confidential advisor (CA), who is responsible for informing and advising employees before, during and after making a report in a whistleblowing channel (Hoekstra & Talsma, 2021). The acknowledgement given to the CA as a new key player in the internal whistleblowing system has improved the quality of the integrity management system in the Netherlands.

Numerous studies have demonstrated that whistleblowing positively influences organisational accountability by enhancing CIPs. Ufua et al. (2024) and Atan et al. (2017) firmly agreed that any integrity noncompliance can be easily detected when people, either inside or outside the organisation, feel comfortable speaking out about the actions that might devalue the organisation's reputation. This argument is supported by Gunasegaran et al. (2018), who find that whistleblowing is a fraud prevention mechanism in Malaysian SMEs. Nevertheless, a recent study by Handoko and Amelia (2021) found that whistleblowing has no significant impact on fraud, based on the Indonesian corporate governance index. This inconsistent finding suggests that contextual differences may influence the effectiveness of whistleblowing systems.

Prior to the studies with regards to whistleblower protection, researchers found that legal protection is the most potent factor in strengthening the whistleblowing system (Shonhadji & Maulidi, 2021; Nurhidayat & Kusumasari, 2018). The willingness to cooperate is predicted to increase if whistleblowers believe they are secured and well protected from any threat caused by their reports. As such, the organisation needs to establish a clear policy to avoid the harassment of whistleblowers. Other than proper

legal protection, human and ethical culture, policy, organisational structure, and procedures are among other aspects that need to be empowered to optimise the effectiveness of the whistleblowing system (Nurhidayat & Kusumasari, 2018). Stubben and Welch (2019) also argued that a healthy internal reporting system encourages whistleblowing to convey information due to convenient communication. They found that an improved whistleblowing system resulted in lower lawsuits and settlement amounts.

Apart from protection issues and a healthy internal reporting system, there is also an argument on the prominent functions between internal and external whistleblowers (De Graff, 2019). Although external whistleblowers receive greater attention from an authority, the functions of internal whistleblowers are more reliable, as internal parties are in a better position to talk about the circumstances of the organisations (De Graaf, 2019; Nawawi & Salin, 2019). This is because internal parties are more familiar with the organisational system, including detecting any irregular or abnormal activities that usually lead to fraud revelation. In addition, internal whistleblowers are more likely to stop perceived wrongdoings, whereas external whistleblowers are motivated by injustice revelation about what happened (Hoekstra & Talsma, 2021). On the other hand, external whistleblowers are more eligible for monetary awards than the benefits of organisations (Monroe et al., 2019). Therefore, internal whistleblowing can be an imperative internal reporting source by identifying the questionable actions made by the people within the organisation.

Monroe et al. (2019) further detailed the process of whistleblowing investigation and report. The general procedures of whistleblowing are usually initiated after a potential whistleblower is aware of the existence of unethical activities and complaints. Complaints are forwarded to the appropriate receiving parties, which can be internal or external. The receiving parties are accountable for evaluating the complaint and deciding whether to handle the complaint internally or bring it into the attention of authorities or regulators. As the complaints identify the activities and perpetrators, the organisation's response to the claim of alleged wrongdoings is considered by a potential whistleblower.

In the Malaysian context, the practice of whistleblowing is emerging because of the recognition of its mechanism in curbing integrity violations. Mohamed et al. (2019) highlighted that whistleblowing is a crucial mechanism in detecting fraud related to academic and administrative matters in higher educational institutions. Nevertheless,

the effectiveness of whistleblowing practices was compromised by low financial allocation, as it hinders the smooth operation and full functioning of the system. From the public companies' perspective, Sani et al. (2020) found that power distance, ineffective whistleblowing protection act, fear of reporting, and insufficient manpower are barriers to whistleblowing effectiveness. This finding is similar to Sadique et al. (2023), who discovered that poor whistleblower protection against retaliation compromises the effectiveness of the whistleblowing practice. Considering that the lack of whistleblower protection leads to safety and retaliation issues, it affects the intention of whistleblowers to come forward and report fraudulent activities (Bakar & Mangsor, 2022; Nawawi & Salin, 2019), thus requiring a more comprehensive whistleblowing policy.

Several studies have examined the importance of whistleblowing policies and their roles in strengthening whistleblowing practices. Ali et al. (2023) found that most of the Malaysian public listed companies disclosed their whistleblowing policy, but the effectiveness of the practices was not evaluated. A prior study by Said et al. (2018) found that an ineffective whistleblowing policy has resulted in an insignificant mechanism in combating integrity violations among Royal Customs Officers. Thus, Tuan Mansor et al. (2020) suggested that organisations should develop a whistleblowing policy and reporting channel, such as a hotline and publicise it to all staff. When the policy and channels are properly implemented, employees are confident that they are safe from retaliation.

Nevertheless, in many organisations, whistleblowing practice remains underutilised due to cultural or institutional obstacles. Studies in the Malaysian context demonstrates inconsistent findings of the effectiveness of whistleblowing system as a corruption prevention mechanism (Abdul Hamid et al., 2023). Additionally, there is a scarcity of research that has investigated the extent to which whistleblowing practices enhances the development of organisations' long-term values, particularly in Government-Owned Companies (GOCs).

Based on the gaps discussed above, this study investigates the practice of whistleblowing, in the context of Malaysian GOCs and its contributions to value creation.

2.3.4.2 Internal Control

Internal control is one of the mechanisms of good governance, and its practices are essential for preserving the quality and effectiveness of an organisation's corporate performance (Boufounou et al., 2024; Rendon & Rendon, 2022; Le et al., 2021). However, internal control is also dependent on other mechanisms, such as a good internal audit and strong risk management, to enhance its effectiveness (Caraiman, 2020). The American Institute of Certified Public Accountants (AICPA) defines internal control as ways or strategies aimed at reviewing and safeguarding an organisation's assets, which regularly involve validating and ensuring the accuracy of data that eventually enhances operational processes' efficiency (Maulidi & Ansel, 2022). The urge faced by the organisation to mitigate fraudulent risks has encouraged the establishment of the Committee of Sponsoring Organisation (COSO), which mainly focuses on the development of risk management. The committee has come out with the COSO Integrated Internal Control Framework to ensure that organisational activities align with organisations' objectives in terms of compliance with laws and regulations, operational efficiency, effectiveness, and accuracy of information in minimising risk (COSO, 2013). The five components of the COSO framework are the control environment, risk assessment and management, control activities, information and communication, and monitoring.

Rendon and Rendon (2022) stated that the control environment is the foundation of the components where it sets the tone of the organisation's leadership by manifesting integrity, ethical values and oversight responsibility as part of their commitment. At the same time, risk assessment and management include the identification and mitigation of risks, which will later be imposed thoroughly by control activities. Information and communication components ensure integrity, transparency, and accountability in the organisational communication system. The last component focuses on the monitoring and evaluation of the organisation's internal control and improving any identified weaknesses.

Internal control is used to initiate the establishment of risk assessment as a tool for analysing and identifying any possibility of risk that threatens organisational activities (Rendon & Rendon, 2022). Risk assessment and management are acknowledged as before-the-fact internal controls. Madah Marzuki et al. (2024) found that risk assessment is one of the most effective fraud detection instruments. This is

because risk assessment is related to the effectiveness of auditor fraud detection which eventually contributes to enhancing the corporate integrity system. In contrast, Ogwiji and Lasisi (2022) found that risk assessment has no significant impact on Nigerian Financial Services firms' fraud prevention. This result highlights that organisational culture and enforcement mechanism could influence the effectiveness of internal control system.

Apart from sound risk assessment, internal audit is also a crucial internal control mechanism due to its capability to develop more effective management control strategies for fraud detection and avoidance (Rifai & Mardijuwono, 2020). This study found that effective audit functions strengthen internal control system in mitigating fraud. Such effective management strategies eventually create preventive, detective, corrective, and directive controls, which are essential determinants of internal control compliance (Larte et al., 2020). This statement agrees that employees' confidence in openly discussing ethical implications and compliance is a prominent characteristic in building integrity (Keyes et al. 2007).

Shu et al. (2018) found that internal controls and corporate integrity are associated with good corporate integrity, which improves the quality of internal controls. Similarly, Yin and Zhang (2020) identified that internal control and legal system significantly influence the perception of potential investors in evaluating an organisation's corporate integrity. They found that the relationship between corporate integrity and stock price crashes only exists when investors identify that the internal control and legal system are weak. Weak internal control and the legal system give a negative perception to potential investors of the organisation's integrity and cause uncertainty in the stock price. In addition, the weaknesses of the internal control component also lead to the occurrence of numerous frauds, including procurement (Rendon & Rendon, 2022).

Nevertheless, Ogwiji and Lasisi (2022) found that most of the internal control elements has no significant effects on fraud prevention in Nigerian financial services firms. Form over substance and weak ethical culture were explained as the reasons of these findings. Formal internal control structures are in place, but poor monitoring and enforcement hinders the effectiveness of the implementation. In earlier study, Ayagre and Buameh (2017) also found an adverse relationship between integrity and internal control in Ghana's public sector. The significant negative relationship between commitment to integrity and internal control components indicates that ton at the top is

only perceived as rhetoric because of its low practicality.

In Malaysia, internal control is recognised as an influential element in enhancing corporate integrity. Said et al. (2020) posit that mitigation of unethical conduct can be achieved through effective internal control which must be consistently evaluated and monitored by the board of directors. The evaluation and monitoring activities by management are not only set up to achieve the effectiveness and efficiency of internal control but also to understand the minds of perpetrators, such as the creation of a conspiratorial network, shared intelligence, and pooled experience (Maulidi & Ansel, 2022). The complexity of current fraud requires management to prepare for the adaptation of better internal controls, as it increases the performance of corporate integrity. Therefore, this study will further investigate the practice of internal controls within the Malaysian GOCs, and its contributions towards the GOCs EESG value creations.

2.3.4.3 Core Value

The third component of CIPs identified in this study relates to value-based and cultural practices, redefined and highlighted as core values. Core value refers to the priorities, beliefs, and fundamental driving forces that lead to visible and invisible performance standards that influence the actions of all organisational members to achieve organisational goals and objectives (Oh et al., 2018). In the existing ethics and integrity literature, core values often become one of the organisational practices that signify the importance of ethical and moral behaviour as a daily operation (Christina et al., 2020; Smit, 2021). This argument aligns with Hasnas (2020), who regard core values as qualities a company desires to ground all business conduct and outcomes. As such, a different organisation may have different belief systems shared by all members. For instance, a manufacturing company in Saudi Arabia has five core values: honesty and integrity, customers and excellence, innovation and change, leadership and prudence, and community and prosperity (Abdel-Halim & Ahmed, 2021). On the other hand, the Gillette organisation focuses only on three core values: achievement, integrity, and collaboration (Kayes et al., 2007).

Practising core values is deeply associated with positive organisational outcomes as a result of applying ethical and desirable behaviour. Oh et al. (2018) stated that leaders practising good core values can easily influence their subordinates to better

work engagement. At the same time, when employers become good influencers and practice ethical core values, their employees' willingness and commitment improve. Managing core values is crucial as it affects major organisational processes such as decision making, employee commitment, and stakeholder affairs (Kerns, 2017).

As part of a formal measure, applying core values is an alternative to fostering and achieving integrity and ethical behaviour (Primec et al., 2018). The core values are used to prompt changes as they control the members of organisations' mindset, whereby over the years, will be internalised by the member and become determinant of their action and thinking over time (Smit, 2021). As such, if the core value embeds the integrity concept into it, it will create an integrity mindset in which the members of the organisation act with integrity without even being conscious of such action.

Besides directing into a high moral mindset, which used to be internal, holding integrity as a core value also influences the impression from outside, especially stakeholders. Keyes et al. (2007) found that when integrity becomes a core value, there is an improvement in the relationship with colleagues, customers, and the community, as integrity signifies the importance of mutual respect and ethical behaviour. Realising the importance of core values in shaping the personality and character of an organisation, Kerns (2017) proposed a systematic approach to managing core values, especially for leaders. The system is known as the core value management cycle and is beneficial to an organisation to seek the most suitable values which can be integrated into its daily operations. The core value management cycle consists of four phases: identification, affirmation, integration, and evaluation (see Figure 2.2).

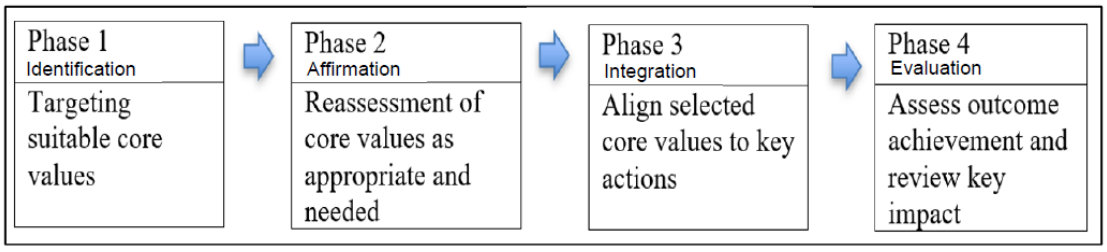


Figure 2.2 Cycle of Core Values (Source: Adapted from Kerns,2017)

The first phase focuses on clarifying and prioritising values that seem suitable and align with the organisation's objectives. This is followed by affirmation and understanding of the potential core values which enhances the clarification of the selected core values. The integration phase emphasises the provision of purpose, meaning, and motivation to optimise the development of core values at work. The last

phase involves measuring and evaluating which is vital for determining whether the chosen core values are aligned with the leaders' actions. The core value that becomes a leader is crucial to ensure that the direction given matches the behavioural integrity concept of the organisation.

Despite the advantages gained from ethical core values, several scandals have proven that well-defined and well-articulated core values are not a guarantee to be free from integrity violations. For instance, Enron, Arthur Anderson, and WorldCom were well known for their excellent set of core values but eventually collapsed due to corruption and mismanagement (Graber & Osborne, 2008). Jolland et al. (2015) found that sustainability-focused core values do not reflect their objectives in enhancing environmental concern due to a lack of collective support within the organisations. It has been proven that poor network support from management and employees can easily cause core values to be abandoned and meaningless.

In addition, sound written core values could not enhance any improvement in mitigating risk if the core values are merely rhetoric aimed at certain external pressure stakeholders but make the organisation more destructive (Wijethilake & Lama, 2018). Nevertheless, core values have the potential to create value provided that the values are internalised and demonstrated in actual practice rather than displayed for documentation purposes. Therefore, this study explores the implementation of core values as part of integrity practices, thus making them practical for promoting integrity, mitigating corruption and contributing to organisational value.

Despite the extensive discussion on the role of core values in promoting ethical behaviour, existing literature largely focuses on their conceptual importance rather than examining how these values are practically implemented as part of Corporate Integrity Practices (CIPs), particularly within the context of Malaysian Government-Owned Companies (GOCs). Furthermore, limited studies have explored how core values, when embedded and operationalised, contribute to organisational value creation, highlighting the need for empirical investigation in this area.

2.3.4.4 Disciplinary and Rewards

Discipline and reward are crucial elements in system enforcement, as they can be a motivator to support or reject any changes occurring within an organisation. People will engage in desired behaviour if rewarded for doing so and penalised for repeating

undesired behaviours. McDonald (2009) highlights the importance of punishment and rewards in the enforcement of codes of conduct. In addition, as part of the integrity and global ethics benchmark, Dubinsky and Richter (2015) categorised disciplinary and reward measures as a standard for promoting ethical conduct. Previous studies have related disciplines and rewards as part of ethics management practices. Shamsudheen and Rosly (2020) found that an organisation's degree of punishment and rewards influences ethical decision-making behaviour. In addition, Lasakova et al. (2021) found that discipline and reward are prominent practices in ethics management, as they used to be an indicator of performance alignment. At the same time, Said and Omar (2014) suggest that discipline and rewards in the context of integrity is a valuable approach to setting and administering ethical conduct and behaviour standards.

The existence of unethical behaviour within an organisation triggers the establishment of disciplinary actions and procedures in the workplace (Okolie & Udom, 2019). Disciplinary actions such as penalties and punishment can be a sophisticated control and discipline to curb any possibility of integrity violation that damages the reputation of the organisation (Lasakova et al., 2021). Apart from integrity violation control, penalties can also be viewed as an educative, corrective, and punitive measure for dealing with specific offences (Okolie & Udom, 2019). To ensure that a disciplinary system is effective, a proper disciplinary process must be followed. As suggested by Okolie and Udom (2019), the disciplinary process begins with a formal or informal written or verbal warning. If this step does not work, suspension and downgrading may be performed. The next step is charging fines, withholding any promotion, salary increment, or deduction for any financial incentive. The last step is retirement, dismissal, or termination of appointments.

Despite disciplinary actions, rewards and appreciation are also important for enhancing the effectiveness of behavioural control. Any enforcement's efficacy will increase when it includes not only punishment, but also rewards (McDonald, 2009). The rewards received when desired behaviours were successfully conducted in a certain period led to a high motivation to repeat the same behaviour. In the context of integrity, employees resist any involvement that leads to the possibility of integrity violation if they are rewarded for such behaviour. Similarly, employees tend to cease any behaviour against integrity if they are notified about the consequences of their behaviour. This argument was supported by Marlina et al. (2021), who found that employee discipline can be improved via punishment and rewards.

Although numerous studies have proven that discipline and rewards are influential measures to build ethical behaviour (Abdel-Halim & Ahmed, 2021; Shamsudheen & Rosly, 2018), their implementation must be conducted fairly. A fair and equitable reward and punishment system must be appropriately developed to ensure the consistency of desired behaviour, which makes it useful as an informal measure of business ethics (Belak & Rozman, 2012). Drawing upon the limited evidence of disciplinary and reward practices, particularly in the Malaysian GOC context, this study seeks to gain insight into how such practices are applied and their assistance in generating values for the selected case companies.

2.3.5 Previous Studies in CIPs: Evidence From Developed Versus Developing Countries

Although corporate integrity practices (CIPs) are guided by global frameworks and recommendations, differences in organisational culture and administrative settings lead to discrepancies in their implementation (Yahya et al., 2020; Ciasullo et al., 2017). Chelli et al. (2014) emphasise that global guidelines must be translated into the local context to ensure their effectiveness. In a broader context, Avram et al. (2021) argue that the macro-level shapes ethical behaviour preferences between countries. Due to those differences, this section discusses the adoption of CIPs in both developed and developing countries.

2.3.5.1 CIPs in Developed Countries

Developed countries are commonly characterised by advanced economies and strong financial growth (Wang et al., 2023). Such characteristics are unachievable without the contribution of good governance and high-integrity administration. As proven by Denmark, Finland, Singapore, New Zealand, and Germany, high transparency and integrity in their management conduct and governance make them sustainable as economic leaders on the global map (Ackim et al., 2024). Therefore, developed countries used to be referred to as exemplary nations in practising and promoting integrity. As a foundation for strong CIP, the establishment of anti-corruption agencies or law enforcement is a critical step in promoting adherence to moral value compliance (Siddiquee & Zafarullah, 2022; Andersson & Larue, 2022).

Prior studies consistently demonstrate that anti-corruption agencies in developed countries play a crucial role in enforcing the legal framework, enhancing compliance and maintaining transparency and public trust. For instance, the establishment of the Independent Commission Against Corruption in Hong Kong, the Corrupt Practices Investigation Bureau in Singapore, and the Serious Fraud Office in New Zealand has drastically improved the credibility of those countries in investigation, education, and prevention of integrity violations (Quah, 2021). Similarly, Japan presents a distinctive case in which the corruption has been effectively minimised despite the absence of Anti-Corruption Act. Instead, the Japanese Anti-Bribery Committee functions as a strong institutional mechanism that empowers companies and society to collectively eradicate corruption (Oyamada, 2015). In the European context, the UK Bribery Act 2010 improved anti-corruption disclosure performance, which indirectly maintains the reputation of a common-law country with active anti-corruption regulations (Ghazwani et al., 2023).

Following the establishment of anticorruption agencies, additional practices for building corporate integrity began to emerge. Earlier studies by Kayes et al. (2007) identified internal control, core values, organisational culture and principles as fundamental mechanisms for cultivating corporate integrity in United States organisations. These four practices align closely with COSO internal control, the provision of a framework to comprehensively understand integrity as value, culture of integrity, and transparent disclosure. Subsequent empirical studies have reinforced the prominent role of internal control as a core component of CIPs. For example, Altamuro et al. (2022) found that internal control is associated with corporate integrity and has the capability to improve operational and financial compliance in the United States. pharmaceutical companies while Rendon and Rendon (2022) demonstrated that effective internal controls mitigate fraud risk within the US Navy procurement system.

Nevertheless, the effectiveness of internal controls as integrity mechanism might not consistent across contexts. Boufounou et al. (2024) found that despite the pivotal role of internal control in combating corruption in Greece Local Government, the effectiveness of internal control could be compromised by weak audit structures and poor information system utilisation. Other than that, size of the organisation, corporate structure, and weak regulatory enforcement could also contribute to the ineffectiveness of the internal control system (Peltier-Rivest, 2021). These findings suggest that internal control system alone may be insufficient to promote integrity in environments lacking

formal structures or strong institutional supports.

Accordingly, recent studies conceptualised internal control as a broader set of preventive corruption measures rather than a single integrity mechanism. Oyamada (2015) found that in Japan, internal control functions also supported by financial audit, whistleblowing, and promotion of service ethics to prevent corruption. Consistent with this view, Peltier-Rivest (2021) argued that the failure of the internal control system means that the anti-bribery system has no effect, highlighting the interdependence between control system and oversight process, which includes internal audit and risk assessment. Evidence from Australian microfinance institutions further indicates that strong monitoring, high internal audit intensity, impersonal punishment, decentralised authority, review of decision-making processes, anti-corruption culture, and transparency are the best practices to enhance integrity (Azim et al., 2017).

In addition to internal control, whistleblowing mechanism, integrity pacts and codes of conducts have emerged as complementary integrity practices in developed economies. Piazolo and Forster (2019) identified these practices as feasible integrity mechanisms in the German real estate industry. A code of conduct offers clear rules and regulations when real estate is faced with any suspicious dilemma regarding certain offences, while the integrity pact ties up the commitment between associated parties. These findings align with the earlier argument that unethical behaviour happens when organisational values and ethical principles are insufficiently communicated (Kaptein & Avelino, 2005). Comparative evidence from Sweden further illustrates that integrity practices are reinforced through enforcement-oriented strategies, including integrity policy, integrity pledge and declaration, whistleblowing and disciplinary actions (Andersson & Larue, 2022). These practices are strategised to ensure the organisations or parties understand how to define, formulate, monitor and enforce integrity and ethics behaviours respectively.

Besides that, a study in the United Kingdom automotive industry, urged organisations to continuously review policies, procedures, and bribery risks to ensure that best integrity practices are always in place (Peltier-Rivest, 2021). This study concluded that clear gift policies, transparent reporting and investigation effective internal control and an independent head of departments are the crucial components to ensure the success of integrity compliance and corruption mitigation plan. Recent study by Alam et al. (2025) showed that integrity culture which measured by shared norms and belief could reduce the risk of climate change in United State firms, reflecting the

importance of core values as part of integrity practices.

Finally, the study of Fuerst and Luetge (2021) has emphasised the importance of normative and moral dimensions in practicing corporate integrity. They argued that integrity implementation requires organisations to impose and internalised moral norms such as legal compliance, honesty, and respect while ensuring alignment between declared values and actual practices. Followed by a development of integrity measurement, recent study Taken together, the literature from developed countries suggests that effective CIPs are multi-dimensional, combining regulatory enforcement, internal control systems, ethical frameworks, and cultural mechanisms. However, these findings also raise questions regarding the transferability of such practices to developing-country contexts, where institutional capacity, enforcement strength, and organisational maturity may differ substantially.

2.3.5.2 CIPs in Developing Countries

As discussed above, corporate integrity has been actively practiced in the developed regions. However, recent changes in the landscape of sustainability requirements have encouraged other regions, including developing countries, to prioritise CIPs. For instance, studies conducted in Indonesia and Malaysia consistently identify risk management as a crucial mechanism for strengthening integrity compliance and fraud detection within public sector (Sihombing et al., 2023; Tarjo et al., 2022; Johari et al., 2021). These findings suggest that higher exposure to operational and corruption risks within government institutions motivates the organisations to strengthen integrity system as a preventive response.

However, these findings contrast with an earlier study by Said et al. (2016), who asserted that risk management has no relationship with integrity practices. A recent study by Madah Marzuki et al. (2024) also found that risk management does not reduce fraudulent activities. Such inconsistencies indicate that effectiveness of risk management as a corporate integrity practice may be influenced by contextual factors such as organisation size, department characteristic, business nature, and jurisdictional differences.

Accordingly, scholars have increasingly emphasised the role of other integrity practices, including whistleblowing systems and culture. In an extensive study aimed at improving integrity compliance in Slovakian industries, Lasakova et al. (2021)

identified that ethical leadership, integrity education, internal control, employee development, and discipline as important elements to be considered. Nevertheless, evidence from Vietnam demonstrated that internal control mechanisms alone are insufficient to prevent bribery, given the difficulty of bribery detection and their strong reliance on managerial rationalisation and moral judgement (Le et al., 2021). Therefore, the requirement for whistleblowing is relevant as an open channel that facilitates early detection of possible integrity violations (Ufua et al., 2024).

Empirical studies from Indonesia demonstrate that whistleblowing system is recognised as a dominant integrity and governance practice for mitigating corruption within organisations (Pramono & Aruzzi, 2023). The effectiveness of whistleblowing system is strongly influenced by human and ethical factors such as expertise, competence, and integrity of examiners of whistleblowing reports (Nurhidayat & Kusumasari, 2018). Completing these findings, van Eeden Jones and Lasthuizen (2018) and Murtomo and Riyanto (2021) highlighted a pivotal role of ethical leadership in fostering and maintaining high organisational integrity practices. These studies also suggested that integrity practices in developing countries are more effective when supported by leadership commitment, organisational cultures, anti-corruption systems, human resource management, and budget management.

Evidence from China further demonstrates the various components of integrity practices. Shu et al. (2018) related the quality of internal control as part of CIPs when they found that corporate integrity culture is associated with internal control quality, thereby reducing any loopholes in organisational controls. Other than structured formal control, the cultivation of an integrity culture and moral-values oriented environment enhances trust among capital providers and reduce investment sensitivity, signalling the broader economic implications of integrity practices (Jiang et al., 2019). This study identified that organisations with a high integrity culture tend to be less diversified and have verified reports from financial analysts.

In the Malaysian context, CIPs studies mainly have predominantly focused on the evaluation of the practices adoption across sectors including government-linked companies (GLCs), public sectors, non-profit organisations and private sectors (Johari et al., 2021; Said et al., 2020; Alam et al., 2019; Rosli et al., 2015; Zainal et al., 2020). These studies generally adopt corporate integrity system from global ethics and integrity benchmarks, which was proposed by Joan Elise Dubinsky and Alan Richter in 2008. Johari et al. (2021) found that risk management, accountability and management

commitment play a significant role in shaping the integrity of Malaysian public sectors. This study concluded that the establishment of risk management policies, the insertion of high-level accountability and strong management commitment are important to develop good governance, which aligns with the objective of the Government Transformation Programs (GTP).

More recent studies have extended this discussion by emphasising corporate integrity and leadership quality, whistleblowing mechanism and enforcement as critical integrity compliance enablers. Sajari et al. (2023) suggested that the quality of chief integrity officers (CIOs) which is measured by their ability to nurture an ethical culture and transparent environment, influences the level of integrity within public sector companies. Similarly, studies on public listed companies demonstrate that whistleblowing systems and leadership by example are essential for strengthening integrity compliance, particularly in politically influenced environments where enforcement transparency becomes crucial (Wan Husain et al., 2025; Girau et al., 2024). Nevertheless, evidence from the private sector suggests that the effectiveness of internal policies and governance mechanisms may be undermined by weak regulatory oversight, highlighting the continued importance of external enforcement in sustaining integrity practices (Mahmud et al., 2022).

In a comparative study, Yahya et al. (2022) surveyed CIPs among Malaysian Statutory Bodies to identify and compare such practices in the context of federal and state-level governments. The CIPs were framed based on the integrity evaluation measures introduced by Joan Elise Dubinsky and Alan Richter, and revised in 2015. CIPs are measured according to three core dimensions: (1) ethical risks, ethical culture, and (3) risk management. The findings show that federal statutory bodies place greater emphasis on risk management, while state-level bodies prioritise ethical culture. An earlier comparative study by Zainal et al. (2020) showed that CIPs in public companies are more comprehensive and holistic than those in the private sector. The attention given to the public sector through government instructions and enforcement puts some pressure on this sector to be more efficient in adopting CIPs.

Despite all these arguments, existing studies predominantly rely on survey-based methodologies and mainly focus on GLCs, leaving limited qualitative insight into how integrity is practiced within government-owned companies (GOCs). Given these limitations and inconsistent findings, further in-depth investigation of corporate integrity practices in the Malaysian context should be explored. This study addresses

this gap by adopting a qualitative approach to examine how corporate integrity practices are implemented and how they contribute to organisational value creation within Malaysian government-owned companies.

2.4 Motivating Factors of CIPs

Motivation can be defined as the internal or external forces that stimulate, direct, and sustain the behaviour of an individual or group of people, which leads to a specific achievement (Jessica et al., 2020). In the context of ethics and integrity study, motivation encompasses the elements that energise individuals or organisations to pursue ethical outcomes through virtuous action. The motivation elements guide them to select ethical alternatives and maintain their commitment to ethical behaviour over time. From organisational perspective, motivating factors commonly related to social responsibility, competitive advantages, strategic planning and intervention while individual aspects cover personal belief, self-esteem mindset and role model (Zarghamifard & Danaeefard, 2020). Apart from that, religiosity is also considered as motivating factor of adopting integrity and ethical decision, although it may be weakened by highly corrupt cultural environment (Liyanapathirana & Akroyd, 2023). Faith in religious belief become a protector for individual to involve in unethical and immoral activities, but in certain circumstances, integrity could be shaped by cultural expectations rather than religious values. In other words, internal factors alone are not sufficient to serve as reliable motivating factors, except combine with external factors. This is because, the combination of internal and external factors addresses a broader set of motivational forces shaping organisational behaviours (Jessica et al., 2020).

In line with the focus of this study, institutional factors, comprising of external and internal factors provides a useful lens for understanding the motivating factors behind organisation's adoption of Corporate Integrity Practices (CIPs) are referred to further discuss on the motivating factors of CIPs. Previous study on organisational behaviour and integrity-related performance claimed that organisational changes may occur because of regulation enforcement (have to change), internalisations of social or professional expected norms (seek to change), or the desire to imitate others' success (willing to change) (Bhuiyan et al., 2022; Joseph et al., 2024). The following discussion explains the motivating factors that influence Malaysian Government-Owned Companies (GOCs)' decision to adopt corporate integrity practices (CIPs).

2.4.1 Government Enforcement

Given the strong connection between integrity practices and law enforcement external institutional pressures become a dominant factor that motivate and shape its implementations. External factors that arise from legal, political, social, and cultural factors affect the organisation's behaviour positively or negatively (Roszkowska & Mele, 2021; Raj et al., 2020). The involvement of the government, as an external agent in the decision-making process, allows the authority to promote legal enforcement through practices conducted within GOCs.

Intervention by formal authorities in creating a new anti-corruption agency and formulating anti-corruption policies is more effective because the government can deploy coercive power to implement the newly created policies (Choi, 2018). Previous studies have shown that government enforcement plays a crucial role in enhancing integrity through the manifestation of anti-corruption campaigns, the amendment of anti-corruption laws, and the establishment of certain units to combat money laundering and financial terrorism (Brody et al., 2021). Manna and Polumbo (2019) found that the rule of law is the most important element that can be used as a powerful weapon for a government to mitigate unethical conduct. Similarly, pressure from regulators has been implied to ensure that the performance measurement system (PMS) in Indonesia is successfully adopted (Akbar et al., 2015).

The findings of Karbhari et al. (2021) also support that regulations, which commonly come from government enforcement are the prominent factor that encourages organisations to be more compliant. The involvement of laws attached with punishment and sanction to any noncompliance creates an environment to conform to organisations' guidelines and policies. Using the same motivating factor, Altayar (2018) highlighted the involvement of government regulation in strengthening open data adoption, considering standards law enforcement the key initiatives that can put pressures to organisations to adhere to specific practices. Bhuiyan et al. (2023) also recognised that coercive pressures play a significant role in motivating corporate sustainability practices, indicating the involvement of governmental influence in organisational decision making.

As GOCs are always characterised by government support, they can quickly become entangled in all the government actions and policies as they are subject to enhanced regulatory oversight and are frequently required to comply with national

integrity policies (Yahya et al., 2022; Mbo & Adjasi, 2017). For instance, when the Malaysian government launched the ten-year Malaysian Plan and introduced the GLC Transformation Plan, all government-related companies, including GOCs are needed to transform and amend some of their policies to comply with the government's regulations that required the organisations' governance to be improved (Sajari et al., 2022; Mahmud et al., 2022; Siddiquee & Zafarullah, 2022).

Nevertheless, the government's power and influence as a dominant coercive factor in regulatory and standard compliance is subject to several arguments. The lack of trust and poor legitimacy reduces the effectiveness of government influence with the implementation of certain strategies and practices (Pramono & Aruzzi, 2023; Siddiquee & Zafarullah, 2022; Khan, 2016). With lack of trust and legitimacy towards government institutions, organisations may just comply the standards at minimum level by treating regulatory demands as a box-ticking exercises, leading to poor coercive pressure as real motivating factor (Prabowo et al., 2018).

Romano et al. (2023) found that coercive pressures do not significantly influence sustainability practices in supply chain firms. Similarly, Posadas et al. (2025) report that coercive isomorphism has no significant effect on the quality of non-financial reporting, suggesting that government pressure alone does not drive meaningful organisational behaviour. In environmental management research, Ngo (2023) also shows that coercive pressure is statistically insignificant in explaining improvements in environmental performance, suggesting that government influence is not perceived as critical influential factors of adoptions and compliance.

Despite all these arguments, existing studies have not directly investigated the influence of government enforcement as coercive institutional motivating factor for the adoption of corporate integrity practices (CIPs). Therefore, this study addresses this gap by investigating the motivating factors of CIPs adoption, in the context of Malaysian GOCs.

2.4.2 Norms

Acceptance and approval from society have been recognised as the pivotal factor that motivates organisations to do what should be done. Alziady et al. (2019) found that the normative factor is the most dominant reason behind the willingness of an organisation to focus on an environmental-friendly information system. This finding

can further be explained by the study of Pasamar et al. (2025), which identified that institutional factor, particularly normative pressure is the core factor that leads to adoption of sustainability strategies. Normative pressures such as requirement of professional standards, demanding and expectation for training in culture and integrity influence organisations to improve their reputation through strong ethical compliance. Drawing from the study of Burdon and Sorour (2020), the UK financial sectors were influenced by professional codes of ethics, professional continuous development, and peer expectation to create compliance culture. This study also shows that norms is the agent that pushes organisations to actively engage with stakeholders' expectations and regulatory narratives.

In line with the context of GOCs' integrity, normative pressures are expected to derive from professional bodies' standards, societal expectations and internal management strategies. Reputation and recognition that reflect both professional and social support are essential to organisational sustainability, particularly in creating future values. Rather than satisfying the expectation of those parties, conforming to what is accepted by norms also promotes influence on the social obligation as it explains what an organisation should be practising (Karbhari et al., 2021). In association with the practice and system adoption, Latif et al. (2020) agreed that social approval as a normative pressure has a significant effect on the adoption of environmental management accounting. Supporting this view, empirical findings by Acquah et al. (2021) showed that the combination of institutional pressures, which include normative elements drive organisations to adopt green procurement and innovation.

Apart from that, the normative components also being recognised as strong drivers of sustainability to improve organisational performance, including ESG and triple bottom line achievement (Misopoulos et al., 2018; Pasamar et al., 2025). This recognition was supported by the earlier study of Raj et al. (2020) who found that normative pressures is more impactful for organisational sustainability when it includes the component of operation and services performance rather than financial performance. Thus, it can be concluded that, social considerations and supports used to be driven by the perspective of human well-being compared to material and financial cause. In other words, the adoption of practices that contributes to reputational building leads to broader societal acceptance and approvals.

Nevertheless, some studies are not convinced the role of normative pressures as motivating factors of organisational practices. Shamil et al. (2022) found that norms are

not strong enough to be a driver for the adoption of corporate sustainability practices, especially in a developing economy. Similarly, Tunji-Olayeni et al. (2025) revealed that normative pressure has insignificant effect towards the decision of companies in developing countries in adopting sustainable construction strategies. These arguments suggest that there is a possibility that norms may be insufficient to explain the organisational behaviour, especially in the environment where professional standards are not deeply embedded and considered as obligatory requirements.

The above arguments are contradicted with the context of this study, as GOCs are used to be bound with strict professional standards, which leads to strong scrutiny and oversee from government authoritative bodies. Moreover, the existing literatures focus on sustainability study, without specifying the corporate integrity practices (CIPs) as their key focus. Therefore, this study is motivated to further investigate motivating factors of CIPs adoption, in the context of Malaysian GOCs.

2.4.3 Imitation

Imitation, conceptualised as mimetic, is derived from a desire to seek for superior performance, particularly from competitors (DiMaggio & Powell, 1983). In the discussion of mimetic isomorphism, an organisation tends to imitate the action of their successful competitors during uncertain situations. With that, they have the opportunity to remain relevant and sustainable in industry, regardless of the ambiguous condition they may face. Some organisations use imitation as a leaning opportunity by replicating the processes or business models of other successful industrials firms, including peers or competitors (Romano et al., 2023).

Several studies have proven that imitation, which refer to mimetic pressures as a reason behind the adoption of management accounting system (Latif et al., 20220), environmental development strategies (Baah et al., 2023), corporate sustainability practices (Pasamar et al., 2025; Romano et al., 2023). Latif et al., (2020) found that imitation plays the most significant role in the adoption of management accounting when organisations encounter high complexity and uncertainty, ensuring their legitimacy and stability. Romano et al. (2023) figured out that imitation influence Brazilian organisational to adopt supply chain sustainability practices, Azim and Nahar (2022) recognised the role of imitation in the implementation of risk disclosure practices. Both studies indicates that imitation used to be seen as strategies for

developing a better competitive strategy.

Besides that, the imitation factor used to be understanding as part of competition. It has been empirically proven that organisations are encouraged to adopt a new system or practice when they see that other adopters gain desirable or favourable results (Alziady & Enayah, 2019; Altayar, 2018). This illustration refers to the culture-cognitive element, in which the belief or values can explain that the changes will benefit the organisations in the future (Raj et al., 2020; Singh, 2015; Scott, 2008). As for the competitive reason, imitation was identified as institutional factors that contributes to the challenges in the comparability of formulating standards (Abu Talib et al., 2020). Other than being influenced by better achievement, the organisation tends to follow what competitors do because such action gives better predictions in uncertain situations (Akbar et al., 2015).

As for the context of integrity practices where the voluntary implementation is marked by complexity and uncertainty, peer imitation acts as a guideline that ensures the alignment of the CIPs adoption. Regarding the current global trend, where competition is not merely derived from economic resources but also from social approval (legitimacy) (Chenhall, 2003), management needs to normalise and value integrity practices and other governance issues. The management tends to encourage an ethical operating culture and make it a norm as they perceive that such decisions influence the impression of external parties such as suppliers, customers, media and other social entities.

Despite the recognition of imitation as significant factors that motivate the implementation and adoption of practices, several critics were raised that imitation often leads to superficial and symbolic conformity, reducing the effectiveness of the practices (Okafor et al., 2020). In such cases, imitation becomes just a response towards uncertainty, without valuable improvements competitive advancement. Azim and Nahar (2022) revealed that, despite mimetic pressure influences the financial institutions to be more proactive in risk disclosure practices, the overall performance level is difference. It shows that certain process is just copied, without comprehensive monitoring. Given these arguments, this study further investigates the motivating factor of CIPs.

2.5 Critical Success Factors of CIPs

Integrity is not an isolated phenomenon, as the success of its practice and implementation relies on many internal and external factors (Johari et al., 2020; Shu et al., 2018). Therefore, the integrity concept must be holistically integrated with the organisation. From the internal perspective, scholars found that ethical leadership, management commitment, organisational culture and accountability are always perceived as crucial factors that influence ethical behaviours, thus leading to strong organisational integrity (Hasin et al., 2020; Johari et al., 2020; Altamuro et al., 2022). However, without transparent and effective communication, organisations may face difficulty to deliver clear objectives, leading to unclear organisational commitment, poor engagement and low trust between top management and employees (Chirwa & Boikanyo, 2022; Chunha & Variera, 2018). Therefore, communication is vital for maintaining strong integrity compliance.

In the Malaysian context, studies on critical success factors (CSFs) have predominantly engaged with sustainability and performance evaluations such as quality management and system implementations. For example, Marwan et al., (2024) examined the CSF of sukuk implementation among Malaysian investors, while Zahidy et al. (2019) emphasised on CSR adoption among construction companies in Malaysia. Earlier study by Md Zin et al. (2017) and (Ayoup, 2015) investigated CSFs associated with performance measurement system, particularly the implementation of balance scorecard. These studies however were conducted based on Malaysian GLCs context. Thus, studies that explicitly involve CSF of CIPs remain limited, particularly in the context of Malaysian GOCs.

According to the identified gap, further qualitative investigation is required to understand the CSF of CIPs in the context of Malaysian government-owned companies (GOCs). The following discussion explains the critical success factors (CSFs) that lead to successful corporate integrity practices (CIPs).

2.5.1 Ethical Leadership

Numerous discussions concerning the quality and behaviour of leaders are linked to the concept of integrity, as integrity and ethical leadership demonstrate a strong connection (Hasin et al., 2020; Sajari et al., 2023). Al-Abrrow et al. (2019)

viewed integrity as the primary driver of ethical leadership, as it is part of ethics that captures the ethos of moral principles and values. This view depicts that ethical leaders will manifest integrity, which becomes a belief among their subordinates. Jacobsen and Slamonsen (2021) stated that leaders can cultivate a shared understanding of goals within an organisation as they consistently serve as role models.

According to Ullah et al. (2021), ethical leadership exhibits integrity from two styles: moral person and moral leader. A moral person refers to an individual who has high moral values such as honesty, trustworthiness, and integrity, while a moral leader refers to an ethical leader whose subordinates are affected by their leadership behaviour. In encouraging CIPs, the discussion of an ethical leader is more relevant because of the leader's greater influence.

Several studies have examined the role of leadership in enhancing the effectiveness of integrity assessments and systems (Murtomo and Riyanto, 2021; Hasin et al., 2020). Murtomo and Riyanto (2021) suggested that the leadership role at each level of an organisation is key to integrity achievement. The researchers concluded that organisations' leaders could easily determine the work culture and values to embrace through their authority. Hechanova and Manaois (2020) supported this finding when they claimed employees are less likely to engage in corrupt practices when they perceive their leader as having high integrity, in the context of health institutions. Tran et al. (2020) extended this argument to justify that the quality of financial reporting relies on the level of leaders' integrity. Leaders with high integrity will come out with a better quality of financial reporting as a result of their employees acting ethically and in accordance with government rules and regulations.

Apart from that, ethical leadership strengthens integrity, as it is a crucial element in building trust and work engagement within an organisation. Engelbrecth et al. (2017) proved that ethical leadership positively affects trust in a leader and work engagement. When followers recognise that their leaders act ethically, they tend to engage in their work because they believe that their actions are correct (Islam et al., 2024; Den Hartog & Belschak, 2012). Leaders who demonstrate ethics influence their subordinates to trust them, as they are perceived as trustworthy. Eventually, leaders who embrace an ethical leadership style can create an environment that enhances their followers' integrity behaviours in their daily activities (Ullah et al., 2021).

As suggested by Asencio (2019), the presence of ethical leadership reduces corrupt attitude and favouritism, as employees view leaders as key exemplars of ethical

behaviour. Similarly, Bashir and Hassan (2020) found that reporting corruption is low for an organisation with good ethical leaders. Supported by a weak negative association for organisations with high procedural fairness perception, this finding depicts that a leader can manifest better controlling and monitoring in a worse ethical environment. Despite all this agreement, a study by Prihanto et al. (2020) found a contradictory conclusion when ethical leadership harms efforts to combat corruption in Indonesia. The result is expected due to the stereotype perception in which leaders take the opportunity to misuse their power to do more corruption. This result is also supported by Artello and Albanese (2022), as their interviews with US attorney officers revealed that leaders can be a double-edged sword, a deterrent as well as a trigger of corruption. One of the remedies for such undesirable outcomes is transparency, which is recognised as a key to maintain high ethical leadership (Nicholaids & Duho, 2019).

A study from the Malaysian GLC's perspective also agreed that leaders with high ethical values contribute to good integrity practices through the ethical decisions they make (Hasin et al., 2020). Alam et al. (2019) also identified leadership quality as a crucial factor in enhancing accountability within the Malaysian public sector. If leaders comply with the organisation's values and objectives, it would be easier to enhance accountability, as employees will follow what leaders do. Nevertheless, in the earlier study, Atan et al. (2017) found that leadership is not a significant predictor in enhancing Malaysian non-profit organisations (NPOs)' accountability. From the perspective of the Malaysian local governments, Hamoudah et al. (2021) claimed that ethical leadership has no significant effect on reduced integrity violations. These inconsistent findings among different context of analysis unit showed that institutional factors influence the effectiveness of ethical leadership.

In the context of GOCs, the role of ethical leadership is always being questioned due to the coalition of political interventions. As the government is also the owner of GOCs, politicians have a huge potential to be appointed as board members. Through the appointment of a politician in the strategic leaders' position, the issue of favouritism and neo-patrimonialism is easily inculcated (Eryanto et al., 2022; Kimani et al.,2021). Corruption can spread easily if leaders or top management initiate it (Artello & Albanese, 2022). The concept of wilful blindness will be normalised, making the effort to eradicate corruption more difficult and eventually weakening CIPs' enhancement. This finding indicates that leadership can inhibit and encourage corruption.

Therefore, van Eden Jones and Lasthuizen (2018) suggested the following three layers of ethical leadership that could facilitate reducing the occurrence of integrity non-compliance, particularly for industries that are highly exposed to government and political intervention: (1) political ethical leadership, (2) top-management ethical leadership, and (3) executive leadership. The involvement of political ethical leaders indicates that integrity compliance is difficult to achieve without support and protection from the highest level of government.

Despite the significant agreement on the prominence of ethical leadership in the enhancement of CIPs, political intervention may jeopardise the role of ethical leaders in successfully promoting CIPs, particularly in the nature of GOCs' operations. Due to the aforementioned arguments, this study investigates the key factors of CIPs adoption, considering the role of ethical leadership.

2.5.2 Commitment

From an organisational perspective, commitment refers to employees' attachment to their employers that is built from aspirations, needs, and responsibilities (Muthusamy, 2019; Meyer & Allen, 1991). According to the statement, an employee's commitment is shown through their willingness to accept changes in their organisation. Commitment is also linked to the certain level of belief as it influences cognitive judgement derived by human behaviours, particularly in the adoption of practices (Arellano et al., 2021). Ouakouak and Ouedraogo (2019) found that employee commitment triggers organisational change's success as employees work intensely for organisational goals and values. As such, commitment to act with integrity will eventually lead to the creation of an integrity culture and increased job performance (Mishra & Kassim, 2023). In contrast, it can be expected that low commitment reduces attachment and, subsequently, severe organisational performance.

Previous literature has focused on the contribution of managerial commitment to support organisational change, practices and system implementation (Newton et al., 2024; Johari et al., 2021; Cunha et al., 2018; Dubihlela & Rundora, 2014). Managerial commitment must be balanced between material support (reward-based commitment) and emotional and value attachment support (trust-based commitment) to effectively influence employees to behave in the desired manner (Lamsa and Sovalainen, 2000). Both commitments may be necessary to influence employees' behaviour with high

integrity. Relevant to the scope of this study, reward-based commitment managers will influence the CIPs' compliance through appreciation and compliments, while trust-based management will encourage compliance through valuable trust in the importance of integrity itself.

According to Johari et al. (2021), commitment from top management contributes to the enforcement of integrity practices due to the potential influence possessed by managers over their employees' behaviours. Compliance with practice integrity is easily gained by leaders because the subordinates will follow whatever their leaders do, as long as they have trust in the management. In the context of green banking, Newton et al. (2024) found that management commitment strengthens sustainable practice adoption with firm performance, justifying that higher level of commitment significantly serves as a vital enabler of successful practice implementation. Similar findings were reported by earlier study of Vento et al. (2016), where managerial commitment is the key to Kaizen's successful implementation when managers are capable of adopting more positive attitudes and improving their skills, particularly in relation to self-esteem and personal motivations. This is also supported by Dubihlela and Rundora (2014), who posited that management's commitment was seen through their support, motivations, and proper guidance, which increased the confidence of employees to adopt any new system.

Other than managerial commitment, the commitment demonstrated by other organisational stakeholders is equally important as a critical success factor of practices adoption. Biggemann et al. (2014) found that despite the importance of trust, consistency, and other elements in social responsibility, commitment shown by stakeholders' marks as the key point to sustain a business and is the best mechanism to produce efficient integrity. Furthermore, through strong emotional connection and psychological attachment with the organisation, people within or outside the organisation will easily understand how to achieve organisational goals (Rifai & Mardijuwono, 2020), particularly in strengthening integrity practices. This is also supported by Ouedraogo and Ouakkouak (2018) that the strong attachment between employees and the organisation increases the commitment and willingness to adopt new changes or systems. Later study by Arellano et al. (2021) found that the level of commitment to adopt organisational practices is also influenced by individual belief and configurational views. The individual belief and various configurational views build commitment, in which influence the success of new operational practices.

In contrast, Indriani et al. (2019) found no significant relationship between organisational commitment and whistleblowing intention among Indonesian employees. The lack of responsibility and commitment to report unethical behaviour is caused by retaliation issues. The low confidence of the managerial team in protecting the whistleblower also led to this detrimental cause. Similarly, Dwiyanti et al. (2022) also realised that organisational commitment has no effect on fraud control due to the reluctance of employees to be a whistleblower. These conflicting findings highlight a notable gap in understanding to what extend the commitment of organisations, which include management and supporting staff in ensuring the success of CIPs, in the context of Malaysian GOCs.

2.5.3 Communication

Communication is undoubtedly a core trait required for an organisation's success, including organisational transformation, employee engagement, and organisational change (Muthusamy, 2019; Ouedraogo & Ouakouak, 2018; Luo et al., 2016). Sound and effective communication, specifically among internal parties within the organisation, is essential to achieving the organisation's goals (Ouedraogo & Ouakouak, 2018). Concerning the current study, further discussion will explain how communication is a critical success factor in enhancing CIPs.

Aligned with the definition by Daft (1997), where communication refers to the process of exchanging information and being understood by more than two people to motivate or influence behaviours, the study by (Ouedraogo & Ouakouak, 2018) on organisational change confirmed that good communication eases the process of persuasion when the employees understand about the desired practice's vision and plan. This finding is supported by Cunha et al. (2018), who found that communication is a critical success factor of performance management practices in Portuguese's SME. This study confirms that communication helps employees to understand the firm's expectations towards them, offering higher commitment as they feel informed. Other than that, the understanding gained from strong communication reduced uncertainty, which eventually increased confidence in accepting new organisational changes (Muthusamy, 2019).

Chong and Patwa (2023) confirm that ethical communication practices significantly benefit SME's by enhancing value creations and strengthening trust among

key stakeholders. This finding indicate that communication not only clarifies organisational expectation but more importantly support the internalisation of ethical standards, which is essential for long term sustainability. Related to the context of CIPs, well-developed communication is a crucial tool for clarifying expectations from ethical and integrity activities; hence, information can be understood and effectively motivates employees to exercise those practices.

In addition, communication ensures consistency of CIPs through the manifestation of a consistent management system. Garcia-Carbonell et al. (2018) confirmed that appropriate communication implementation reinforces the links between practices and internal consistency. Appropriate communication not only enhances management credibility during the delivery of information but also improves employee receptivity to understand and change (Ouedraogo & Ouakouak, 2018). As such, the understanding of the information delivered on the purpose of integrity practices is very crucial to ensure the accuracy of the implementation. If the employees receive coherent information regarding the objectives of the practices implemented, their behaviour tends to align with the goals that the business tries to achieve.

Communication frequency is also important as leaders are advised to have regular interactions with their employees to encourage them to be more transparent and reduce intimidation (Al-Saggaf et al., 2015). This strategy is important to have greater exposure to any unethical behaviour, which helps to improve integrity compliance. Regular interaction also nurtures strong involvement and attachment, making employees feel engaged and equal, thus enhancing their support for organisational goals (Kang & Sung, 2017).

Nevertheless, despite the numerous arguments of the communications as a critical element to enhance operational performance, the influence of communication as critical success factor of CIPs has not been systematically examined. The existing literatures mainly focus on communication and integrity indirectly, leaving a gap how communication shapes organisational confidence and behavioural to ensure the success of integrity practices. This gap requires further investigation that highlights communication as key success factor of CIPs adoption, in the context of Malaysian GOCs.

2.5.4 Culture

Culture can be understood as an unspoken communication code practised within an organisation to create norms and expectations. Bao et al. (2024) define culture as a set of norms and values that are firmly held and shared throughout the organisation. Therefore, in the context of ethics and integrity, a culture of openness and transparency is crucial to ensure that any unethical conduct becomes visible. Furthermore, numerous studies investigate the association between culture and organisations' performance dictate the importance of organisational culture that binds the organisations together in fulfilling the organisations' goal (Shea et al., 2023; Ababneh, 2020; Zhou et al., 2018).

Culture becomes a matter of organisational achievement because individual effort is insufficient to generate a colossal outcome. In most situations, implementing a system or practice requires cumulative effort and support to make it work. Guiso et al. (2015) explain that enforcing any norms is easier when they are shared by the people within the community or organisation and supported by those at the top. In particular, managers initiate the action and foster the employees to share it until those actions become a routine. Through those routines and repetition, a culture is created which is able to modify the preferences of individuals and persuade them to internalise some norms (Hodgson, 1996). O'Reilly et al. (2014) confirmed that a CEO's personality affects an organisational culture, which subsequently influences a firm's performance, including employees' attitudes.

This shows that culture is also related to human behaviour (Thelen & Formanchuk, 2022; Roszkowska & Mele, 2021). For example, employee advocacy behaviour tends to increase when they believe the internal communication system is transparent due to ethical culture (Thelen & Formanchuk, 2022). These researchers also highlight that an organisation that permeates ethical culture will influence employees to be more accountable, as those employees are supplied with truthful and useful information. Similarly, cultures that honour duties to stakeholders will encourage integrity and high-moral decision making (Smith et al., 2018). Such studies dictate that culture used to be seen as an organisational identity. A rule-oriented culture organisation displays the highest ethical attitude, which is perceived as a characteristic (Nguyen et al., 2022). Therefore, when a company cultivates elements of integrity and ethics in its culture, CIPs will be easier to adopt.

The employee's behaviour is highly motivated by their perception of their

surroundings (Colaco & Loi, 2019), which refers to an organisation's culture. Smith et al. (2018) posit that creating a culture that honours values leads to successful ethical and moral decision-making. On the other hand, culture will influence and enhance the commitment of the organisational members to adapt CIPs. Supported by the study of Metwally et al., (2019), the organisational culture that is shaped by ethical leadership helps in enhancing the readiness of employees to change. In the context of CIPs, culture and norms play an important role in prompting the acceptance of policies that may change when it comes to integrity compliance.

A discussion on CIPs and culture in Malaysia was explored by Atan et al. (2017). According to this study, organisational culture is the most dominant factor of the corporate integrity system in the accountability encouragement of non-profit organisations. This finding indicates that ethics can be promoted through the shape or values practised within the organisation. Cultural values can be a strong driver in motivating human resources to optimise their achievement and work enthusiastically to gain organisational objectives (Muslih & Halliawan, 2021). However, the willingness and working hard are associated with the stability of employees' emotions. Sound emotional intelligence derived from good organisational culture results in higher satisfaction and better job performance (Igbinovia & Popoola, 2016).

Nevertheless, the observation by Keyes et al. (2007) suggested that the most challenging approach to increasing ethical awareness is building a culture with a high ethical standard that is reflected in day-to-day practices. Culture is the most elusive practice as it is an informal control of integrity, but at the same time needs to be supported with firm belief. This study found that the observed organisation’s leaders encourage the employees at all levels to speak up directly as they want to create a culture where the employees are always being heard, and this will foster ethically aware behaviour. Hence, the difficulty of establishing integrity practices can be reduced by developing a transparent communication culture and satisfaction among employees.

In conclusion, culture is a prominent factor in ensuring the success of integrity practices. However, there is a lack of extant studies that investigate the role of culture as a critical success factor of CIPs in the context of Malaysian GOCs.

2.6 CIPs and Value Creation

As part of good governance elements and ethical conduct, corporate integrity is

perceived as a factor that improves the organisation's reputation, which eventually increases the organisation's value. Transparency International (TI) has repeatedly highlighted the positive impact of corporate integrity, which is associated with higher economic growth, greater productivity and higher investment in gross domestic products (GDP) ratios. Those are also known as 'integrity dividend', and such things eventually enhance the value of an organisation.

The value creation concept has been discussed extensively in many disciplines of study, and each discipline has different measures of value creation. For instance, value creation in the automotive industry is measured according to cost, quality, speed and flexibility (Kasim, 2014), while in the banking industry, value is determined by economic value added (EVA) and the incremental rate of return over their cost of capital (Zhang & Aboud, 2019). Other industries, such as manufacturing and servicing, also measured value creation from the numerical and quantitative aspects, such as return on investment, sales and profit growth (Abdullah et al.,2019). Marketing and communication perspective may refer to brand reputation, customer loyalty and trust (Chong & Patwa, 2023), while in the context of Malaysian Minority Shareholders Watch Group's (MSWG), value refers to research and development investment (Ismail & Ali, 2024). This observation has identified that the dominant financial element defines organisations' values. However, value creation nowadays no longer merely depends on financial or quantitative measures but also on non-financial measures.

Abdullah et al. (2019) state that changes in global economic trends make non-financial performance more visible in the eyes of stakeholders. Value creation is not only measured according to economic or quantitative figures but also on the environmental, social and governance (ESG). According to the report of Value Creation in Asia Pacific by Price Waterhouse Coopers (PwC), ESG is acknowledged as one of the pragmatic responses for businesses to successfully drive value creation. The report highlighted that ESG can be a competitive differentiator as companies that demonstrate ESG capability enjoy lower capital cost and a better chance of being prioritised by investors. Prior to that, Salvioni and Gennari (2017) suggest that the involvement of social responsibility and actions towards maintaining sustainability facilitates value creation for the medium to long term. Md Zin (2017) measured value creation from the perspective of innovation in investigating the capability of the balance scorecard to create value within a Malaysian GLC. Hence, it depicts that financial and non-financial performance must be included to have a comprehensive performance evaluation.

Further discussion emphasises the elements of value creation measured in this study.

2.6.1 Economic Values

According to Porter (1985), economic value refers to what buyers are willing to pay for the service or product, where the benefits are over the costs. Lawson et al., (2022) noted that from the perspective of project management, economic values refer to the success of a project in avoiding costs exceeding the benefit. From the general business perspective, economic values refer to the shareholder values, which are most commonly defined as profit maximisation after capital cost (Thomson, 2020), sales growth, market values, return on investment (Abdullah et al., 2019) and cost reduction (Olajide & Elegunde, 2022).

From a corporate integrity perspective, the concept of value creation is usually related to the survival and sustainability of an organisation, as a result of integrity and ethics compliance (Gangi et al., 2025; Muslih & Halliawan, 2021; Abdullah et al., 2019). Although the number of studies that define value creation concerning terminology of corporate integrity is limited, it can be understood that attention must be given and comply with effective governance and culture in establishing value creation (Lawson et al., 2022). Said et al. (2020) posit that integrity, accountability and internal control were able to increase Malaysian GLCs' average return on investment, profit growth and the average return on sales. In other words, corporate integrity reduces financial risks (Yin & Zhang, 2020). This is supported by the findings of Hamed (2023) and Altamuro (2021), who found that control activities and monitoring positively affects financial sustainability. Nevertheless, integrity practices in Saudi Arabia's SMEs demonstrated a contradict findings when control activities and monitoring do not influence the firms' financial and non-financial performance (Abalala et al., 2021). The contextual and cultural gap in carrying out the practices could be the reasons of this different outcome.

When integrity becomes organisational culture, customers' trust and confidence increase, leading to higher sales and demand and improving the organisation's financial performance (Muslih & Halliawan, 2021; Olajide & Elegunde, 2022). Moreover, if integrity is promoted through practices, customers tend to perceive the organisation as favourable since it fulfils the legitimacy aspect. Therefore, it helps organisations achieve better promotion and marketing, eventually increasing sales and profit. This

argument was proven by Pham and Tran (2020), who found that CEOs with high integrity enhanced their legitimacy by satisfying a sense of social contract, which directly strengthened their organisations' financial performance as a result of picturing a good reputation. However, Vu et al. (2025) found that external CEO and integrity have insignificant relationship, which leads to an indirect conclusion where integrity may enough to maintain strong financial performance, without supported by other factors. Verhezen (2024) also posits that there is an inconclusive correlation between integrity, as governance variable and financial performance, indicating that integrity may not significantly impact positive financial outcome, due to lack of transparency and poor ethical decision making between board of directors.

Based on the argument above, existing findings of CIPs and economic values remain inconsistent and the corporate integrity mechanisms used are less comprehensive. Therefore, this study will further investigate how numerous components of CIPs leads to economic values, in the context of Malaysian GOCs.

2.6.2 Environmental Values

A regulatory movement towards more outstanding environmental management and reporting has urged organisations to minimise any possibility of pollution and significant waste by having proper assurance about environmental issues (Soh & Bennie, 2015; Costa and Opare, 2025). However, having a sound system for managing and controlling waste is costly and requires the extension of time and energy. As such, integrity becomes a fundamental concern in assuring good performance without compromising the safety of the ecosystem. In the context of a corporation, decision makers, particularly management of the business that upholds integrity, have less tendency to harm the environment since they know how to make ethical decisions regarding environmental management (Armstrong, 2020).

Moreover, high-integrity organisations tend to be more meticulous in handling their business activities to minimise the effects of natural disasters. As a result, the organisation is portrayed as having an excellent environmental responsibility and resource efficiency, providing a competitive advantage over less perceived responsible organisations (Rygh, 2020). Such a good impression also creates a better opportunity for the company to be known and enhances its value. Numerous studies have examined the impact of organisational behaviour towards environmental performance (eg. Bao et

al., 2024; Wang, 2023 and Han et al., 2019)

Bao et al. (2024) posit that integrity culture is a moral foundation that sustain environmental excellence. This study found that integrity culture improves environmental performance by shaping managerial and employee behaviour to act transparently in implementing environmental policies. Earlier study by Han et al. (2019) also recognised that firms with high level of integrity enhance organisational performance through encouraging green innovation. The focus on green innovation develops initiatives on transforming waste into resources and creating new market opportunities through environmentally products and services. When integrity included as part of the business operation, any information relates to sustainability of environmental will also be transparently disclosed, leading to better environmental compliance (Chouaibi & Affes., 2021).

The analysis of corporate culture and environmental performance by Costa and Opare (2025) also demonstrated that integrity and ethical norms grounded as part of organisational culture prioritise responsible resource management, thus encouraging firms to adopt environmentally sound practices. The integrity culture strengthens internal commitment to promote compliance with environmental standards. Despite many existing studies demonstrated a direct positive effect of integrity and environmental performance, the study of Enggaringtyas and Hermawan, (2024) has shown otherwise. Enggaringtyas and Hermawan, (2024) revealed that the impact of environmental performance is poorly influenced by the independence and integrity of board of directors, questioning the capability of corporate integrity to create environmental values. Meanwhile, integrity mechanism used in material deficiency information also has insignificant effect towards environmental performance. This discrepancy indicates that other components of corporate integrity could be a triggering or hindering factor that influencing environmental performance, particularly in the aspect of standard compliance.

The variation of outcomes from the existing studies motivates this current study to fill the gap of integrity and environmental performance, by emphasising on four elements of CIPs which are whistleblowing, internal control, core values and disciplinary and rewards system, towards environmental value creations, based on the context of Malaysian GOCs.

2.6.3 Social Values

From the social perspective, CIPs embed strong trust in stakeholders (Yahya et al., 2020). This is due to the belief that members of an organisation that upholds integrity will perform their work more honestly, effectively and diligently even in challenging situations (Huberts, 2018), which fulfils the multiple needs of the stakeholders. Developing and maintaining a good relationship with stakeholders is essential in creating value (Said et al., 2018) because stakeholders are vital informants on social change. Moreover, good affair leads to value creation when the stakeholders are willing to help the organisation identify the social demand to facilitate the creation of values and innovation (Harrison & Wicks, 2013). Kujala et al. (2019) noted that active participation and openness between organisations and stakeholders can generate more valuable collaboration, develop new competencies, and learn new things.

Another way to explain the relevance of CIPs in value creation is to link them to organisational reputation. As part of sustainability mechanism, integrity broadly known as an effective vehicle for enhancing an organisation's reputation because their core elements are related to the principles of trust and honesty (Lawson et al., 2022; Said et al., 2020). Behera et al. (2022) suggest that good ethical practices are essential for improving both organisations' effectiveness and reputation, which eventually delivers a competitive edge in a fast-growing marketplace. This is supported by Abdullah et al. (2019) who found that reputation was identified as one of most emphasised non-financial value creations from the perspective of Malaysian GLCs. The capability of integrity in creating good image could enhance the capability of organisations to attract more interest from stakeholders. As a result, CIPs strengthen networking and competitive advantages which assist organisations to retain their crucial resources for organisations' operational capabilities (Bonsu et al., 2022; Edhard & Jensen, 2017).

Apart from reputation, corporate integrity is also related to the creation of brand recognition and valuation. Abdullah et al. (2019) posits that the good reputation increase customers' support and eventually lead to greater brand recognition. Meanwhile, brand valuation can also be improved when the consumers are likely to purchase from firms that engage in ethical conduct that do not damage the environment, and equity and justice prevail among employees (Lee et al., 2022). This is also supported by Landrum (2018), as the study found that ethics and sustainability practices, which were carried

through the adoption of ESG, resulted in high brand valuation. In addition, an integrity culture embraced by organisations is also crucial for employees' motivation (Jerab & Mabrouk, 2023) as they feel secure when they realise that the organisations are trusted and doing ethical activities, which enhances productivity. Furthermore, fair treatment and evaluation resulting from the CIPs lead to a higher level of loyalty within the organisation.

Based on the existing literatures mentioned above, the findings consistently demonstrate that integrity and social values creation are positively related. Nevertheless, these findings have focused on general integrity practices and ethical culture, without examining how the specific CIPs, such as whistleblowing, internal control, core values and disciplinary and reward system, create social values. Moreover, non-of the above studies investigates the CIPs and social value creation in the local context of GOCs. Therefore, this study seeks to narrow the contextual gap, considering the thorough investigation on individual CIPs' component and social value creation.

2.6.4 Governance Values

Integrity is undoubtedly a crucial concept in establishing good governance (Hoekstra et al., 2023; Primec et al., 2018). This is because organisations that make integrity part of their culture used to be more effective in cutting down the possibility of earnings management and opportunistic behaviour (Yin & Zhang, 2020; Biggeman et al., 2014). Besides that, organisations concerned with integrity demonstrated better governance performance in reducing agency costs, improving management policies and strengthening relationships with stakeholders (Buallay et al., 2021). When integrity becomes a fundamental principle in conducting business activities, it is expected that financial penalties can be reduced through the enhancement of governance compliance and minimisation of governance risk (Mure et al., 2021). This result is predictable because integrity and ethical actions are required to cover certain problematic areas that are insufficient to be curbed by laws, Armstrong (2020). In addition, the avoidance of substantial remediation costs also provides some merits towards improvement in corporate governance.

According to Wan Husain et al. (2025), integrity should be the key point in the development of the world-class governance framework, demonstrating the function of integrity to strengthen organisational governance compliance. The significant role of

corporate integrity in reducing moral hazard and conflict of interest also signals the capability CIPs to create governance values (Atan et al., 2017). This argument was supported by Zahari et al. (2024), who found that integrity-driven leadership and ethical culture have negative associations with ESG non-compliance, which demonstrating that integrity strengthens governance compliance in Malaysia Public Sectors. Similarly, Bou et al. (2023) and Armstrong (2020), both agreed that corporate integrity enhance ESG values, including governance compliance, due to strong engagement with ethical culture and moral values.

Other than direct implications of corporate integrity towards ESG outcomes, prior studies also highlight its contributions to governance value creations, individually. Elaigwu et al. (2022) demonstrate that corporate integrity contributes to governance value creation by improving the quality of sustainability reporting. This study found that firms with higher integrity produces more reliable disclosure, indicating better governance practices. Similarly, Lee et al. (2020) demonstrated that Vietnamese organisation with strong internal control as integrity mechanism strengthens governance compliance by reducing unethical behaviour within the organisations. However, this positive effect between corporate integrity and governance is not fully consistent.

Maulidi and Ansell (2022) report that organisation integrity mechanism may fail to prevent fraud occurrence when powerful actors engage in conspiracy, thus reduces the effectiveness of integrity functions in strengthening governance compliance. In addition, Rendon and Rendon (2022) revealed that unethical culture amongst commanders and higher level of US navy distract the effectiveness of internal control mechanism, leading to poor integrity compliance. In other words, the effectiveness of corporate integrity in creating governance values appears to be relied on organisational dynamic factors and environment. These mixed findings suggest that while integrity practices generally improve governance compliance, the positive outcome might also depend on organisational context and the quality of other integrity mechanisms.

As a conclusion, although numerous studies focus on the value creation of CIPs, very few have combined these four components–economic, environmental, social, and governance (EESG)–as part of value creation measures. Previous studies have focused only on ESG, excluding the economic component (Bou et al., 2023; Armstrong, 2020). Instead, most studies adopt ESG as an antecedent rather than a measure of value creation (Signori et al., 2021; Mure et al., 2021). Therefore, this study aims to narrow the gap

by concentrating on the CIPs' value creation towards EESG, within the scope of Malaysian GOCs. The focus on EESG provides a comprehensive perception of value creation, covering both financial and nonfinancial aspects.

2.7 Integrity and Governance Unit (IGU)

To facilitate the strengthening of internal control to combat malpractice, corruption and abuse of power, organisations are encouraged to establish an integrity and governance unit (IGU) (Asian Insider, 2020). Through the establishment of IGU, the complaints regarding integrity issues such as corruption and misuse of power can be channelled to the right platform (Jones, 2022). This unit plays a crucial function as it receives a signal of corrupt practice which used to come from whistle blowers. This is aligned with the suggestion of Biegelman et al. (2007) where the integrity unit must be developed to promote an integrity culture. In addition, through the existence of an integrity unit, the organisation is hoping for better management of integrity issues. National Centre for Governance, Integrity and Anti-Corruption (GIACC), for instance, asserts that effective public service delivery and inculcated good governance can be strengthened when organisations have an integrity unit (Madi et al., 2021).

However, in the context of Malaysia, the integrity and governance unit (IGU) was initiated in government and public agencies at both the federal and state levels in 2013, while GOCs are not prioritised to establish such a unit. The integrity unit's head is the Chief Integrity Officer (CIO), who is responsible for making a report every four to six months to MACC (Jones, 2022). Any matters concerning corruption will be raised further by the MACC's chief commissioner and the head of the civil service, who represents the government agency (Sajari et al., 2016). In 2017, the Malaysian Government announced the need for governance and integrity units through the MACC mandate and made it a priority for GLCs to have an integrity unit. The government has decided that GLCs also need to apply similar internal controls by creating integrity and governance units (IGU).

Notwithstanding that the ultimate goal of the integrity unit is to overcome integrity issues, the efficiency of the unit is still uncertain due to the recent prevalent corruption issues that take place in GLCs (Jones, 2022). Moreover, there is a limited impact study on the roles of the integrity unit in GLCs that can be referred to answer numerous questions on the integrity level. Sajari et al. (2016) have raised the same issues but specified them for the government agencies. The extended study by Sajari et

al. (2018) on this important ethics-related role also emphasises the individual rather than the unit. The study investigated the quality of CIOs on the level of ethics and integrity in the Malaysian Federal institutions. Independence, competence, and work performance are used to measure the quality of a CIO.

The above discussion shows that the focus on the role of the integrity unit in GLCs is not fully explored. Therefore, this study will fill the gap to provide a comprehensive finding on how GLCs' integrity unit improves integrity compliance.

2.8 Malaysian Government-Owned Company (GOC)

As suggested by the World Bank and the Organisation for Economic Cooperative and Development (OECD), the companies that have a diverse range of government control are known by many different names such as state-owned enterprise (SOEs), government corporations, government-linked companies (GLCs), state enterprise, publicly owned corporations, crowns and non-profit organisations. In Malaysia, SOEs are commonly referred to as organisations which are controlled by the state government. On the other hand, GLC is mainly acknowledged under the control of the federal government. For this study, the selected companies come from the state and federal governments. Therefore, consistent with the main characteristic that binds all the terminologies, which is controlled by the state or federal government fully or partially (Barreiro-Gen et al, 2023; Mohd Nasir, 2017; Basri, 2019), this study uses the term government-owned companies (GOCs) for simplicity. This is considering the involvement of the federal and state governments in influencing and controlling the decisions made by the organisations. As of 31 July 2025, the Ministry of Finance has recorded a total of 122 companies incorporated under its authority, which are classified as GOCs in Malaysia.

The government control in the GOCs can be manifested in terms of the allocation of subsidies (Su et al., 2015), appointment of the board of directors and senior managers (Bhatt, 2016) that lead to influencing contract awards, strategy, restructuring and financing, acquisition and divestments (Kasim et al., 2019). As for the GLCs and SOEs, they also received the government allocations from the fund channelled into the GLICs. Other than those owned or controlled partially or wholly by the government, GOCs are also defined as an entity that behaves like a private company, but the final report must be brought to the government's attention (Barreiro-Gen et al, 2023). The

report provided will be evaluated by the government to ensure all the activities carried out by the GOCs in pursuit of social and public gains, rather than economic objectives alone (Su et al., 2015). This is similar to the context of GLCs and SOEs, as the goal of the organisations is also to include social welfare and public development (Said et al., 2020; Bhatt, 2016). The inclusive objective related to the benefits of public involvement invites greater attention and involvement from the governments.

In addition to the ultimate objectives and government control, the regulations and law compliance of GOCs are also similar to those imposed on GLCs and SOEs. For instance, the establishment of IGU is also applicable to GOCs as they are defined by the MACC as a body that is controlled and owned by the government agencies or ministries. In the context of the companies selected for this study, one of the companies is SOE and the other is fully controlled by the Ministry of Finance.

The definition and criteria of GOCs imply that this category of organisations generally includes GLCs and SOEs. Hence, for this study, it is pertinent to categorise GLCs and SOEs as GOCs. These terms are used interchangeably throughout this study.

2.9 Gap of Study

The gap identified in prior studies suggests how this current study would contribute to current practices and academic research, as discussed in Chapter 1. Based on the literature review above, five research gaps have been identified and summarised as follows:

- Despite the emerging effort to form an effective corporate integrity system, CIPs in most GOCs are still contentious and doubted, which requires a distinctive case study to understand the real current practice adopted by the companies.
- Factors influencing the implementation of CIPs may overlook the element of government intervention due to the consideration that GOCs are highly influenced by government decisions. However, prior studies are lacking in this regard.
- Studies on CSFs from the perspective of CIPs, especially in developing countries, are still scarce, thus similar to the context of Malaysian GOCs.
- Most prior studies employed the linkage between value creation and ESG. There are almost no studies that use the element of ESG as a measure of value creation. This study narrows the gap between bridging CIPs and value creation

using EESG as a component of value creation.

- Very few qualitative studies have been conducted to understand the role of integrity units specifically in Malaysian GOCs.

2.10 Proposed Conceptual Framework

Drawing from the previous literature, organisations tend to adopt new changes, practices, or systems when they are pressured to achieve certain goals (Karbhari et al., 2021; Ali et al., 2020; Islam, 2017). This tendency is consistent with Institutional Theory, which explains that organisational adoption of Corporate Integrity Practices (CIPs) is driven by coercive, normative, and mimetic pressures. From a value creation perspective, Said et al. (2018) posit that such decisions are often motivated by the pursuit of long-term sustainability, which aligns with Legitimacy Theory, where organisations seek to conform to societal expectations to maintain legitimacy (Florio & Sproviero, 2021).

Previous studies have identified several integrity practices that contribute to value creation, including whistleblowing (Pramono & Aruzzi, 2023; Shonhadji & Maulidi, 2021; Zakaria et al., 2021), internal control (Le et al., 2021; Said et al., 2020), core values (Smit, 2021; Jolland et al., 2015), and disciplinary and reward systems (Lasakova et al., 2021). These practices represent organisational responses to institutional pressures and serve as mechanisms to enhance legitimacy. However, while numerous studies have shown that integrity practices lead to improved performance, their effectiveness remains contingent upon how they are implemented. For instance, whistleblowing, although recognised as an effective control mechanism, may result in adverse consequences if not properly managed (Shonhadji & Maulidi, 2021). This highlights the importance of understanding not only the adoption but also the operationalisation of CIPs.

Identifying critical success factors enables organisations to focus on the most significant aspects that facilitate the achievement of integrity objectives. In a highly competitive business environment, the ability to recognise these factors supports organisational sustainability. From the perspective of Dynamic Capability Theory, these critical success factors reflect the organisation's ability to sense integrity-related risks, seize opportunities through appropriate practices, and transform internal processes to strengthen integrity compliance. As such, the integration of these capabilities allows organisations to design and implement more effective integrity

systems.

Firms with sound integrity practices tend to demonstrate higher organisational value (Bao et al., 2024; Said et al., 2020). As part of sustainability indicators, organisations that effectively implement CIPs are expected to generate both financial and non-financial value. Guided by the proposed conceptual framework illustrated in Figure 2.3, this study integrates Institutional Theory to explain the motivating factors of CIPs adoption, Legitimacy Theory to explain the alignment with societal expectations, and Dynamic Capability Theory to explain how CIPs are transformed into organisational capabilities that drive value creation.

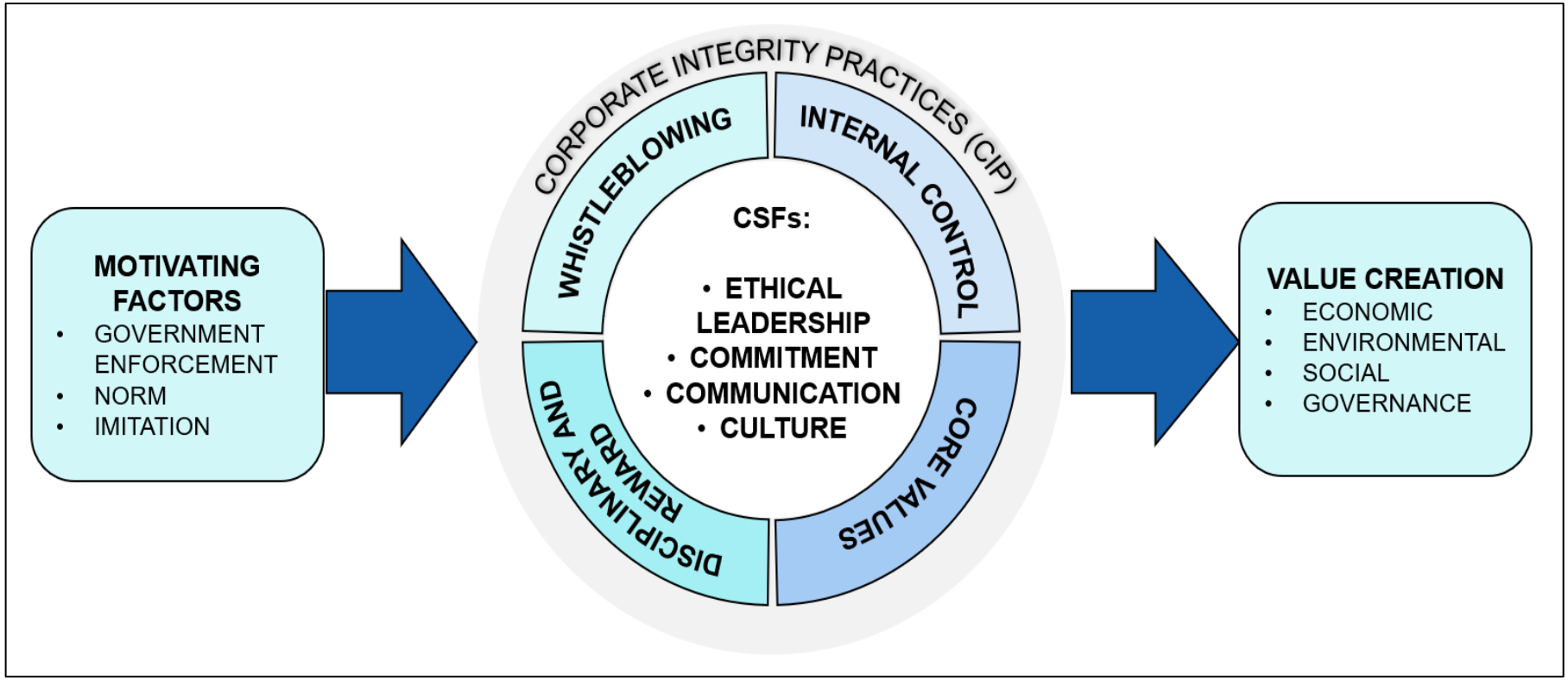


Figure: 2.3 Conceptual framework

As shown in Figure 2.3, institutional factors which consist of government enforcement, norms and imitation are highlighted as motivating factors of CIPs adoption. In Malaysia, the enforcement of Section 17A MACC Act 2018 has triggered GOCs to initiate CIPs. This corporate liability act prescribes that companies and top management be legally accountable for corruption committed by their associates, except if they are proven to have adequate procedures (Low & Low, 2020). Adequate procedures refer to a set of practices, implemented by organisations to prevent the occurrence of corruption or integrity violations. The initiative to promote integrity compliance through CIPs adoption reduces the probability of being charged due to the corporate liability management failure.

Norm is another factor that can potentially influence GOCs to adopt CIPs. Driven by normative isomorphism, acceptance and approval from society have been viewed as a pivotal factor that motivates organisations to adopt CIPs. When practices and systems are perceived as socially favourable, organisations are willing to focus on these practices and adopt them into their operations (Risi et al., 2023; Alziady et al., 2019). In the context of GOC integrity, satisfying public and societal expectations should be followed by conforming to professional standards and requirements. This is important as reputation and recognition obtained from professional and social support are essential for organisational sustainability (Karbhari et al., 2021).

In addition to government enforcement and norms, peer imitation is also recognised as a significant factor motivating CIP adoption in GOCs. Imitation is derived from the desire for superior performance, particularly from competitors (DiMaggio & Powell, 1983). Previous studies have shown that organisations with strong integrity tend to achieve better performance (Ackim et al., 2024; Lasakova et al., 2021). Such a favourable outcome often encourages other organisations to mimic the practices adopted by outstanding organisations. When the implementation of integrity practices is inconsistent and regulatory enforcement is not fully standardised, mimicking high-performance organisations could be an alternative to remain relevant in the industry. Driven by these motivating factors, organisations seek the opportunity to strengthen their legitimacy through adopting CIPs.

As indicated in Figure 2.3 above, CIPs are referred to four key components, namely whistleblowing, internal control, core values and disciplinary and rewards. Whistleblowers provide an opportunity for organisations to detect suspicious behaviour at an early stage. The role of whistleblowing in uncovering large global corporations'

financial scandals demonstrates the importance of this governance mechanism in promoting a high-integrity environment (Zakaria et al., 2021; Valentine & Godkin, 2019). Said et al. (2020) also highlighted whistleblowing as an integrity practice that is influenced by ethical judgment and whistleblowers' intentions. The prominent factors that shape the intentions of whistleblowers are ethical judgment and moral awareness (Manesh et al., 2024), as well as social pressure and severity of misconduct (Johari et al., 2024). Apart from that, the willingness of individuals to report on any suspicious activity is also influenced by cultural factors such as collectivism and uncertainty avoidance. Broady et al. (2021) found that people from collectivist or high-uncertainty avoidance cultures, such as India, have lower whistleblowing intentions compared to individualistic cultures like the United States.

In addition to whistleblowing intention and investigation procedures, the existence of a clear and robust whistleblowing policy and protection mechanism is considered a crucial element that ensures the success of the whistleblowing system (Rajeevan, 2020). Effective whistleblowing policies offer strong protection against retaliation, facilitate anonymous reporting mechanisms, and establish a zero-tolerance policy towards unethical conduct (Rajeevan, 2020; Shonhadji & Maulidi, 2021). In environments where protections are perceived as weak, employees are discouraged from whistleblowing (Ciasullo et al., 2017; Sadique et al., 2023).

While whistleblowing provides a reactive mechanism to detect misconduct, the existence of internal control is crucial to enhancing integrity compliance as it strengthens rule enforcement, monitoring, and the detection of irregularities. Rendon and Rendon (2022) claim that effective internal control is associated with a low frequency of fraud occurrence, due to good monitoring and communication. This demonstrates that internal control is a fraud-prevention tool as it promotes transparency. Thus, organisations with effective internal control enhance legitimacy by obtaining stakeholders' trust (Yin & Zhang, 2020). The effectiveness of internal control can be measured according to five components established by COSO, which are control environment, risk assessment, information and communication, monitoring, and existing control activities (Maulidi & Ansell, 2022; Rendon & Rendon, 2022).

The effectiveness of internal control is further strengthened when an organisation embeds shared moral principles through clearly articulated core values. Despite the inconclusive definition of integrity (Ackim et al., 2024), its general principle relates to moral values and ethics that govern people's behaviour. Therefore,

establishing core values serves as a foundation for embedding integrity within an organisation. The inclusion of integrity as part of core values provides organisations with a moral compass (Fish & Wood, 2017). In addition, selecting integrity as a core value can assist organisations in creating an ethical culture and belief, leading to the identification of visible and invisible performance principles in achieving the ultimate goals (Oh et al., 2018).

Previous studies have demonstrated that ethical values such as honesty, integrity, accountability, and inclusiveness significantly influence ethical behaviour (Peng & Wei, 2019; Christina & Fort, 2020). Christina and Fort (2020) also found that integrity captured 95% of responses as a core virtue in corporate culture. This finding highlights the prominent role of integrity as a core value in shaping ethical behaviour and upholding moral principles. Nevertheless, relying on core values alone is insufficient to ensure the effectiveness of CIPs, as they only represent abstract ideas that are not easy to manifest in practice. Therefore, to operationalise these values and reinforce desired integrity practices, organisations depend on disciplinary and rewards systems that could translated moral expectation into concreate behavioural consequences.

The appropriate reward and punishment systems are seen as crucial mechanisms to encourage ethical conduct while deterring unethical behaviours. This is important in demonstrating that the organisations are committed to transparency and accountability, thereby strengthening their social legitimacy in the eyes of stakeholders. Rewards and punishments that prevail in an organisation serve as significant stimuli that influence employees' behaviour (Shamsudheen & Rosly, 2020). Consistent with this view, Lasakova et al. (2021) identified that the reward and punishment system is one of the most prominent mechanisms that can promote ethical behaviour. In the context of CIPs, organisational members are believed to consider the impact of rewards and the threat of punishment when deciding whether to behave ethically. Indeed, disciplinary measures and rewards are being acknowledged as one of the prominent measures of integrity assessment (Zainal et al., 2020; Dubinsky & Richter, 2015).

Okoli and Udom (2019) argued that disciplinary action should not only be perceived as a punitive instrument but also as a crucial component of good organisational governance that indicates accountability and strengthens behavioural expectations among employees. With clearly justified punishments for unethical behaviours, employees' behaviour can be easily shaped through effective control

mechanisms (Lasakova et al, 2021). While disciplinary action cultivates a culture of integrity through fear and awareness of penalties, the reward system assists in the development of integrity by promoting a sense of satisfaction and appreciation. As highlighted in behavioural studies, reward can be a strategy to encourage people to be more diligent, committed, and engaged with achieving organisation's goals (Orji et al., 2023; Hortal & Martinez, 2024).

To ensure the effectiveness of the CIPs, critical success factors (CSFs) must be identified and given due attention. Referring to Figure 2.3, four (4) key determinants of the success of CIPs are identified in this study; ethical leadership, commitment, communication, and culture. Leaders can exercise their authority to guide ethical behaviours within their organisations (Murtomo & Riyanto, 2021). Ethical leaders model integrity to colleagues and subordinates, thereby facilitating CIP implementation through their capacity to enforce integrity compliance. At the same time, ethical leadership is recognised as a catalyst for enhancing employees' confidence and trust (Ullah et al., 2021). Therefore, CIP-related directives are more readily implemented and followed. More importantly, trust in leaders fosters a strong engagement and ultimately creates strong commitment (Engelbrecht et al., 2017).

Commitment contributes to the success of an organisation's transformation, as employees work intensely to achieve their objectives (Ouakouak & Ouedraogo, 2019). In the context of CIPs, commitment from both management and supporting staff is essential to ensure the success of integrity initiatives. When organisational members demonstrate a strong sense of commitment, they have a higher tendency to internalise moral values, comply with integrity standards, and actively participate in integrity-based programs. Johari et al. (2021) provided evidence that management commitment influences the effectiveness of integrity practices in Malaysian GLCs. However, commitment must be complemented by effective communication to convey the objectives of CIPs effectively.

Communication facilitates the achievement of CIP objectives when integrity-related information is clearly delivered and justified. Through communication, employees understand what and how to transform integrity principles into practice, as it enhances mutual understanding between management and employees. Akhzan et al. (2021) found that communication reduces resistance to change and accelerates system adaptability through improved mutual understanding and shared goals. With proper communication channels, frequency, and strong participation, the integrity-related

information can be effectively communicated to develop trust and ethical alignment during the implementation stage (Chong & Patwa, 2023). Consistency in communicating and sharing integrity information creates a sustainable ethical culture.

Culture guarantees the success of CIPs as it is capable of changing individual preferences to align with moral values and ethical behaviours. Culture refers to routine activities that shape individual norms (Bao et al., 2024). In the long term, culture becomes a defining characteristic of an organisation. When organisations are recognised for their outstanding integrity performance, stakeholders are more inclined to follow integrity standards for any engagements or affairs with the organisations. Colaco and Loi (2019) stated that perceptions of the surroundings significantly influence individual behaviours, thus justifying that organisational culture plays a crucial role in ensuring the success of CIPs. A culture of integrity that upholds moral values through CIPs assists organisations in generating long-term financial and nonfinancial value. Therefore, it can be concluded that CIPs strengthen organisational sustainability and competitiveness in the dynamic business environment.

As highlighted in Figure 2.3, CIPs provide an opportunity for organisations to generate economic, environmental, social, and governance (EESG) values. As a quantifiable measure, economic value can be measured by profit maximisation, stock price, return on investment, sales growth, market value, price-earnings ratio, market share, and market positioning (Thomson, 2020; Abdullah et al., 2019). With the adoption of CIPs, organisations improve profitability and reduce liability costs by strengthening their risk management and accountability.

Other than the financial aspects, nonfinancial aspects are no less crucial in the debate on value creation. Recent studies have paid extensive attention to environmental, social, and governance values (ESG) as elements that will sustain long-term organisational survival. Integrity culture has a strong influence on the success of ESG, which leads to organisational sustainability (Bao et al., 2024; Shu et al., 2018). Many corporations are preparing to report their ESG measures more formally because of the rising expectations of the nonfinancial aspects of business operations.

The environmental dimension is expected to capture issues related to energy use, waste, pollution, population growth, animal treatment, natural resource conservation, and other components that have a detrimental effect on the natural environment (Buallay et al., 2021; Armstrong, 2020). The CIPs enhance transparency in resource use and compliance with environmental standards, as a result of effective

monitoring and control.

The social dimension relates to the welfare of human beings within their communities. In the business world, social elements include gender equality, health and safety, employee relations and diversity, working conditions, corporate culture, motivations, and rewards (Armstrong, 2020). Through the adoption of CIPs, organisations obtain greater stakeholders' confidence, which results in a better corporate reputation. This is influenced by the perception of society about the commitment, trust, and ethical culture built through the practice of integrity.

The last non-financial value focuses on the governance of an organisation. This governance dimension emphasises the disclosure of the code of ethics and other policies that clarify how organisations are controlled and operated. Armstrong (2020) and Bualley et al. (2020) have listed several governance measures, including legal compliance, risk management, board structures and independence, accountability, and corporate governance code. CIPs can be used as a strategy to internalise ethical conduct, ensuring decision-making aligns with the principles of accountability and transparency.

These arguments suggest that integrity and EESG both contribute to the creation of value. Hence, this study posits that CIPs are not just compliance and regulatory tools, but also a strategic and valuable capability that sustains long-term value creation through the dimension of EESG.

2.11 Summary of the Chapter

The review of literature has covered the CIPs in different regions, factors that motivate CIPs adoption, CSF of the CIPs and the role of the integrity unit in enhancing CIPs. Pertinent theories were also discussed to support the research objectives. This chapter provided further understanding of the context of this study and led to the identification of the gaps. This chapter ends with the development of the conceptual framework. The next chapter explains the research methodology of this study.

CHAPTER 3
RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter outlines the theoretical perspective of this research. This chapter clarifies the methodological issues related to investigation of the CIPs adopted by selected Malaysian GOCs and provides a detailed account of the approaches adopted. The chapter begins with a discussion of positivism and interpretivism, which are the dichotomy of approaches in social science research. This is then followed by a discussion of the research design used and key stages that began by gaining access to the case companies until the process of analysing data. This chapter ends with a conclusion of the strategies to ensure the quality of the data collected in this study.

3.2 Research Paradigm- Positivism Versus Interpretivism

Research paradigm is a guideline for researchers in selecting a research method. It has a significant impact on influencing what should be studied, how it should be studied, and how the results of the study should be interpreted. The research paradigm consists of four essential elements: epistemology (fundamental knowledge), ontology (assumption of social phenomenon), methodology (research method and data analysis), and axiology (ethical issues in research proposal) (Cresswell, 2017).

Two main paradigms are typically adopted in social science studies: the positivist and interpretivist paradigms. Although no universal paradigm can be the best approach to conducting research (Patton & Applebauem, 2003), selecting an appropriate paradigm can provide better guidelines and principles regarding how data will be collected and analysed. Positivists concur with the process of experimentation used to explore observations by answering questions, and it is mainly adopted for cause-and-effect relationship studies. Fadhel (2002) states that this paradigm is preferred worldwide for research that attempts to interpret observations in terms of facts or measurable entities. To provide explanation and prediction based on the measurable outcome, positivists rely on deductive logic, hypothesis construction, and hypothesis testing. According to Kivunja and Kuyini (2017), the positivist paradigm aligns with

the quantitative method as it involves objective measurement to understand the relationship embedded in the analysed data.

In contrast, the interpretivist or phenomenological paradigm explains that a single phenomenon can result in multiple interpretations. This is because the nature of this paradigm is to understand human experience, which is usually very subjective, as the data will be interpreted according to the researchers' own thinking. Punch (2013) clarifies that the subjectivity of interpretivism refers to the understanding that the researcher constructs knowledge based on their experience with real life within the investigated circumstances. One of the interpretivist assumptions is naturalist methodology, where the data are collected through interviews, discourse, reflective sessions, or thorough observations, with the researcher acting as a participant observer (Cresswell, 2017). Therefore, the interpretivist paradigm aligns with qualitative research which allows for greater flexibility in data interpretation. This type of research method has high flexibility in the way the data are interpreted. As highlighted by Maxwell (2022), qualitative research requires a broader and less restrictive concept of design compared to quantitative research.

3.2.1 Selected Paradigm for the Current Study

As discussed in the earlier section, both positivism and interpretivism paradigms have different functions and approaches to be adopted in the research methodology. The selection of the paradigm depends on the process by which data will be gathered and analysed. Accordingly, the accuracy of the selected paradigm is crucial to ensure that the process of data collection reflects the goal of the study and leads to a valid conclusion. Although there is no paradigm that is superior to the other, the weaknesses of positivism can be interpreted as the strengths of interpretivism.

The objective of this study is to understand the implementation of CIPs that leads to value creation in selected case organisations. These CIPs are subjective, complex and difficult in terms of evaluation. As such, it requires the researcher to study phenomena in their natural settings and interpret them based on the meaning that people assign to those experiences. The current context of corporate integrity practices is highly influenced by standards and regulations that make them evolve. Creswell and Poth (2018) stated that qualitative research involves an emerging and evolving design.

Moreover, perceptions and actions of individuals directly involved in CIPs are imperative in providing a clearer understanding of the actual conduct of corporate integrity in those particular organisations. Maxwell (2022) claims that an intellectual qualitative study requires the researcher to understand the meaning of the participants in the study, events, situations, and actions they are involved with. This is necessary because the perspective on events and actions held by the participants is part of the reality and a major influence on their behaviour that the researchers must be able to interpret.

Therefore, this study chose to utilise the interpretive approach that is characterised by a personal involvement or immersion of the researcher with the participants of the study, as his role is mostly as an observer (Khaldi, 2017).

3.3 Research Design for Current Study

This study adopts an interpretivist paradigm and qualitative method in addressing research questions, collecting and analysing research data. Creswell & Cresswell (2017) defines qualitative research as a means of exploring and understanding the meaning that belongs to individuals or groups by interpreting the data that were analysed inductively, from particulars to general themes. According to Robinson, O. Bailey-Rodrigue. (2026) and Khaldi (2017), qualitative data collection can be either interactive or non-interactive. Interactive refers to the active involvement of the researchers, such as discovering and describing the culture of a group of people and experiencing a phenomenon. In contrast, non-interactive qualitative studies are mainly concerned with historical or content analysis. For the current study, both interactive and non-interactive methods were applied as the first stage of data collection, beginning with a review of content analysis, followed by interviews. Table 3.1 shows the support and criticism of qualitative studies.

Table 3.1
Supports and Critics of Qualitative Study

Supports	Critics
• Cover complex and dynamic issues that request for in-depth exploration, (Alharasheh and Pius, 2020) • Richness in the insight gathered (Alharasheh and Pius, 2020). • The development of the research highly influenced by the researchers through direct involvement, commitment and interest make it more reliable from the perspective of the researchers (Alharasheh and Pius, 2020). • Provides valuable findings and insight through integration between subjects and objects (Alharasheh and Pius, 2020). • Details explorations on human's experiences rather than depending more on generalised measurement and expectation (Yin, 2018).	• It is not clear how many observations are pertinent enough to make generalization. • The control that the researcher has and conditions of observations to draw a reliable conclusion has been too subjective. • The possibility of biased interpretation (Khaldi, 2017)

The current study proceeds with the qualitative method as it aligns with the research objectives and allows for an in-depth exploration of the topic. Most studies on CIPs in Malaysia have been conducted using the survey (quantitative) method. While the quantitative offers significant advantages, the selection of the qualitative method in this study is relevant to understand the complexities of how corporate integrity is carried out in real business operations. In addition, observations are also suggested to gain a thorough understanding compared to surveys which lack the ability to investigate the circumstances in a deep manner (Maxwell, 2022).

3.3.1 Case Study Design for Current Study

There are various forms of qualitative inquiries that are commonly used by researchers in social science studies. Cresswell and Poth (2018) explain that five approaches are narrative research, phenomenology, grounded theory, ethnography and case studies. Among these approaches, the case study approach has a long and distinguished history across many disciplines and is familiar to social scientists. This approach requires the researcher to explore a case or multiple cases over time through detailed, in-depth data collection and report a case description or case themes (Creswell & Poth, 2018).

The case study approach is suitable for this research due to complex and different contexts in nature of corporate integrity practices (CIPs) in GOCs. Fidel (1984) identified three key conditions that justify the use of case studies: (1) the phenomenon under investigation involves multiple variables and complex relationships (2) there are no specific laws to determine dominant factors and (3) the phenomena can be directly observed in a real-world setting. These conditions align with the present study, which seeks to explore how CIPs are practised and how they contribute to value creation in GLCs.

Yin (2018) further supports the relevance of the case study method as it allows the investigation of a contemporary phenomenon in depth and within a real-world context. Case study is even more justifiable to be used when the boundaries between the phenomenon and its context are not clearly defined. This aligns with the current study as CIPs in Malaysia have no standardised guidelines in terms of the implementation across organisations. Although case studies are often applied for exploratory purposes, this study adopts an explanatory case study design. This design is appropriate as the study aims to understand the why and how CIPs create value for the selected GOCs.

To enhance analytical generalisation and validity, this study employs multiple case studies. According to Yin (2018), multiple case studies enable researchers to find more robust and compelling support than a single case study. Multiple case studies allow for the identification of trends and contrasting outcomes, providing various patterns of integrity practices and assessing their contributions to organisational value creation.

Two GOCs were selected as the case study units based on two prominent criteria: (1) active engagement in integrity initiatives, such as participation in integrity pledges and pacts, and (ii) a clean record with no involvement in corruption, scandals, or court cases over the past decade. Both companies operate in environmentally sensitive industries, making them suitable for examining ESG-related value creation. Table 3.2 summarises the advantages and disadvantages of the case study as a method of inquiry.

Table 3.2
Advantages and Disadvantages of Case Study Research

Advantages	Disadvantages
• Provides an opportunity for observation and analysis of a phenomenon which previously inaccessible to scientific investigation. • Equips researcher to deal with a variety of evidence-interviews, observations, documents and database. • Facilitate researcher to gain the reflections of the real-life events. • Provide holistic and rich analysis as the data can be gathered qualitatively as well as quantitatively. • Face the phenomenon within the context in which the activity takes place.	• Difficult to achieve a good case study as it requires certain skills and knowledge of a researcher. • Dealing with human always leads to time consuming and massive unreadable documents. • Accused of lack of rigour and biased view as the findings and conclusion are based on researcher's interpretation. • Little basis for scientific generalisation due to small sample size

3.4 Research Process

A research process clarifies the procedures that need to be followed in conducting the research. As shown in Figure 3.2, this current research will undertake five phases to conduct the qualitative inquiry.

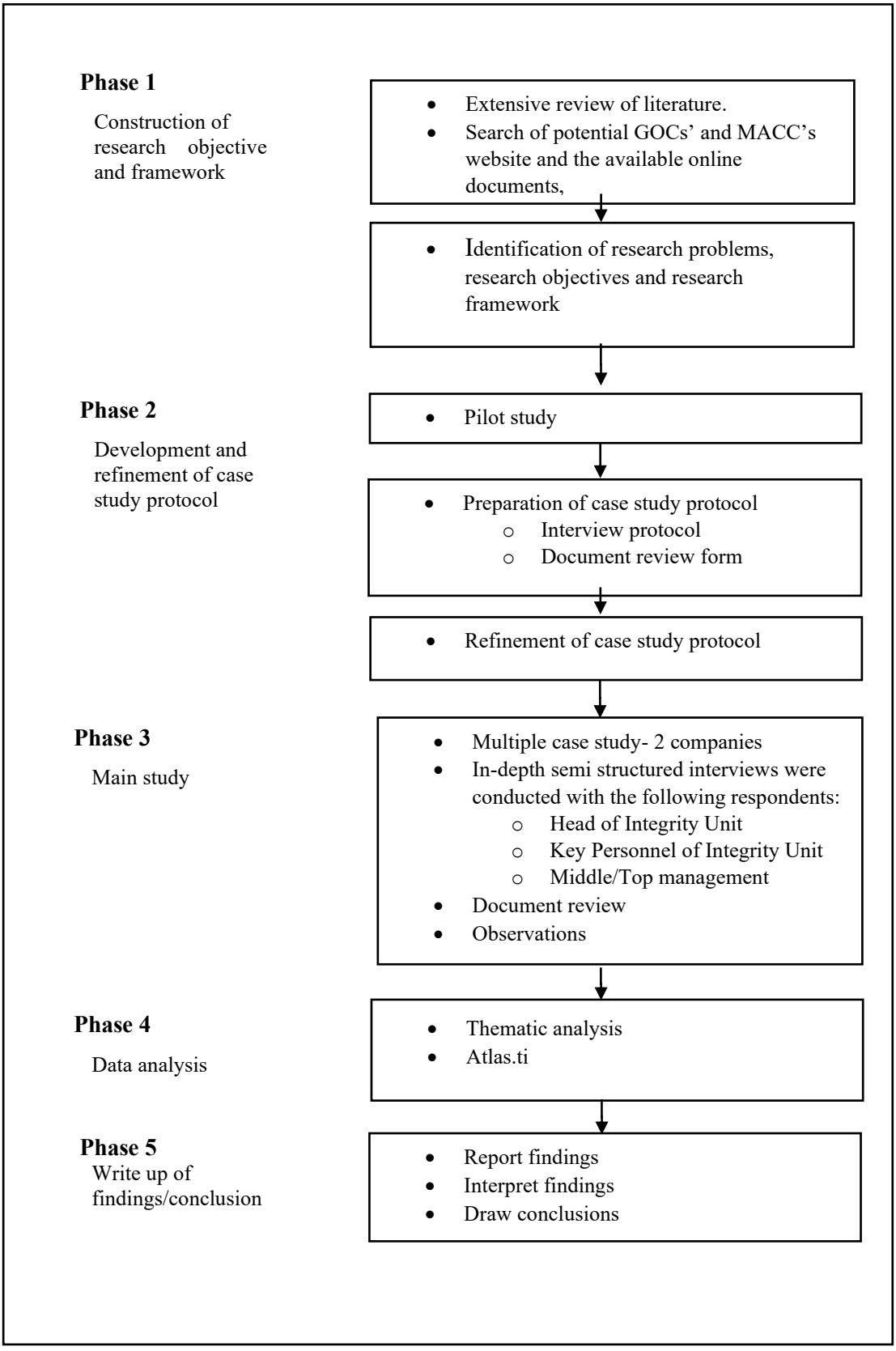


Figure 3.1 Research process

3.4.1 Research Process – Phase 1

Figure 3.1 shows that the research process started with an extensive review of the literature to obtain an in-depth understanding of corporate integrity practices (CIPs) and their values, leading to the identification of research gaps. The literature review was complemented by the initial readings of thirty CIP-related articles and fifteen on value creation. These articles cover multiple contexts of integrity practices, including in GLCs, SOEs, and the public and private sectors. The article reviews also led to the identification of research problems and the selection of research sites and participants. Accordingly, five research questions were identified:

- What is the current state of the CIPs in the selected GOCs?
- Why do GOCs adopt CIPs?
- What are the critical success factors (CSFs) for CIPs in GOCs?
- How do CIPs create value in the GOC's economy, environment, social, and governance?
- How does the integrity unit/department contribute to enhancing corporate integrity compliance in the GOCs?

In addition to the literature review, the websites of potential companies and their relevant reports disclosed on the internet were also explored. The website of the Malaysian Anti-Corruption Commission (MACC) has been frequently visited to obtain current updates on integrity manuals, standards, and other documents that are accessible to the public. Given that corporate integrity is a prominent global issue frequently reported in the mainstream media, newspapers were reviewed during the preliminary stage of this study. It is crucial to capture recent developments and public discourse on integrity violations. The combination of past studies review, website search, and newspaper analysis also supplies relevant input to construct a conceptual framework of this study.

3.4.2 Research Process – Phase 2

Phase 2 began with the preparation of the case study protocol, which served as a guideline for data collection and analysis. To support this phase, a pilot study was

conducted to facilitate the proper selection of the case study and reduce practical problems in identifying research procedures (Van Teijlingen & Hundley, 2002).

- **Pilot Study**

The researcher attended a workshop on integrity and anti-corruption organised by the Association of Bumiputera Entrepreneurs. The objective of this workshop was to deliver understanding and compliance with Section 17A, MACC Act 2018. This workshop raised some issues related to the lack of standardisation of integrity practices due to the voluntary nature of these initiatives. The outcome of this workshop revealed some gaps pertaining to integrity practices, thus encouraging the researcher to explore CIPs further.

After attending the seminar, the researcher sought expert support regarding the issues of integrity practices and compliance in the industry. The exploratory fact-finding involves a state corporation, bank branch office, national utility, and plantation company. The exploratory findings aim to (1) gain an initial understanding of CIPs adoption within the selected industry, (2) compare the level of CIPs adoption among the selected companies, and (3) ensure that the focus of the study is relevant to the selected industry.

The interview with the bank was conducted face-to-face, while the remaining interviews were conducted using Google Meet and phone calls. The interview at the bank was attended by the branch and operations managers. For the other companies, the interviews were attended by the head of the integrity and governance unit. These interviews were facilitated by an interview protocol (refer Appendix 2). The information gathered during the interviews were analysed with several details from the workshop and MACC's website. The pilot study revealed that government-related companies, including Government-Owned Companies (GOCs), were subject to more comprehensive regulations and stronger enforcement mechanisms. Based on the analysis and observations, GOCs were identified as suitable case companies for this study.

The information gathered during the pilot studies provides some ideas on the actual practices that might not be clearly mentioned in academic research. Meanwhile, some of the important components of integrity practices were identified which partially aligned with the literature. This is relevant for ensuring the validity and accuracy of the

research framework. After the interviews, the case study protocol was refined to ensure the accuracy and appropriateness of the questions for the main study data collection.

3.4.3 Research Process – Phase 3

Phase 3 involved the process of data collection. This phase is considered the main part of the study, where interviews, observations, and document reviews are conducted to obtain data. Multiple case studies were selected as a robust methodological approach. This approach offers high triangulation, which is necessary to overcome the issues of biasness (Denzin & Lincoln, 2018). As multiple case studies provide the opportunity to obtain a diversified dataset, they also contribute to the richness and depth of the findings. This phase was initiated with the selection and negotiation for access to potential case companies.

3.4.3.1 Selection of Case Companies

The companies were approached based on the details and contacts obtained from friends and website searches. Emails were sent to eleven government-linked/owned companies asking for permission to conduct a case study in the companies. This was followed by phone calls if the responses were not received within one week. From the numerous emails sent, only four companies responded and asked for further clarification on the data collection process.

After a series of discussions through WhatsApp, visual meetings, and emails, only two companies agreed to be the case companies. The other companies refused to be involved due of time limitations and the huge commitments required throughout the interview process. For some companies, the process of data collection cannot be made permissible because it requires board of directors' (BOD) approval, which is expected to involve more tasks, processes, and procedures. This is noticeable as one of the factors that may lead to difficulties in obtaining consent from potential companies. In addition, the difficulty in gaining access to conducting research may be attributable to the Malaysian culture and environment, which are not open to research, especially if the research area seems speculative and controversial.

The two case companies are relevant to this study based on the following characteristics. First, both companies are recognised for their commitment and diligence in promoting corporate integrity. The first case company is acknowledged as one of the earliest GOCs to complete the corporate integrity pledge, corporate risk management, and Organisational anti-corruption plan (OACP). The second case company is rewarded as the first company in Selangor to receive a tax deduction due to its proactive involvement in organising integrity-based education programmes.

Second, both companies are involved in environmentally sensitive industries. The first case company is a national sewerage company, while the second is a state government company involved in land development projects. As this study focuses on CIPs and value creation from the perspective of ESG, this industry provides a deeper exploration of the integration between environmental sustainability and corporate integrity practices.

Finally, the two companies represent different government levels. The first case company represents the federal level, while the second case represents the state level. The selection of both federal and state GOCs provides a wider perspective for exploring and understanding integrity practices at different government levels. In the context of Malaysia, Yahya et al. (2020) highlighted no significant discrepancies between federal and state management practices. Nevertheless, the study also indicate variations in component scores, suggesting the difference may exist in terms of focus and emphasise of the practices. By incorporating both levels, this study provides a more comprehensive insight into how corporate integrity practices are implemented across various administrative contexts.

3.4.3.2 Negotiating Access to the Selected Case Companies

Access to the first company, Saujana Sdn Bhd. (SSB) was obtained through a contact who provided the email and contact number of the company's integrity unit head department. An email was sent to the Head of Integrity Unit explaining the purpose of the study and requesting interviews (refer Appendix 1). Subsequent negotiations were made through phone calls and emails to clarify a few questions regarding the data collection process. The agreement and consent of the first company were confirmed by signing a non-disclosure agreement (NDA) at the SSB headquarters. The agreement

was witnessed by the Head of the Integrity Units and two Integrity Unit Officers. The NDA must be renewed annually until the completion of data collection, with a time frame of three years. In return, the company requested that the researcher present the findings to the Board of Integrity and Governance Committee (BIGC). This is a win-win situation, as the company can utilise the information from the findings to make better improvements in their daily operations.

Access to the second company, Megah Gemilang Berhad (MGB), was also obtained through a contact by email. An email was sent to the MGB Head of the Integrity Unit. The response given by the head of the department led to a subsequent email regarding the details of the data collection process. The first meeting was scheduled and took place in the MGB head office's meeting room, attended by all members of the IGU. Permission was officially granted during that face-to-face meeting, and the head of the integrity unit department agreed to be the liaison officer. Ethical approval and an official letter from the faculty were issued to the company for verification purposes. A concise overview of the company's integrity procedures was also provided by the head of the integrity unit during that meeting.

Both companies requested that their actual names not be revealed in this study to maintain the confidentiality of the participants. This decision was crucial to ensure the anonymity of the organisations and individuals involved, particularly given the sensitive nature of corporate integrity issues discussed during the interviews. From the researcher's perspective, the use of pseudonyms is preferable as it is part of the research ethical concerns and to prevent any misinterpretation that could tarnish the reputation of the case companies.

3.4.3.3 Unit of Analysis

The primary focus of this study is to understand how CIPs conducted by Malaysian GOCs create value for organisations. This study focuses on organisations that prioritise and examines how effective these practices are in creating value. Therefore, the focal companies, which refer to the selected GOCs, are the unit of analysis of this study. Defined by Yin (2018), unit analysis of a case study can be an individual, event, or entity, where information is collected to solve the research objective.

Understanding the integrity practices embedded in the selected GOCs has made the organisation itself the main unit of analysis. In addition, in the context of CIPs, the required data can only be obtained from experts or key informants who receive and deliver information from authorities to other staff. On the other hand, those who received the instructions were also capable of supplying the information needed. These individuals are also the primary unit of analysis in this case study.

3.4.4 Research Process - Phase 4

Phase 4 focuses on analysing the data collected from interviews and supporting documents. This study adopts thematic analysis to systematically identify, organise, and interpret patterns of meaning within the data. The process involves coding the interview transcripts, grouping similar codes into sub-themes, and subsequently developing broader themes that reflect the key dimensions of Corporate Integrity Practices (CIPs). This study follows step-by-step thematic analysis as discussed by Yin (2018), Bougie and Sakaran (2019), Huberman (1994) and Naeem et al. (2023). The processes enable the researcher to capture rich, detailed insights into how integrity practices are understood and implemented within the selected Government-Owned Companies (GOCs).

3.4.5 Research Process - Phase 5

Phase 5 involves the presentation and interpretation of the research findings. The identified themes are systematically reported to reflect the current state, motivating factors, critical success factors, and value creation of Corporate Integrity Practices (CIPs) within the selected GOCs. Each theme is supported by evidence from the data, ensuring that the analysis remains grounded in participants' perspectives while maintaining coherence with the study's research objectives.

3.5 Sampling Strategy

In this study, non-probability sampling was used for data collection. Purposive and selective sampling was used to reach participants who could provide detailed information about the phenomenon under investigation. Cresswell and Poth (2018)

define purposive sampling as a process of identifying and selecting an individual or group that is especially knowledgeable about or experienced with a phenomenon of interest. Purposive sampling is relevant because the necessary information can only be provided by specific target groups who have access to the desired information (Sekaran & Bougie, 2019). Apart from that, the objective of this study requires the identification of information-rich cases in which only certain groups of people can understand the phenomenon.

Consistent with the main objective of the study, which investigates how CIPs create value in terms of environment, social and governance, both selected companies are involved in environmentally sensitive industries. This is driven by the fact that the activities of these two companies would have a greater impact on the environment, as both companies are involved in construction, plantation, mining resources, and sewerage (Mokhtar & Sulaiman, 2012). Besides that, both companies have shown their active participation in promoting corporate integrity systems through the completion of Organisational Anti-Corruption Plan (OACP) and integrity pact.

3.6 Data Collection Method

This section provides an overview of the data collection applied throughout the study. For qualitative studies, the engagement of researchers in multiple activities or sources of evidence (triangulation) is critically important to gather good information in answering emergent research questions (Creswell & Poth, 2018). To ensure that all the research questions were comprehensively answered, the data for this study were gathered through multiple approaches (triangulation), including interviews, observations, and document reviews. All four approaches utilised in this study are relevant for providing a comprehensive understanding of the value of practising corporate integrity.

As a qualitative method, case studies unexceptionally deal with an essential aspect involving the researcher's ability to identify suitable individuals or locations for study, establish access, and cultivate a positive rapport with participants to ensure the acquisition of valuable data (Creswell and Poth, 2018).

Data collection in Phase 2 was an initial exploratory pilot study conducted through semi-structured interviews. This stage represented a preliminary data collection

phase in which approval from the person in charge was required. However, the interviews conducted were not in-depth and were intended primarily to gather fundamental information and opinions related to the implementation of Corporate Integrity Practices (CIPs) within the selected firms. These interviews strengthened the researcher's confidence that CIPs are highly context-dependent and that there are no standardised standards for their implementation.

The main data collection was conducted in the third phase, in which the actual case study interviews were conducted. Formal consent was obtained from the management of the case companies to conduct in-depth semi-structured interviews. Prior to the interviews, potential companies were contacted via email to obtain their consent. Emails were sent to the heads of the integrity departments. This was followed by phone calls and personal messages for immediate response. After receiving the response, a virtual pre-interview meeting was conducted for briefing purposes. Once confirmed and agreed upon, the company released a non-disclosure agreement (NDA) as a legal document to protect any confidential information from being misused by the researcher. The following sections explain each data collection method.

3.6.1 Interview

Interview is one of the commonly used sources of evidence in case study (Yin, 2018; Cresswell, 2017). In-depth interviews are used to elicit responses to enquiries. Interviews are considered as one of the most vital sources of information when conducting a case study (Yin, 2018). Therefore, this study uses interviews as main source to obtain the data.

The data collection process took approximately one and a half years. Data for this study were primarily collected through semi-structured, face-to-face interviews. However, two additional interviews were conducted virtually via the Google Meet platform. These virtual sessions were brief follow-up meetings with participants who had already been interviewed in-person. The majority of informants were from senior and managerial levels, with occasional interviews conducted with executive staff from relevant departments. An interview protocol was employed as a guiding framework during the interview sessions. The interview protocol outlines key information such as the position of the interviewees, details of the interview session (date, time, venue), a

brief statement of the interview objectives, the list of interview questions and closing remark to conclude the interview (refer Appendix 3).

In both companies, the first interview was attended by the head of department (HOD) of integrity and governance unit (IGU) as a gatekeeper, where fundamental integrity practices information was gained. The initial interview was critical to obtaining a good overview of the background of the business activities and structures that could clarify how integrity practices were embedded throughout the case company.

The following interviews and consent of potential interviewees were obtained through the assistance of the HOD of the IGU. All prospective interviewees were contacted via email. The interviews were conducted after the appointments were confirmed with the interviewees, and dates were arranged on an ad hoc basis for both companies. This approach was preferred, as the interviewees were often unable to confirm their availability in advance. In most cases, appointments were scheduled at least one week before the interview. The use of semi-structured questions provided the interviewer with the flexibility to ask both specific and open-ended questions, allowing for deeper probing when necessary (Merriam, 2009).

The interview sessions began with a brief introduction of the study, and the respondents were assured of the confidentiality of the information provided. Permission was obtained to record the conversations. The interviews were recorded using Philip digital voice recorder. An iPad was used as a backup recorder. In addition, notes and field notes were taken during the interviews to strengthen the analysis and for backup purposes. The duration of the interviews varied from forty-five minutes to one hour and thirty minutes per session (refer Appendix 4).

A total of eighteen (18) interviews were conducted, with eleven (11) from SSB and the remaining seven (7) from MGB. The interviewees were selected based on their significant involvement and contribution to the organisations' integrity strategies, as well as recommendations provided by the Head of the Integrity and Governance Unit (IGU). In SSB, all interviews were conducted at the interviewees' workplace, specifically in their offices. Meanwhile, the interviews in MGB were mostly held in their main meeting room, due to an inconducive office setting, which was only separated by cubicles.

All interviews were subsequently transcribed. The average transcription process took approximately six hours to complete, depending on the length of the interviews.

Where clarification was needed, an email was sent to the interviewees asking for further explanation. The completed transcribed data were stored in a Microsoft Word file and later uploaded into the data analysis software, Atlas.ti.

3.6.2 Document Review

In addition to verbal and nonverbal responses, physical documents are also used extensively in qualitative research (Creswell & Poth, 2018). Considering that qualitative studies require robust data collection, the information recorded in the documents under review can be used to increase the richness of data collection (Bowen, 2009). For this study, using document review as part of data collection enhances the credibility of the findings, as this technique is part of a data triangulation strategy.

Among the documents obtained from Saujana Sdn Bhd (SSB) was the Sustainability Report, which is produced once a year. A hard copy of the 2021 SSB Sustainability Report was provided by the Head of Corporate Planning, but many more series were downloaded by the researcher because the report is available online. Apart from that, the researcher gets access to Integrity Kit provided by Integrity and Governance Unit. This kit (folder) contains a lot of confidential information; thus, hardcopy was allowed to be printed. Other important documents, such as Organisation Anti-Corruption Plan (OACP) and other related policies, were downloaded from the company's website.

Megah Gemilang Bhd (MGB) showed its risk register and management plan, and financial authority limit in the form of softcopy, as this document is only for internal access. Meanwhile, its OACP, whistleblowing and conflict of interest policy were downloaded from the website.

3.6.3 Observation

This study also gathered the data from observations. This method gathers data without asking questions to respondents and complements findings from interviews (Sekaran & Bougie, 2019). This method is appropriate for a situation where a response is hardly gained from direct interviews. Observations provide data from the activities performed by the individuals under investigation, their movements, work habits, facial

expressions, as well as other emotions and body language. In this study, observations provided some prominent indicators that can explain how CIPs are applied by the selected GOCs, as this method has a benefit in capturing the reality of practice in real time (Yin, 2018). For instance, the researcher attended an integrity briefing of SSB, which was held in the southern region, particularly in Melaka, to form corroborative evidence. In addition, the researcher joined an anti-corruption talk, where the members of MGB's IGU were invited as panels. The observation from the integrity briefing provides a clearer picture of how the case companies deal with the other external stakeholders, such as main contractors, subcontractors and vendors pertaining to the integrity enhancement and enforcement. Such observation also helped to formulate the queries for further interviews.

3.7 Data Analysis Procedures

Data analysis of a case study is one of the most challenging aspects in performing a case study, as it is least developed and has no fixed formulas or standard guidelines that can be adopted (Yin, 2018). The capability to derive valid inferences from an overwhelming volume of collected data is one of the most crucial skills that should be performed by the researcher. Some research methodological scholars came out with general approaches that can be applied while analysing qualitative data. In this study, the suggestions from Yin (2018), Bougie and Sakaran (2019) and Cresswell and Cresswell (2018) are adopted to analyse the data, which mainly focuses on analytic methods. The process consists of four stages as depicted in Figure 3.2.

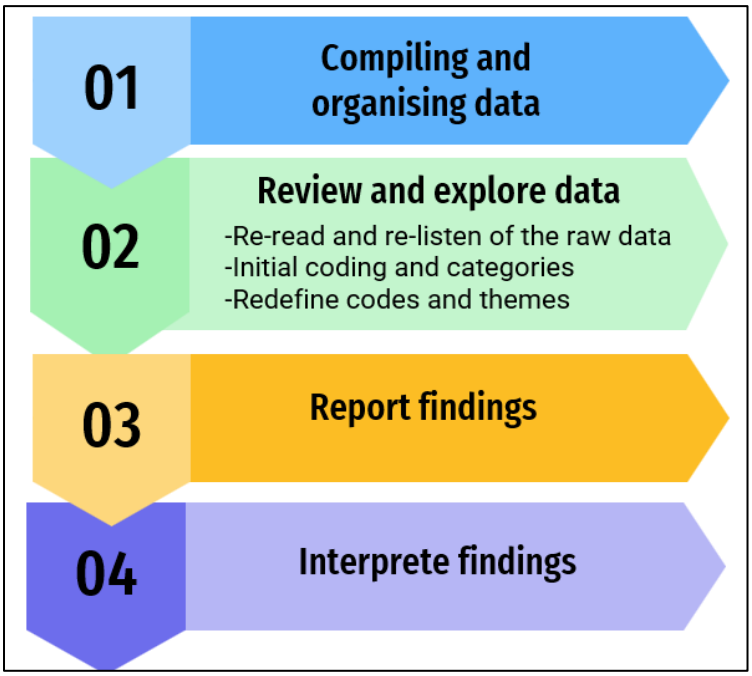


Figure 3.2 Data analysis process

(adapted from Yin, 2018; Bougie & Sakaran, 2019)

i. Step 1- Compile and organise data

Based on Figure 3.2, the first step in data analysis is the compilation of data. All transcribed interviews were compiled and organised using Atlas.ti version 23. Atlas.ti is a computer-assisted qualitative data analysis software (CAQDAS) that enables efficient storage and handling of data, particularly interview transcripts. Nevertheless, the field notes taken during the interview and all the data obtained from the documents reviewed were not transformed into written text and remained in hardcopy form.

ii. Step 2- Review and explore data

At this stage, the researcher thoroughly reviewed all interview transcriptions and other collected sources, including filed notes, document reviews, and observations. The re-reading and re-listening processes facilitated the development of initial codes (Yin, 2018). Initial coding is a crucial step in reducing the data into a manageable and organised database by grouping information in meaningful ways (Bougie & Sakaran, 2019). According to Miles and Huberman (1994), data analysis starts with a reduction process which involves selecting, focusing, simplifying, abstracting, and transforming data from field notes or transcriptions.

After the initial codes were generated, patterns were identified to develop categories or category codes (Naeem et al., 2023). These categories were grouped and led to the construction of themes as proposed by the conceptual framework of this study (refer Appendix 5). There are six characteristics of key words selections of thematic analysis, which are realness, richness, repetition, rationale, repartee and regal (Naeem et al., 2023). The memo in Atlas.ti was also used to capture insights and reflections about the data, codes, categories, or themes. During this process, discussions and reliability checks with several colleagues and PhD candidates were conducted to ensure the consistency of the themes.

These procedures facilitated the refinement of codes, which involved both the elimination of existing codes and the addition of new ones. This process was iterative, as it required continuous back-and-forth adjustments to ensure the accuracy and relevance of the coding structure.

iii. Step 3- Report findings

Following the data reduction process and development of themes, the second step was to display the data in a meaningful and effective manner. Bougie and Sakaran (2019) suggest that visual tools such as diagrams, charts, matrices and graphs can assist in organising the data and uncovering patterns and relationships, thereby facilitating the process of drawing meaningful conclusions. This study displayed data mostly in narrative form but also included tables and figures. All quotations obtained from the interviews were extracted using Atlast.ti software.

iv. Step 4- Interpret findings

The interpretation of findings and conclusion drawing are the final analytical activity in the process of qualitative data analysis (Bougie & Sekaran, 2019). In qualitative research, drawing plausible, valid, and reliable conclusions is not confined to the final stage of data analysis (Miles & Huberman, 1994). Instead, preliminary or ‘soft’ conclusions often emerge early during data collection and are continuously refined and verified throughout the analytic process. This verification involved an iterative review of field notes and transcribed data to ensure consistency and accuracy. Additionally, the meanings derived from the data must be validated to ensure credibility and interpretive rigor.

The following section discusses the main criteria required to ensure the quality of the analysis of the qualitative study.

3.8 Strategies to Ensure Quality of the Qualitative Research

The quality of qualitative research findings can be improved by four strategies: construct validity, internal validity, external validity, and reliability (Yin, 2018). For other qualitative scholars, the terms used to refer to these qualities are credibility, consistency, dependability, and transferability (Lincoln and Guba, 1985, as cited in Meriam, 2009). As such, similar strategies will be applied in this study according to Yin (2018) to ensure the quality of the data gathered.

3.8.1 Construct Validity

Construct validity refers to whether the conclusions drawn from observations or measurements (typically test results) are reasonable. It specifically explains that the study must investigate what it should investigate. The researcher must ensure that the operational measures for the concept being studied are correctly identified (Yin, 2018). To enhance construct validity, the study must minimise the possibility of subjective judgement through the establishment of clear evidence, triangulation, and key informant reviews of the draft case study report (Yin, 2018). Objective judgement or an operational set of measures is important to ensure that the study's objective genuinely reflects the investigations.

In this study, the specific concept of corporate integrity was obtained during the pilot study interviews, while the identification of the measures was extracted from the literature. The construct validity of this study was achieved using these strategies. First, data triangulation was achieved as the data were obtained from different sources of evidence, such as interviews, observations, and document reviews. Using multiple sources of evidence makes the findings and conclusions of the study more convincing, caused by a strong converging line of inquiry, the process of triangulation and corroboration (Yin, 2018; Meriam, 2009). Second, the preparation of the case study design allows for the trace of evidence from the research questions to the conclusion. The research design of this study is shown in Figure 3.1. Third, the construct validity of this study was validated after the key informants reviewed the draft of the case study

report. Also called member check, this strategy allows any corrections and additions to be made in the analysis after taking data and tentative interpretation back to the people who provided the information (Meriam, 2009).

The construct validity of this study was gained through the approval of the overall findings by the Head of Integrity and Governance Unit (IGU). The findings were presented to the head and IGU executives to confirm that the data and analysis represent the organisation's actual practices.

3.8.2 Internal Validity

Internal validity was tested to confirm a logical association between the variables and results (Yin, 2018; Gibbert et al., 2008). It deals with the question of how research findings are congruent with reality (Meriam, 2009). In other words, this validity test concerns the issues of compelling and powerful plausible causal agreement and logical reasoning to support the research conclusion. Four measures can be proposed to strengthen internal validity: pattern matching, explanation building, time-series analysis, and logic models (Yin, 2018). Nevertheless, only pattern matching and explanation building are relevant for this study, as time series analysis is more appropriate for a time tracking study with starting and ending point analysis. Meanwhile, the logic model is also irrelevant, as this technique is suitable for case study evaluation.

As this study is explanatory, pattern matching is useful for clarifying the pattern related to the dependent or independent variable (Yin, 2018). This technique allows for the comparison of previous empirical patterns with a predicted one, as illustrated in the research framework. If the patterns coincide, the result can help strengthen the case study's internal validity. On the other hand, the explanation-building technique is also relevant for this study as it considers a few repetitive steps in the process of revising, comparing, and refining the obtained data.

3.8.3 External Validity

External validity refers to the generalisation of the study, whereby the same findings are expected for replicated cases. It tests the transferability of the findings to

the context of the study (Moraes et al., 2026; Meriam, 2009). In qualitative research, generalisation has been emphasised on the analytical rather than statistical, which lies in quantitative studies. This means that case study generalisation does not refer to population or statistical generalisation but to empirical observation to theory or analytic generalisation (Yin, 2018). To ensure the external validity of this study, the researcher attended a few workshops and conferences related to integrity and anti-corruption at the early stage of the study. The outcome of the workshop provided a 'reality check' on the main research focus which enhanced the confidence of the researcher in the applicability of the conclusion to another case context. The workshop, "Entrepreneurs Anti-Bribery and Corruption Workshop", was organised by The Malay Chambers of Malaysia with the cooperation of HRD Corporation and MACC focused on understanding compliance with Section 17A of the MACC Act 2018.

Simultaneously, the conference provided informative and relevant areas closely related to this study. The national annual research conference on governance, integrity, and anti-bribery was organised by the Agency Integrity Management Division under MACC with cooperation from several Public and Private Universities, focusing on the outcome of research funded by MACC.

According to Eisenhardt (1989), analytical generalisation is easier to achieve if the study involves multiple cases. The variation and diversity in sample selection also allow for a greater application of the findings (Meriam, 2009). Nevertheless, Yin (2018) argues that a single case study is also sufficient for external validity if the study can provide ample details on the case study context and a strong rationale. To enhance external validity, multiple case studies were considered in this study.

3.8.4 Reliability

Yin (2018) suggests that the goal of reliability test is to minimise error and biases in the study. These words clarify that a case study must be conducted with careful documentation, comprehensive research procedures, and sound narrative collection which eases the retrieval process. A reliability test is required to ensure that the procedures and processes demonstrated in collecting the data can be replicated. In case study research, reliability tests are considered human-dealing as non-static measures. Therefore, in this study, a case study interview protocol and case study database were

developed to achieve good reliability.

An interview protocol was developed to assist interviewers in collecting data, especially when they stumble during the interview. The interview protocol is not merely a list of interview questions but also a script that extends the procedural level of interviewing (Jacob & Furgerson, 2012). Using the protocol, the interviewer had a guideline of what to say before, during, and at the conclusion of the interview. This is important to ensure that the interviewer is on the right track to collect the information they are interested in.

In addition, multiple methods of data collection were applied in this study to cross-check the reliability of the early obtained data. For instance, the information gained from the interviews can be checked again through observations and any information put in the relevant documents. Applying various data collection techniques provides a better explanation of the phenomenon of interest (Meriam, 2009).

3.9 Summary of the Chapter

This chapter discusses the selected methodology used for the data analysis. It is initiated by elaborating a research paradigm that consists of positivism and interpretivism techniques. This is followed by a discussion of the research design, which provides ample justification for the selection of an interpretive approach to data collection. Considering the lack of comprehensive understanding of CIPs, this study adopts a qualitative methodology to obtain a thorough and in-depth understanding of the key issues related to CIPs.

CHAPTER 4
CASE FINDINGS: SAUJANA SDN BHD (SSB)

4.1 Introduction

This chapter explains the findings of the first case study, Saujana Sdn Bhd (SSB). The findings explore the issues pertaining to corporate integrity practices (CIPs) in the selected GOC to address five (5) research questions:

- What is the current state of CIPs in the selected GOCs?
- Why do GOCs adopt CIPs?
- What are the critical success factors for CIPs in GOCs?
- How do CIPs create value in the GOC's economy, environment, society, and governance?
- How does the integrity department or unit contribute to enhancing corporate integrity compliance in GOCs?

This chapter consists of six sections. The first section presents a brief background of the case company. The second section provides detailed descriptions of the case company's CIPs. The third section discusses the motivating factors for the case company to adopt CIPs. Details of the critical success factors (CSFs) of CIPs are explained in the fourth section. The subsequent section discusses value creation from the CIPs implemented in SSB. The sixth section describes the role of the integrity unit in enhancing corporate integrity compliance.

4.2 Background of the Case Company

Saujana Sdn Bhd (SSB) is a Malaysian government-owned sewerage company under the Ministry of Finance (MOF) and is located in Damansara. Prior to its establishment under the Federal Government on 2 April 1994, SSB was managed by local authorities. Despite being taken over by the Federal Government in April 1994, private owners still held part of the company's equity. Only in June 2000, all SSB equity was acquired fully by the Ministry of Finance Incorporated with the purpose of ensuring that efficient and well-organised sewerage system can be easily and effectively

controlled by the government. Henceforth, SSB became a nationwide sewerage company in which all operations and activities must be in accordance with Section 191 of the Water Services Industry Act 2006 (Act 655).

The coverage of SSB services includes eleven (11) states and three (3) federal territories. As a concession for nationwide sewerage, this company is mainly involved in developing and maintaining a modern sewage system in Peninsular Malaysia. However, these services do not cover the state of Sabah and Sarawak. All operations and management of SSB are under the purview of the Malaysian Department of Environment (DOE) compliance standards. The company's operation also falls under the oversight of the Ministry of Energy Transition and Water Transformation (PETRA)[1]. Other than DOE and MOF, SSB regulatory shareholders also involve The National Water Service Commission (SPAN) and Sewerage Service Department (JPP). The core activities of SSB include: (1) maintenance and operation of sewerage treatment plants; (2) providing desludging services; and (3) collecting, claiming, and retaining levies, charges, fees, and other applicable rates for sewage services rendered. Specifically, the company is involved in water reclamation plants for non-potable use, treatment of industrial effluent services, technical, operational, and environmental training and consultancy, sewerage planning, sewerage asset data monitoring, and certifying services.

Due to a competitive and dynamic global business environment, recent development strategies in SSB have also covered a few non-core activities, such as advertisement billboards and maintenance of telecommunication companies (TELCO) tower activities. Apart from that, SSB has also explored green initiative activities as a new business. Non-core activities have been undertaken to strengthen the company's sustainability by generating additional income, optimising resource utilisation opportunities, and cost savings. Currently, SSB is responsible for maintaining approximately 1.3 million septic tanks nationwide to ensure that the sewage system does not cause any environmental pollution.

The involvement of SSB in environmentally sensitive industries requires the company to be cautious about the ethical management of waste, which may have

[1] PETRA is a split Ministry from NRECC. Previously, SSB is under the NRECC, before the split of the ministry in December 2023.

detrimental effects on socioecology. Ethics and integrity within SSB are crucial to ensuring environmental sustainability and good public health which are also the main concerns of this company. Transformation towards greater sustainability continues to be the underlying driver for this company to strengthen its integrity and governance enhancement, which creates environmental awareness. Figure 4.1 shows the milestones of SSB's initiatives in strengthening its integrity and governance.

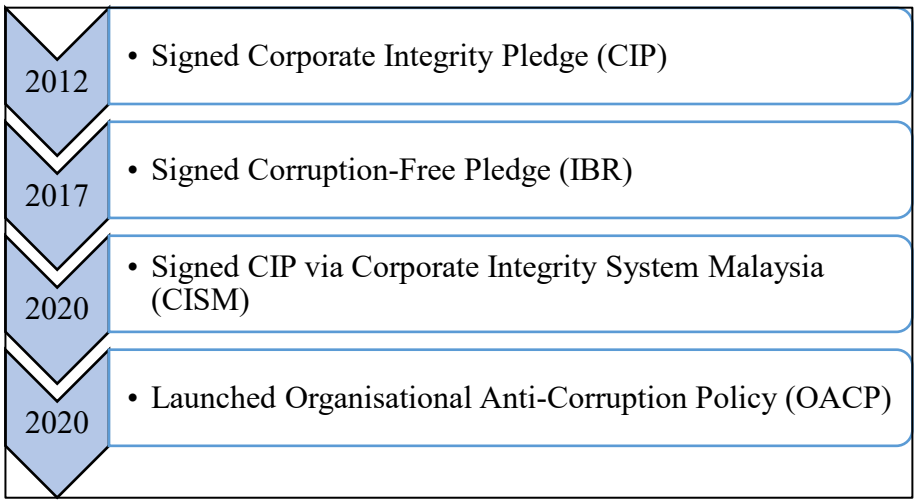


Figure 4.1 Milestone of SSB's Integrity Initiatives

The commitment of SSB to uphold integrity as part of the organisational culture has been proven as early as the introduction of the corporate integrity pledge. This pledge was introduced by the Malaysian government in 2010 as an alternative to fighting corruption in the public and private sectors, with its implementation overseen by the Malaysian Anti-Corruption Commission (MACC). The first corporate integrity pledge was signed on 19 June 2012, symbolising the willingness of SSB to ensure that the operation and business activities conform to the principles regulated by the anti-corruption authoritative bodies. On November 23, 2017, SSB's commitment to improving its integrity compliance persisted as the chairman signed the Corruption-Free Pledge or Ikrar Bebas Rasuah (IBR). The effort shown by SSB in promoting integrity within workplace was continued when the company voluntarily signed a corporate integrity pledge via the Corporate Integrity System Malaysia (CISM) on June 30, 2022. Signing the CISM pledge manifested the effort of SSB to achieve adequate procedures enacted under Section 17A MACC Act 2018. This act allows a commercial organisation to be held accountable for corruption committed by an employee or associate for its

benefit, regardless of whether upper management is aware of the actions.

SSB received complete status from CISM on August 28, 2020, which depicted that the company has achieved 100% of its adequate procedures. In the same year on August 21, SSB launched its Organisational Anti-Corruption Policy (OACP) as recommended by The National Anti-Corruption Plan (NACP). The establishment of OACP portrays SSB's commitment that no compromise is given to those involved in corruption. The policy is one of the main corporate alternatives for promoting integrity.

In transforming into a high-integrity level company, SSB has successfully obtained ISO certification under the Integrated Management System (IMS). The latest certification obtained is ISO 37001:2016, the Anti-Bribery Management System (ABMS) in 2021 (as of May 2023), which enhances the effectiveness of the whistleblowing system. The success of obtaining these certificates also synchronises the efforts of management with the core values of the company, which aims to deliver the best service without compromising integrity, professional responsibility, good ethics and corporate governance. In addition, certification with ISO 37001 indirectly encourages SSB to be more effective and efficient in managing its internal control and risks. The periodic-based audit conducted by the issuer of ISOs serves as a motivation for the company to continuously improve its operations and align with the standards of integrity compliance.

SSB is accountable for the maintenance of its most valuable asset—its staff—which consists of 3,425 personnel as of December 2024. Of these, 73.8% were male and 26.2% were female. Despite the effort to reduce gender disparity within the organisation, male employees have become a majority of SSB's staff due to the nature of its main operations, which involve tasks related to the 3D hazardous spectrum (dirty, dangerous, and difficult). Such operations were mainly assigned to male employees, while female employees were mostly responsible for services and management occupations. Figure 4.2 illustrates the management structure of SSB.

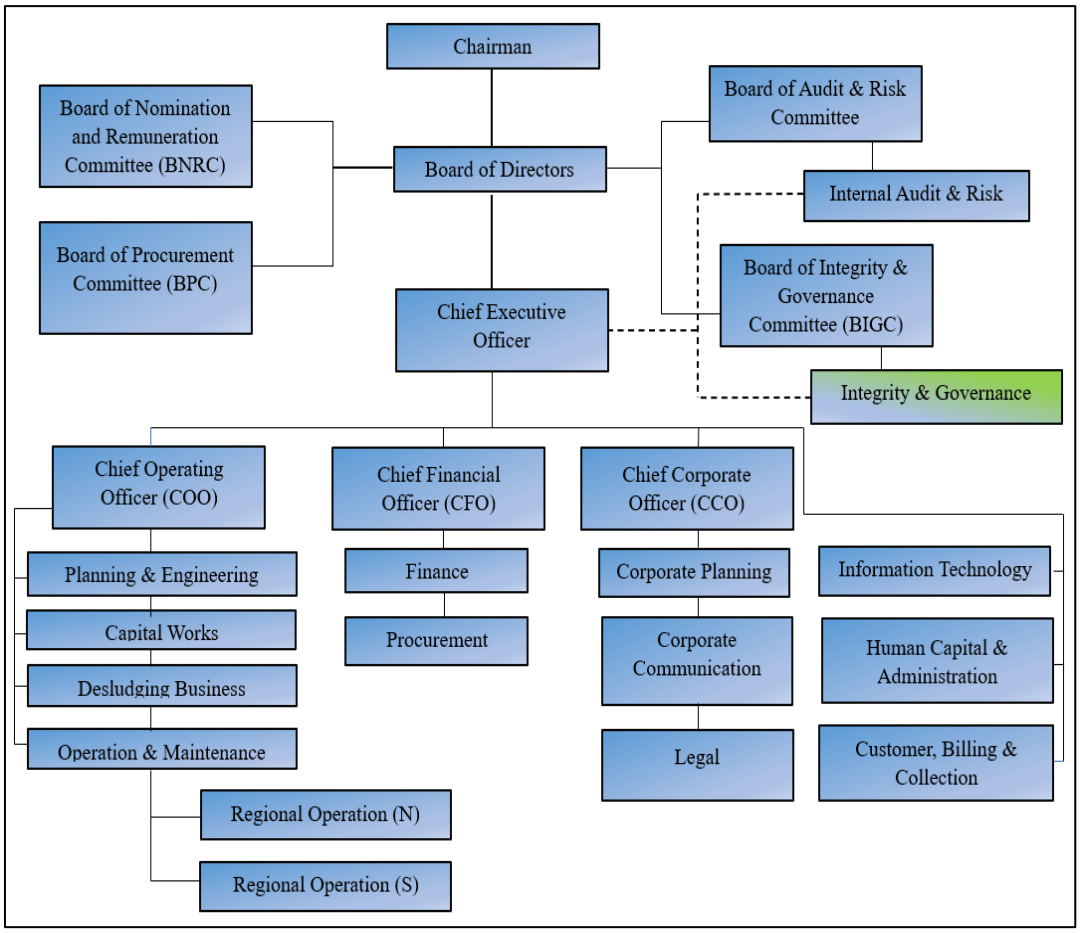


Figure 4.2 Management Structure of SSB (Source: SSB)

As shown in Figure 4.2, there are fourteen (14) departments in SSB. Measured by the number of employees, operation and maintenance is the largest department while integrity and governance unit (IGU) is the smallest department.

4.2.1 Integrity and Governance Unit

Integrity and Governance Unit (IGU), as shown in Figure 4-2, holds primary responsibility for all matters pertaining to integrity at SSB. The head of IGU is the holder of Certified Integrity Officer (CeIO), who is recognised as a competent and expert in corruption prevention as well as in integrity management. Figure 4.3 depicts that there are two separate divisions under IGU, which are: (1) complaint management, detection and verification and (2) integrity and governance enhancement.

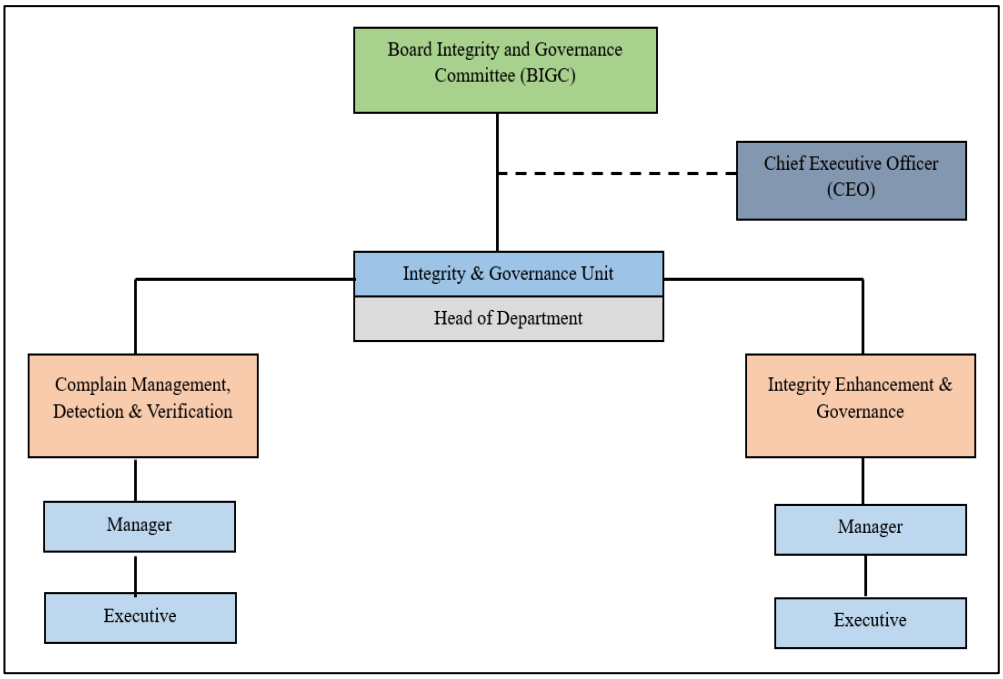


Figure 4.3 Structure of Integrity and Governance Unit (IGU) (Source: SSB)

Each division consists of a manager and an executive. Recognised as the key department for any integrity-based activities, IGU is located under the oversight of the Board Integrity and Governance Committee (BIGC). As such, any initiatives and activities undertaken by IGU must be reported and approved by BIGC. Meanwhile, the CEO is involved only in administrative approval.

4.3 Case Finding: Research Question 1 – Current Practice of Corporate Integrity Practices (CIPs) in SSB

The following subsections provide a detailed description of the CIPs implemented in SSB to answer the question, "what is the current state of CIPs in the selected GOCs?". CIPs refer to the set of activities undertaken by a company to promote and enhance integrity and compliance within the workplace. The findings indicate that five (5) major practices are conducted effectively as CIPs. The practices are (1) whistleblowing practice, (2) internal control practice, (3) core value practice, (4) disciplinary and rewards practice and (5) integrity training practice. Based on thematic analysis, Figure 4.4 below shows the CIPs carried out within SSB.

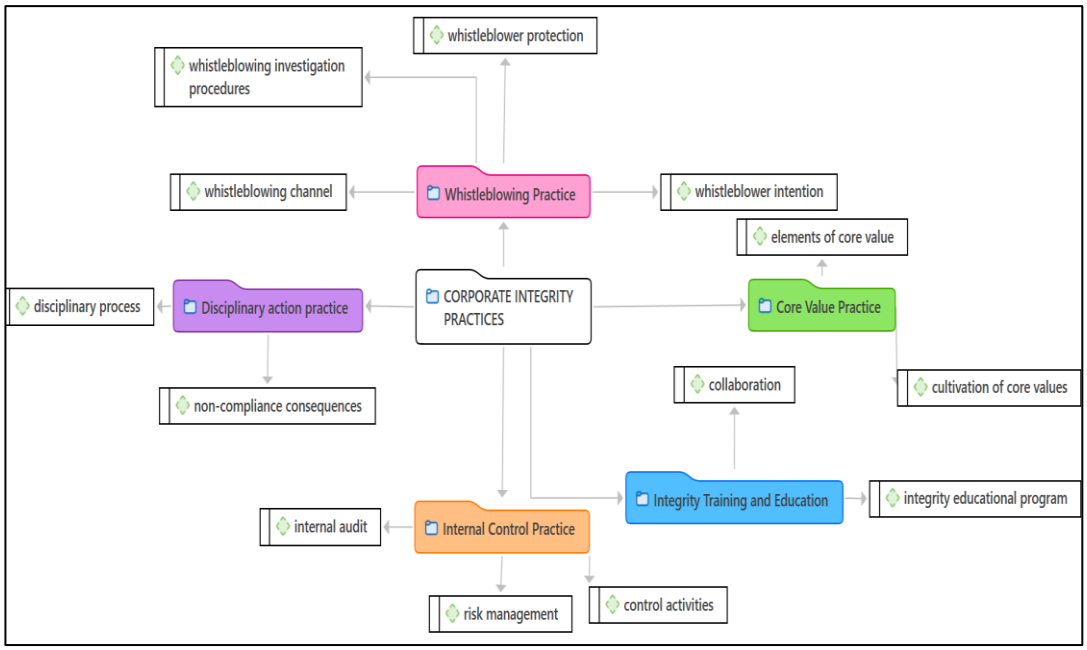


Figure 4.4 CIPs in SSB

4.3.1 Whistleblowing Practice

As depicted in Figure 4.4, whistleblowing practice is one of the key components of CIPs in SSB. Focusing on enhancing the whistleblowing system is crucial for SSB since the company aims to deliver top-notch services to the public as the only concessionaire for national sewerage services. In pursuit of this objective, establishing a comprehensive whistleblowing system is a critical part of these efforts, aimed at preventing corruption among employees and stakeholders.

To ensure the effectiveness of the whistleblowing system, SSB refers to the Core Function Implementation Procedures of IGU, a guideline introduced by the MACC in 2022. This guideline explains and details the main functions of IGU. Apart from that, SSB was certified with International Standard Organisation (ISO) 37001, Anti-Bribery Management System (ABMS) that is specifically designed to help companies in preventing, detecting and responding to bribery incidents. ISO 37001 is a voluntary internal control framework for enterprises to manage, implement, assess, and enhance anti-corruption measures successfully. The success of obtaining ISO 37001 encourages SSB to maintain the effectiveness of the whistleblowing system, as SIRIM Malaysia will conduct annual audits to ensure ongoing compliance with the standards. This reinforces SSB's dedication to upholding their integrity systems at the highest standard to satisfy the stringent criteria of accreditation.

According to the IGU's head of the department, whistleblowing is the most prominent method for detecting integrity violation. It is considered the first layer in identifying any possibility of integrity violation that involves employees, vendors, contractors, and customers of SSB. The initial detection may be rooted from a simple complaint delivered through a whistleblowing channel.

The thematic analysis revealed four (4) key components of whistleblowing practices within SSB as shown in Figure 4.5. These are (1) whistleblower intention, (2) whistleblowing channel, (3) whistleblowing investigation procedures, and (4) whistleblower protection.

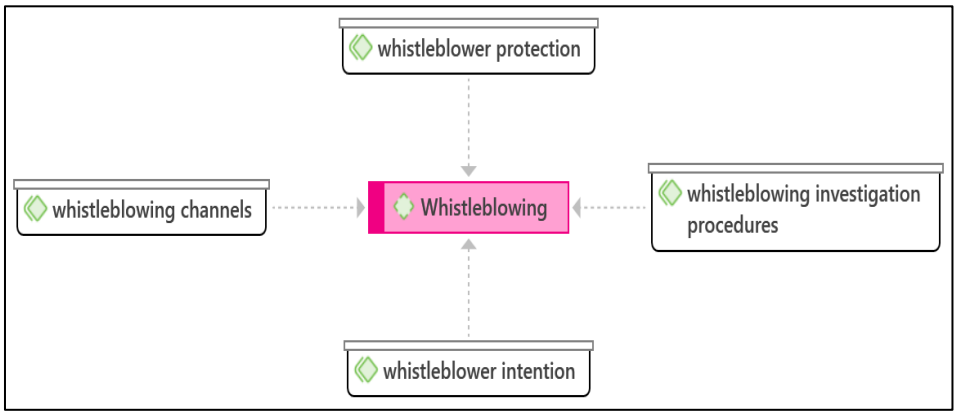


Figure 4.5 Components of Whistleblowing Practice

4.3.1.1 Whistleblower Intention

Based on the complaints received in SSB's whistleblowing channels, it can be concluded that moral and ethical factors are the basis for whistleblowers' intention to do the reports. The whistleblowers lodged the report when they figured out that certain activities are not aligned with the standards that should be complied with by SSB. This could be the reason why even issues related to customer services are reported in the system. In addition, the provision of whistleblowing channels which is perceived as secured and comfortable encourages employees and the public to blow the whistle.

Nevertheless, in some cases, complaints' legitimacy or disclosures were found to be based on personal conflict or media attention. As revealed by the Head of IGU (SSB01),

"Most of poisonous letters are sent through the mail or as emails. The worst

aspect is that when these individuals write to us, they also send copies to other companies and agencies, including SPRM (Suruhanjaya Pencegahan Rasuah Malaysia), KASA (Kementerian Alam Sekitar dan Air), SPAN (Suruhanjaya Perkhidmatan Air Negara) and even TV3, all in an effort to shift blame and stir up trouble".

Personal-led complaints are unhealthy intention and is something that SSB is concerned since it could tarnish the reputation of the organisation. Such complaints will be a burden to IGU staff, as they have to unnecessarily prepare massive reports to investigate, and yet, the objective of whistleblowing itself is not achieved. The identification of whistleblower intention is easier if the person who made the disclosure come face-to-face and do the verbal report. This is because, face-to-face allows for direct communication where the body language and eye contact are significant non-verbal indicators of whistleblowers' sincerity and intent. In addition, in face-to-face meetings, it is often easier to delve deeper into the details of the report.

However, the investigation officer of IGU claimed that if the whistleblower wants to deliver significant disclosure, face-to-face approach may seem unfavourable to them. The reason might be that they are afraid of retaliation and lack confidence over their personal details being kept confidential. Therefore, SSB has taken several alternatives in terms of psychological and cultural factors to encourage whistleblowing. For instance, SSB has convinced employees that no leaking of whistleblower details is guaranteed and that they are effectively protected. Some clauses and sections that are highlighted in the company's whistleblowing policy. The policy was specifically developed to provide sufficient protection to potential whistleblowers.

Apart from that, SSB has improved its whistleblowing channel through the certification of ISO37001. As highlighted by the Head of Operating Department (SSB07):

"One core aspect in strengthening integrity is implementing ISO 37001, and one of its requirements is public awareness of the whistleblowing system we provide. We already have this in place; we have templates, we have banners, but for the year 2023, we feel there is a specific need to renew and redesign them. We also want to mention that we are a certified company that implements the Anti-Bribery Management System (ABMS)".

Due to the significant role played by whistleblower in integrity enhancement,

SSB has come out with its whistleblowing channels, discussed further in the following subsection.

4.3.1.2 Whistleblowing Channels

Recognising whistleblowing as one of the most effective means to address integrity violation activities, SSB has established five accessible (5) whistleblowing channels to encourage individuals to come forward and make reports. These channels include (1) website, (2) mobile application, (3) email, (4) face-to-face meeting and (5) hotline. The first channel is SSB's official website, where any report can be sent directly to an email address (whistle@ssb.com.my). This email address allows any form of report, including documents, pictures, and audios, to be sent, which allows the whistleblower to attach the necessary proof. In addition, the report can be made by submitting a whistleblower form via SSB website or SSB Mobile Application. The whistleblower form can be obtained from the company's official website. Alternatively, using the mobile application, any evidence such as photos, documents or any transcription from recorded conversations can also be uploaded directly into the system. All the required details included in the form are required to facilitate both parties, whistleblower and SSB, as the investigation process may require back-and-forth communication.

Should there be any difficulties to access the website, a report can also be made through traditional mail, where the report is addressed to SSB Head Department of the IGU. Face-to-face meeting with SSB Head Integrity Unit or officers are another platform that can be used to ensure that the report is safely and properly channelled, without any involvement of technological aids. The last whistleblowing channel is SSB's direct telephone line which is operated on weekdays from 9-5 pm. Table 4.1 summarises the details of SSB whistleblowing channels.

Table 4.1
SSB Whistleblowing Channels

Type of Channel	Medium of Communication	Formal or Informal	Advantages	Promotion medium
Website	Online (form submission)	Formal	Allows for direct submissions through a website form; supports attachments like documents, pictures, and audio.	
Mobile Application	Online	Formal	Enables direct uploads of evidence such as photos and documents; convenient for mobile users.	
Email	Online	Formal	Supports detailed reports and attachment of various files, facilitating comprehensive submissions.	Stickers, bulletins, pop-up windows, and reminders during integrity briefing
Face-to-face	In-person	Formal/ informal	Ensures secure and direct communication; allows for personal interaction and immediate feedback.	
Hotline	Telephone	Formal	Provides immediate voice contact; accessible during business hours for real-time assistance.	

SSB has taken several alternatives to promote these channels (see Table 4.1). For instance, these channels are displayed on stickers on SSB's vehicles and tankers, facilitating external stakeholders of SSB to report any integrity violations related to the company's activities. This setup encourages the public to make prompt complaints or reports directly to SSB's integrity unit. The existence of these channels is also informed in the bulletin and computer screen's pop-up windows. This effort is intended to increase awareness of the whistleblowing channel among employees as they encounter these reminders in the bulletin and pop-up screen daily.

In addition to stickers, bulletins, and pop-up windows, SSB repeatedly mentions about whistleblowing channels during integrity briefings that involve all the company's stakeholders. The integrity briefing is a platform where all updates on integrity such as new policies, procedures, standards and legal enforcement are directly informed to the staff, vendors, contractors and other relevant stakeholders of SSB. The IGU utilises the opportunity during the integrity briefing to inform about SSB's whistleblowing

channels. As highlighted by IGU's head of department (SSB01):

> *"We consistently provide information regarding the whistleblowing channel in our bulletins and email. Hence, every message sent to the staff has information about the whistleblowing channel, encouraging them to approach us to share any information that they have. We also do pop-up windows to remind staff about the importance of integrity. Even, during our briefings, we ensure that the information about the whistleblowing channels must be there, presented and shown in the slides."*

For the future, SSB plans to distribute flyers and templates promoting integrity to the public during special occasions such as Integrity Day or Exhibition. During these events, information of SSB's whistleblowing channels will also be shared and disclosed in flyers and templates. This plan is expected to capture public attention and awareness to come forward and to conduct the reports without hesitation. Following section discusses on the whistleblowing investigation procedures in SSB.

4.3.1.3 Whistleblowing Investigation Procedures

The whistleblowing investigation procedure is an essential element of the whistleblowing system which covers the preliminary investigations, governance and oversight and decision process. The investigation procedure is important as it delineates the systematic approach for investigating and addressing reported issues, as well as offering transparency, accountability, and protection for whistleblowers. Figure 4.6 shows the procedural flow for managing reports submitted via the whistleblowing channel, outlining each stage from the initial reception to the final resolution.

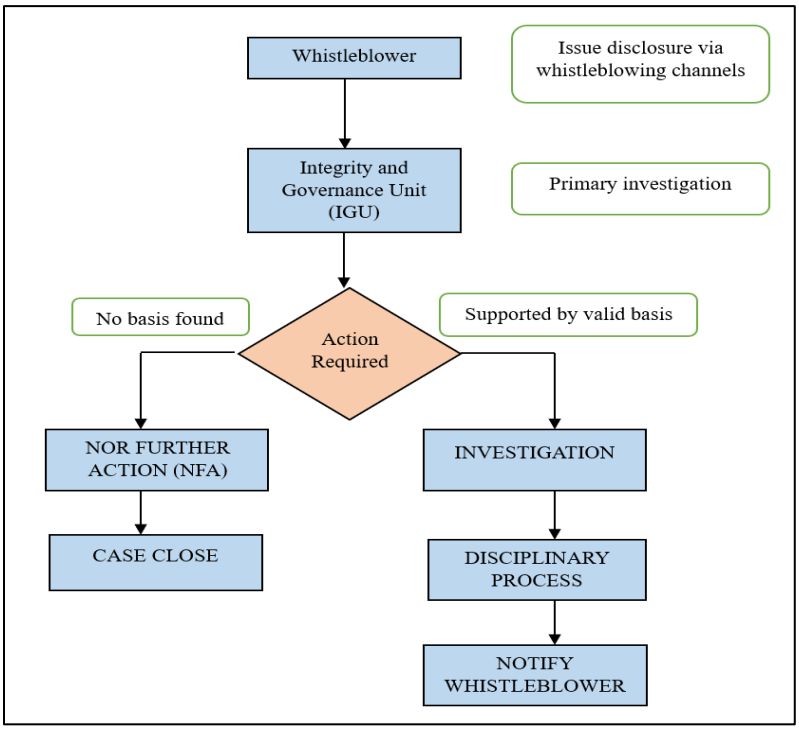


Figure 4.6 Whistleblowing Flowchart of SSB (Source: SSB)

As shown in Figure 4.6, the general whistleblowing procedures begin when a complaint is received via any of the whistleblowing channels. Subsequently, members of the Integrity and Governance Unit (IGU) will conduct preliminary investigation. The preliminary investigation is a process to determine whether the complaints received have a relevant, acceptable basis and merits for further investigation. No further action will be taken if the complaints or disclosures are not supported with relevant basis. In contrast, a full investigation will be conducted by authoritative parties if the complaints are to be found valid. Upon completion of the full investigation, disciplinary action will be undertaken. Finally, the whistleblower will be notified of the procedure's outcome.

Details of the procedures are delivered during the interviews. From the interviews, the whistleblowing investigation procedures can be divided into three main processes: (1) receipt of disclosure, (2) preliminary investigation and (3) review of findings and case close. These processes are described in the following sections.

Receipt of disclosure

It is a policy of SSB that all complaints or disclosures submitted through the whistleblowing channel shall be initially handled and evaluated by IGU officers. The head of the IGU possesses full access to the report to ensure confidentiality and oversight of handling and investigative procedures. Figure 4.7 illustrates the detailed

process for managing disclosure receipts.

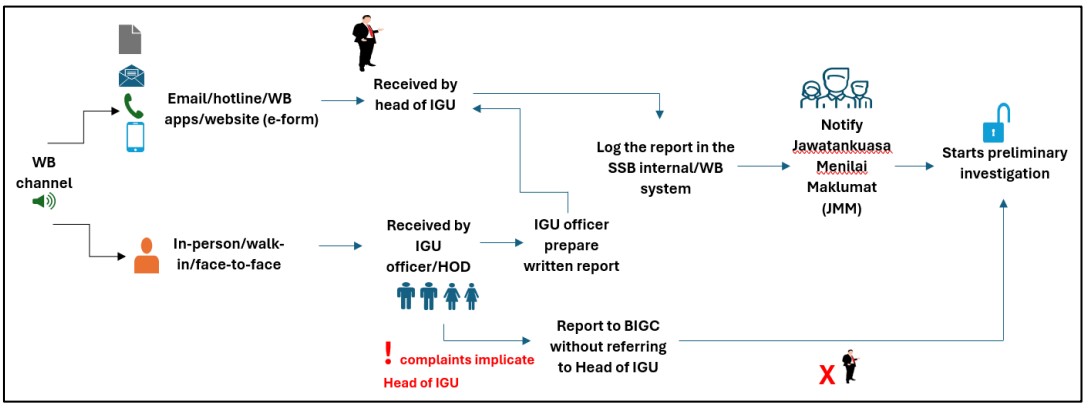


Figure 4.7 Receipt of Disclosure Management Process

As shown in Figure 4.7, it outlines a procedure that related to the governance and oversight structure applied to report received from whistleblowers. For a complaint made in person or face-to-face, the IGU officer will prepare a written report that the whistleblower can promptly confirm and verify. The whistleblower can make an oral report at the IGU office, or any place considered appropriate and safe by the IGU officer. The written report must be forwarded to the head of the IGU, who will properly log it into the whistleblowing system. Complaints made through emails or reported in the whistleblowing system will go straight to the head of the IGU, who is the only person who has the authority to access all the complaints reported via the system. The head of the IGU will notify all members of the Information Evaluation Committee (IEC) or Jawatankuasa Menilai Maklumat (JMM) about the collective complaints or disclosure reported in SSB's whistleblowing system, and they will start the preliminary investigation process. The IEC consists of the HOD of the IGU as the chairman, with the assistance of an investigation officer from complaint management, detection, and verification division as member. Prior to the preliminary investigation, SSB will determine four (4) main bases to investigate that must be considered during the preliminary investigation: (1) anonymous complaint (2) racial issues (3) religious issues and (4) general issues that are provocative, controversial and sensitive in nature such as character attacks and personal vendetta.

Nevertheless, if the complaint implicates the Head of IGU, the whistleblower should directly report the information to another officer within the Integrity and Governance Unit. This officer is then required to pass the information or disclosure directly to the Chairman of Board of Integrity and Governance Committee (BIGC),

without having to refer to the Head of the Integrity Unit. The Chairman of BIGC may instruct the Integrity Unit Officer on further actions to take. The Head of IGU will be completely excluded in all investigation processes until the decision is made by the BIGC. If the person mentioned by the whistleblower outranks the Head of IGU, the complaint will be brought to the BIGC first, and the committee will decide who is rightful to do the investigation. Nevertheless, according to the head of IGU, such a case has not yet occurred in SSB.

The complaints must contain details of the whistleblower, such as include name, NRIC number, ID number for staff (for staff only), phone number and email address. The details of the complaint must include as much information as possible such as the type of offence, date, location of occurrence, identity of the offender, witness information and physical proof if any. The information supplied is important to facilitate the preliminary investigation process, explained further below.

Preliminary investigation process

The received complaint or disclosure may encompass a range of motives, from legitimate worries regarding misconduct or unethical behaviour to misconceptions or even malicious allegations. The preliminary investigation is essential for differentiating between these categories, guaranteeing that only valid cases proceed to the comprehensive inquiry stage. Figure 4.8 illustrates the process of the preliminary investigation practiced by SSB.

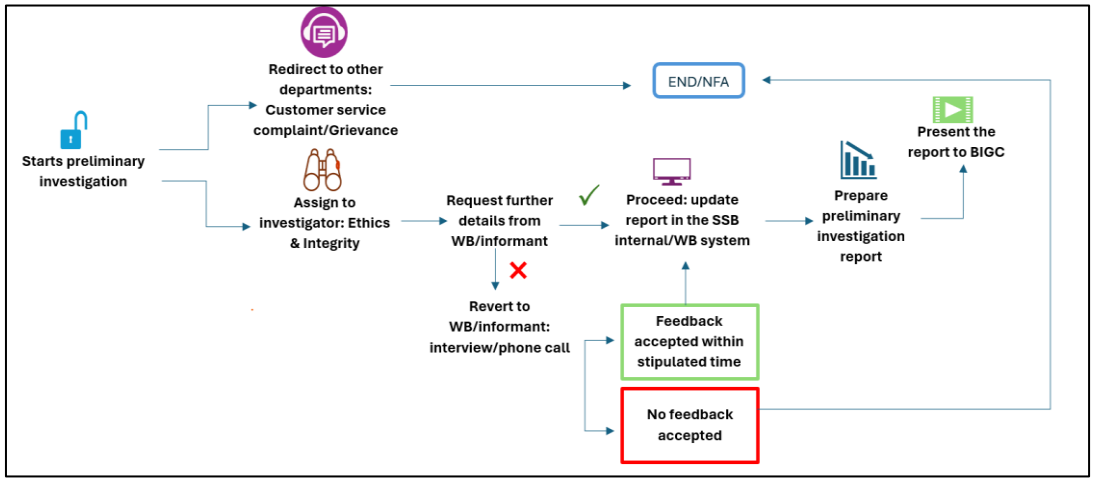


Figure 4.8 Preliminary Investigation Process

As shown in Figure 4.8, at the preliminary stage of investigation, the IGU officers will filter and evaluate the information disclosed to determine whether the

complaints received have relevant, acceptable basis and merits for further investigations. The main function of preliminary investigation is to confirm that the complaint reported are relevant and related to the offences and misconduct. As mentioned by the head department of IGU (SSB01):

> *"We don't do investigation straight away because we are afraid of the probability of conflict of interest. So, what we do is we will write our preliminary report. Then if it involves staff, we will send to HR. IR (industrial relation) will review and determine whether there is further action, whether they need to create an investigation team and whether they will put in shortest latter or DI (domestic inquiry). All those projections are from IR".*

At SSB, this process is imperative due to the probability of false allegation and the existence of poison-pen letter. Furthermore, preliminary investigation also helps SSB to effectively segregate misconduct reports to any general complaints. This is because the IGU always receives numerous complaints unrelated to integrity, such as desludging problems, bill payment issues, and other service complaints, which should be reported to the Desludging Business Unit or Customer, Billing and Collection Department.

There is a significant probability that the whistleblower is requested to come forward face-to-face or to be contacted if further explanation is necessary, and the disclosure given needs to be further investigated. This is the time when the whistleblower details will be referred to, which justifies the importance of such information to be attached to the complaints. The failure of the informant or whistleblower to provide necessary personnel details hinders the efficiency of the preliminary investigation.

The preliminary investigation phase also requires cooperation from different departments. For instance, IGU will approach the Internal Audit and Risk Department (IAR) for audit assistance, and the Human Capital and Administration Department (HRD) related to the matter of disciplinary procedures. The assistance from other departments is also necessary if the report by whistleblower associates to the individuals or activities of that departments. For instance, if the whistleblower complaints about the misconduct in vendors collaboration, the investigation officer will contact the procurement department to confirm the list of vendors that have dealt with the reported complaints.

Further investigation cannot be proceeded due to the lack of information, resulting in low reliability of the reports or complaints. Low-reliability complaints refer to the inadequate details provided in the complaints which hinder the successful identification of a basis or merit for further investigation. Any report without a valid basis or merits will be promptly closed and classified as “no further action” (NFA). In cases where the whistleblower can be contacted, they will be notified that the cases are closed and no further action will be taken.

Investigations will proceed based on complaints or disclosures that are supported by a clear basis or deemed relevant for subsequent actions. Following the completion of preliminary investigations, the IGU will prepare a preliminary investigation report for the evaluation of the Board of Integrity and Governance Committee (BIGC).

BIGC comprises the selected board members of SSB, CEO, and head of IGU monitoring four core functions: (1) governance, (2) discipline, (3) compliance, and (4) integrity reinforcement, detection, and verification. The preliminary investigation report must be submitted to the BICG within one (1) month from the date the IGU receives the complaints. This report includes recommendations and suggestions regarding the investigated case obtained from complaints by whistleblowers. The recommendation may come from the Human Capital and Administrative Department (HCAD) as the department is directly involved with employees’ affairs. All the complaints together with the preliminary investigation reports will be brought to the BICG meeting and final decision will be made.

Review of findings and case closed

Following the preliminary investigation and the submission of its report to the Board Integrity and Governance Committee (BIGC), the board will conclude and finalise the decision, which also includes whether a full investigation is needed. The full investigation process is not automatically required as it will be initiated only if the BIGC concludes that the reported matter necessitates additional examination. If the BICG satisfy with the preliminary investigation, no full investigation needed. The final decision by the BIGC is illustrated in Figure 4.9.

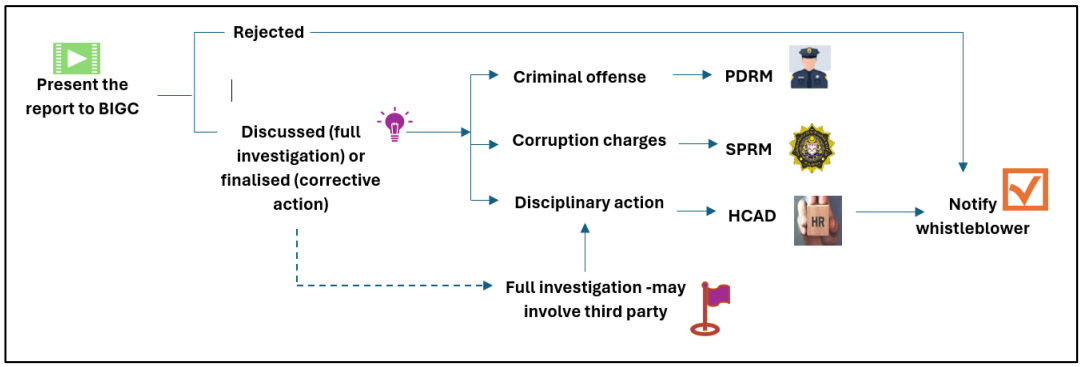


Figure 4.9 Review of Findings and Case Close

As depicted in Figure 4.9, the final decision could include, but is not limited to, the following:

- Rejected- Complaint/disclosure is rejected due to baseless, false and insufficient information.
- Reviewed- Complaint/disclosure is reviewed for action using suitable internal procedures.
- Investigated- Complaint/disclosure is directed for further investigation.
- Remained- Decision based on preliminary report by the IGU without any further investigation needed.
- Sanction- Action to take against SSB employee, which could include relevant disciplinary measures.

Based on the decision made by the BIGC, if the reports related to the staff behavioural issues, internal non-compliance or discipline problem that enacted in employees code of conduct, the IGU officer will forward the complaint to the HCAD for disciplinary process. For this purpose, a copy of preliminary investigation report will also be sent to HCAD. Prior to the disciplinary process, if the BIGC decides to conduct a further investigation, the IGU will relook and dig for more information on that particular disclosure. If the cases involve any violation of laws and are considered a crime, the IGU will forward the reports to the Royal Malaysia Police (RMP). However, if the reported cases are linked to bribery, fraud, corruption, or other case related to integrity violations, the IGU will submit a report to the Malaysian Anti-Corruption Commission (MACC). Prior to the lodgement of the report, SSB will ensure that adequate proof is properly documented, particularly for cases that may have significant implications for the company's reputation and image.

The following process after the BICG meeting is disciplinary procedures. Cases related to SSB employees undergo disciplinary procedures conducted by the HCAD. In SSB, all disciplinary procedures are the responsibility of the Industrial Relations Unit (IR), a unit under the HCAD. The last procedure under the whistleblowing system in SSB is notification to whistle-blowers. IGU officer will notify the whistleblower of the action taken or any outcome of the investigation.

4.3.1.4 Whistleblower Protection

SSB views the potential threat faced by the persons or individuals who issued allegations as very important. The threats may extend beyond the individuals to affect their friends, family and relatives. This situation hinders the willingness of those people to make a report regarding any possibility of integrity violation occurrence. Therefore, SSB has established a whistleblowing policy to mitigate this issue and continuously promote for the discloser of any improper conduct related to the involvement of the company's stakeholders. Improper conduct, as defined in the whistleblower policy, includes fraud, bribery, misuse of the company's property, conflict of interest, abuse of power, non-compliance with standard operating procedures (SOP), and any other general malpractice concerning security, health, and safety risks.

SSB's whistleblowing policy outlines the protection measures that applicable to those who report wrongdoing. This policy is applicable to all SSB stakeholders, including its employees at all levels, contractors and subcontractors, debt collection agencies (DCA), consultants, customers, trainees attached to SSB, suppliers or vendors, and the public. The informant must adhere to the initial steps for eligibility under SSB's whistleblower protection, starting with the disclosure of their requested details. This procedure is crucial for preventing incidents linked to malicious intent. Table 4.2 details the categories of whistleblower protection applied within SSB.

Table 4.2
Category of SSB's Whistleblower Protection

Types of protection	Details
Confidentiality	SSB protects the whistleblower's identity as much as possible and helps minimise the risk of retaliation.
Legal	SSB provides whistleblowers with sufficient information to ensure they understand their rights and the protections available to them under the law
Employment/Physical	An employee who whistleblows internally is protected from victimization, harassment or disciplinary action for disclosing any improper conduct committed or about to be committed within SSB.
Procedural	SSB ensures that all whistleblower claims are treated seriously, followed up promptly and investigated thoroughly without bias.

SSB diligently upholds strict confidentiality regarding the details of whistleblowers. There is only one person, the head of the IGU, who has direct access to all complaints sent through whistleblowing channels. Before the complaints are passed to the investigation officer for preliminary investigation, the head of the IGU will remove the name and other details which are considered confidential. This alternative is taken to minimise any possibility of danger to the whistleblower for the disclosure made. As stated in SSB's whistleblowing policy, employees who make disclosures or reports are protected from victimisation, harassment, or disciplinary action as far as reasonably possible when reporting any improper conduct that takes place in the company. Clarifying this phrase is paramount as SSB is aware that the informant's details may be lacking and revealed during further investigation, as more people are involved.

The personal details of whistleblowers are more difficult to protect if they are physically present at the IGU office to report. Nevertheless, SSB took a good initiative by assigning only one investigation officer to document the disclosure. This measure effectively minimises the potential for information leakage from the informant, as it is disclosed to only one officer. Additionally, in instances where the provided information becomes known to unrelated parties, the process of identifying the individual responsible for the breach is easier. Currently, there is no pledge or document that needs to be signed by the investigation officer concerning the whistleblowers' confidentiality and information leakage other than those written in the whistleblowing policy.

Despite all the efforts to promote whistleblowing, the management of SSB does not agree to reward whistleblowers for their action. This decision was made for two reasons. The first reason relates to the safety of whistleblowers. If whistleblowers are rewarded, they are automatically recognised and face the potential risk of being targeted by individuals whose names are mentioned in the complaints. The second reason relates to the management policy that unfavoured profit-minded whistleblowers. If SSB provides certain incentives to whistleblowers, the objective of whistleblowing may deviate. People are motivated to make complaints primarily by the promise of rewards rather than by a sense of responsibility to uphold integrity.

4.3.2 Internal Control Practice

The second component of CIP identified in this study is the internal control practice. Aligned with the mission of SSB to provide excellent, efficient, and innovative services for safe and sustainable water and environment, the company's business operation has been proactively strengthened by its internal control. SSB management team refers to the Committee of Sponsoring Organisation (COSO) framework to design and evaluate internal control structures and procedures. COSO offers recommendations for firms to establish controls to prevent, identify, and manage fraud risks associated with external financial reporting. The COSO framework has been acknowledged and employed by organisations worldwide in setting their firms' internal controls.

In SSB, managing the internal control system is the responsibility of the Total Quality Management Unit (TQM) under The Corporate Planning Department (CPD). This unit is responsible for all the continuous improvements in quality across all processes and is in charge of ISO acquisition, including the Anti-Bribery Management System 37001. However, other departments maintain specific internal control measures tailored to their operational needs. For instance, the Internal Audit and Risk Department (IARD) plays a pivotal role in overseeing and enhancing the overarching internal control framework through audit and risk management.

The findings in SSB suggest that there are three (3) themes related to the practice of internal control in SSB: (1) risk management, (2) internal audit, and (3) control activities. Figure 4.10 depicts the overall findings of internal control practices in the company.

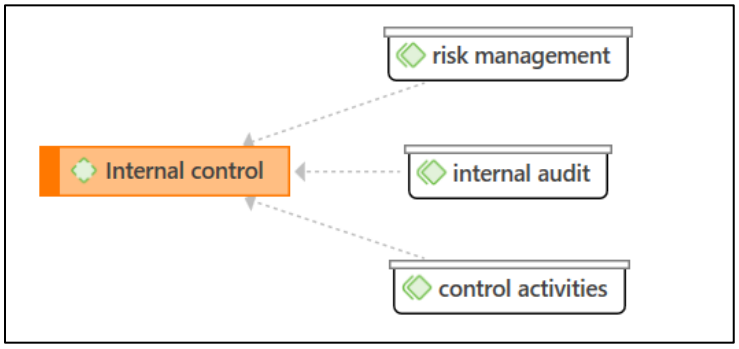


Figure 4.10 Components of Internal Control Practice

4.3.2.1 Risk Management

Based on the observations conducted in SSB, it is clear that the company has established important policies and procedures that could be used as a basis for carrying out risk management across organisations. For instance, SSB has a comprehensive Enterprise Risk Management (ERM) and Corruption Risk Management (CRM) Framework to identify, assess and mitigate risks. In addition, SSB has its own system to manage risk, called SSB Risk Management System (SRMS). Figure 4.11 illustrates the risk management process, emphasising the risk assessment procedures.

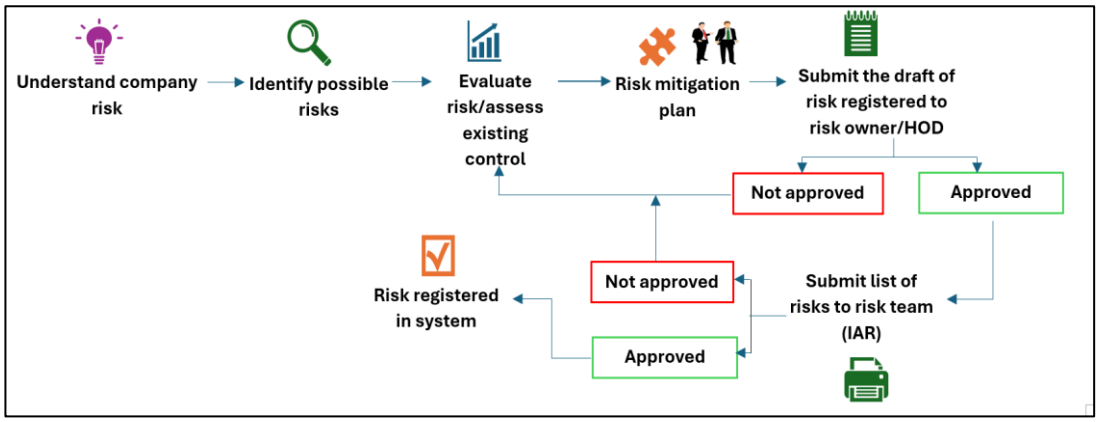


Figure 4.11 Risk Management Process

Generally, risk management commences with an understanding of the risk related to the nature of the business, including corruption risk. In this stage, risk team members will be explained the external and internal risks that are pertinent to their context. This is followed by an important process called risk assessment. Risk assessment is a core component of the risk management system. The risk assessment process begins with the identification of risk, followed by risk evaluation, and the

outcome is the risk register. As explained by the head of IARD (SSB05):

> *"The risk register is a list of risks that we discuss with each department. We discuss and review the potential risks for each department. After we identify the risks, we will register them in the risk register. Then, we will assess the risks. Assessing the risks means we will rate them according to the metrics. So, they can be classified as low, medium, high or extreme".*

In SSB, the identification of risk is the initial step for risk registered listing, which refers to a list of potential risks that could affect the operations of the company or department. Therefore, risk units will work with all other departments in SSB during the risk identification process. To expedite and facilitate the risk identification and evaluation process, each department in SSB must appoint one focal person responsible for identifying any potential risk that may be caused by the event or operations handled by the department. The focal person must be a staff member of the department. This is important because the focal person must be knowledgeable and familiar with the operations of the department. At the same time, the focal person is expected to be sufficiently familiar with any possible risks that exist in the department and the way to assess them. This shows that one alternative taken by SSB to enhance its internal control is to assign someone with good credibility to oversee possible risks.

Upon identification and evaluation of the risk, the focal person will develop a risk mitigation plan. A risk-mitigating plan is a strategic plan designed to reduce the possible effects of detected risks on a project or operation. It encompasses a few stages aimed at minimising the impact of a risk materialising or mitigating its impact should it arise. After that, the information of the possible risks, risk evaluation and the mitigation plans will be forwarded to the risk owner for the approval of the potential risks identified to be listed in the risk register. Risk register refers to a listing of risks that have been identified and reported by each department within SSB.

If the risks suggested by the focal person are accepted by the risk owner or HOD, they will be sent to the risk unit (RU) for further review. Nevertheless, if the risk owner believes that the potential risk should not be emphasised as a harmful risk, the risks will be excluded. There is also a case where the potential risks will be reverted to the focal point for amendment. When the notification is received, the RU will further assess whether to list the risks in the registered list and later forward the decision to the risk approver. In the context of SSB, the risk approver could be the HOD, who will finalise

the potential risks that should be listed in the risk registered of SSB. The registered SSB risk is shown in Figure 4.12.

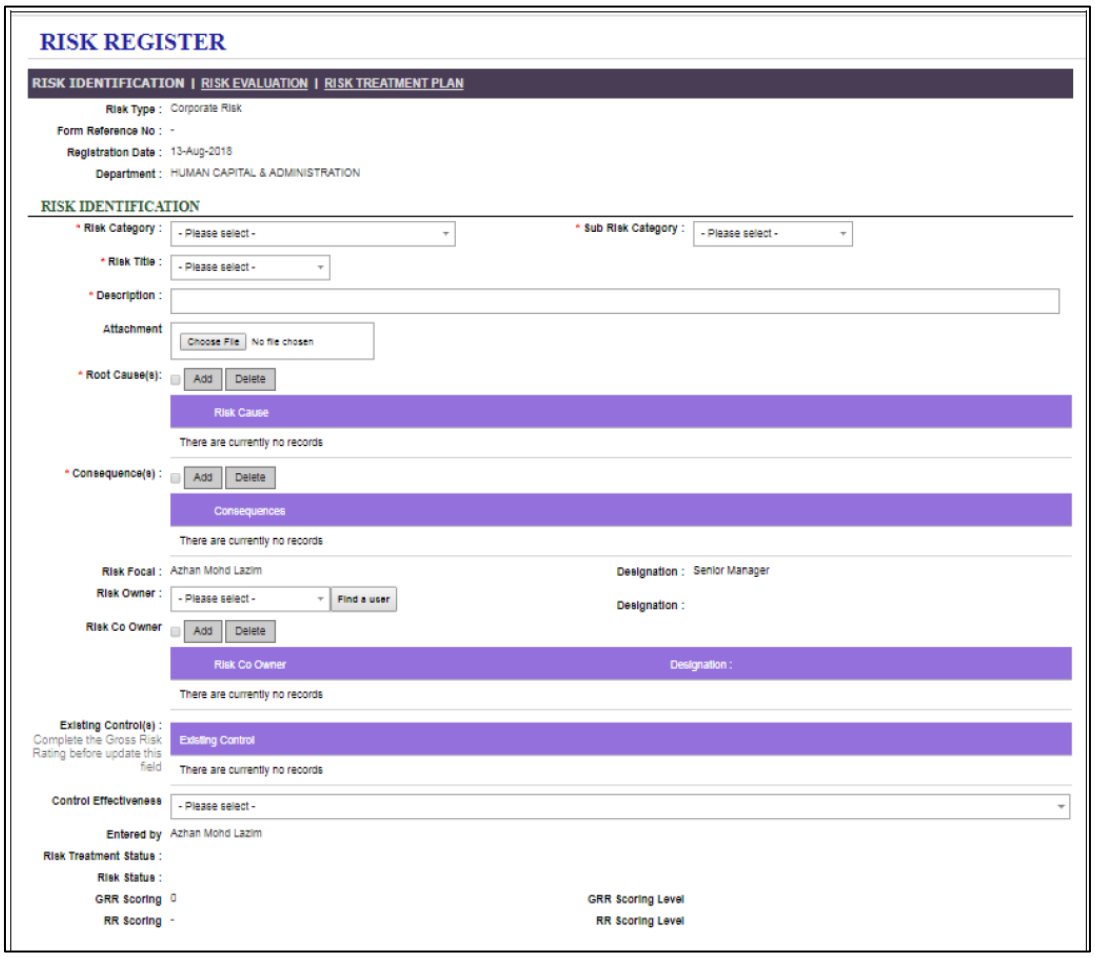


Figure 4.12 Layout of Risk Register (Source: SSB)

The risks that appeared in the risk register were ranked according to the matrix or risk rating, which represents the level of destruction of each risk. In SSB, risk register consists of all reported risk that can be rated based on four ratings: low, medium, high and extreme. Figure 4.13 explains the four risk ratings applied in SSB and the potential risks faced by the company.

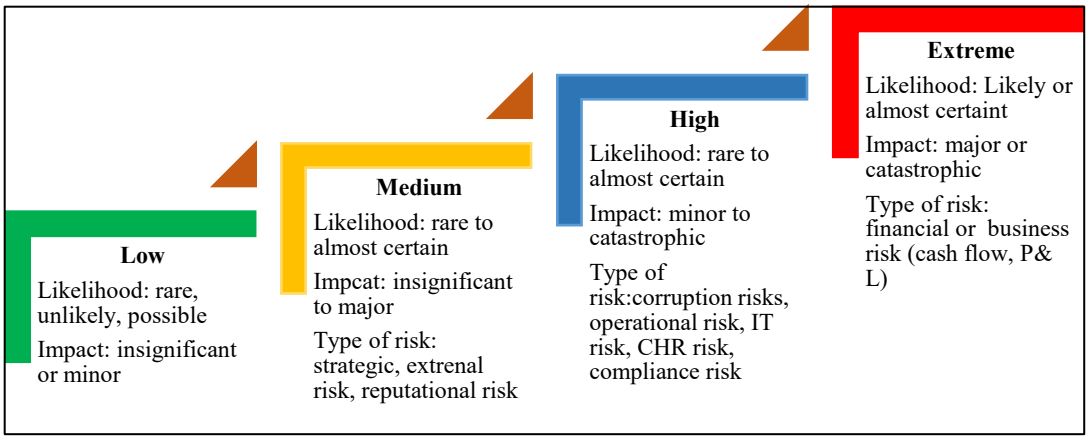


Figure 4.13 Risk Rating of SSB

Risk will be ranked according to their impact and likelihood. The impact can be categorised into five categories: insignificant, minor, moderate, major, and catastrophic. In terms of the probability of occurrence, there are five likelihoods: rare, unlikely, possible, likely, and almost certain. Table 4.3 simplifies the differences between these categories.

Table 4.3
Impact and Likelihood Rank of Risk

Impact	Likelihood
Insignificant: risk that can be managed through routine control activity	Rare: The risk in exceptional circumstances and is unlikely to occur in the next 5 years.
Minor: risk that can be managed through minimum management effort	Unlikely: The risk is likely to occur less frequently but at least once in the next 3 years.
Moderate: risk that causes the business to sustain negative financial and non-financial impacts which requires management extra work or planning to manage the issue	Possible: The risk is expected to occur at least once in the next 12 months.
Major: risk that could lead the business to sustain huge adverse financial or non-financial impacts that would require hard work from management to manage the issue.	Likely: The risk is expected to occur several times in a year.
Catastrophic: risk that could potentially crumple the entire business in the long term.	Almost certain: The risk is expected to occur in most circumstances or certainly occur within the 12 months period.

As part of risk management, SSB has developed and placed specific emphasis on Corruption Risk Management (CRM). The procedures applied in CRM such as risk identification, assessment and mitigation are similar with those discuss above (Refer

Figure 4.11). The main objective of the Corruption Risk Analysis (CRA) to identify risk related to governance, integrity and anti-corruption, thus strengthening its Organisation Anti-Corruption Plan (OACP). The CRA is approved by the Board of Integrity and Governance Committee (BIGC) as corruption risk is distinguished by its targeted focus on detecting and managing corrupted activities. The development of CRM is under the responsibility of IGU, with the assistance of Internal Audit and Risk Department.

4.3.2.2 Internal Audit

Other than risk management, SSB enhances its internal control through closed monitoring of all activities performed by its audit team. The audit teams are responsible for conducting audit activities, such as reviewing governance, SOPs, and control procedures. These activities provide opportunities for SSB to detect any non-compliance which can be part of integrity violation. For instance, while reviewing the SOP or control procedures, auditors may realise that certain procedures are not followed which eventually leads to the revelation of power misuse and misconduct. Apart from that, conducting audit reviews or audit operations directly provides another opportunity for SSB to identify new key risk areas. SSB, through the main role of the audit unit which falls under IARD, will also conduct risk-based audits. This audit will mainly focus on high-risk areas, especially operational areas. Figure 4.14 simplifies the internal audit process in SSB.

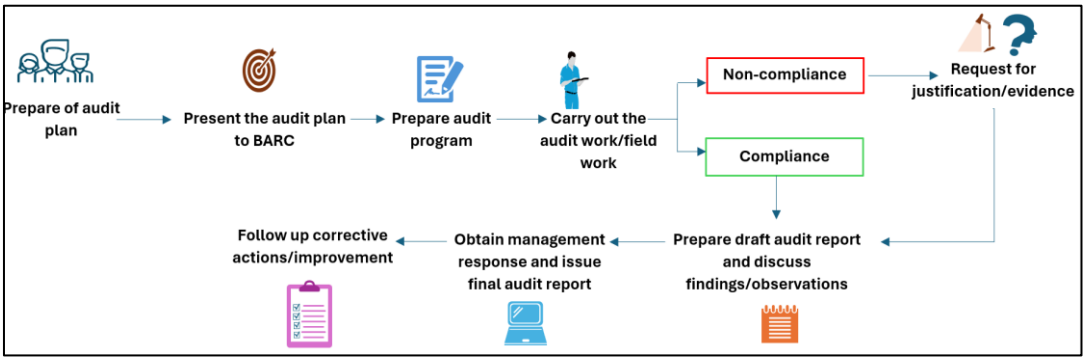


Figure 4.14 Audit Process in SSB

As shown in Figure 4.14, as a common practice, SSB prepares an annual audit plan which will be presented to the Board of Audit and Risk Committee (BARC) early in the year, before the start of the new audit cycle. BARC refers to a representative of

the Board of Directors (BOD) members who oversees the overall performance of the Internal Audit and Risk Department. Based on the audit plan, the audit process will be executed. According to the rotation, internal audits will be executed annually or once every two years for every department. Nevertheless, the audit team also prepares contingency plans for any unexpected audit processes. Therefore, the team must be capable of working with high flexibility concerning unplanned incidents that may take place at unpredictable times. As mentioned by the head of the IARD (SSB05):

> *"[...] even though we have come up with an audit plan and have fixed it, things happen along the way. For instance, say there's suddenly a dissatisfaction issue in HCAD related to a unit, and if assistance is requested, we can step in. But only with approval and permission from BARC. So, this means we will audit the high-risk area, prioritising our resources based on the risk rating".*

Following the approval of the audit plan by BARC, the audit team will initiate an audit program, which is also known as a preliminary audit. During the preliminary audit, SSB audit team will focus on high-risk areas, reviews that will be conducted, and assigning tasks to the audit team. After the audit program is finalised, the audit work begins. Audit work will execute all the audit program. During this time, specific groups will conduct their respective audit tasks, which commonly focus on sampling test, reviewing existing control and SOPs compliance. If necessary, SSB's audit team will conduct a site visit. Site visits are crucial for the physical inspection or evaluation of a location, facility, or department to gather firsthand information, verify assets, observe procedures, and engage in interviews with personnel as an integral component of the audit process. Since SSB has numerous sewerage treatment plants, site visits convince auditors that internal controls are in place.

If there are any loopholes or noncompliance, suggestions for improvement will be forwarded to the head of the department being audited. Further explanation and justification are required, and this is the time when auditors will come up with verbal suggestions directly to the audited units or departments. Upon completion of the audit work, a full report will be prepared and presented to the BARC. An audit report or audit review will be presented at the BARC meeting, which is held quarterly. However, SSB has set five (5) BARC meeting annually, including one special BARC meeting to approve the audited financial statements. Finally, the auditors will continuously update

the corrective actions and suggested improvements given to the head department/unit. The internal audit revealed that from 2019 to 2021, 31 cases involving governance, bribery, and integrity were reported and highlighted in their reports.

In SSB, the audit areas are divided into three areas: (1) operation, (2) information system, and (3) other areas. Table 4.4 below explains these three audit areas.

Table 4.4
Areas of Audit in SSB

Area of audit	Purpose and key areas
Operation	Assesses the efficiency and effectiveness of SSB's operations and internal processes in complying environmental standards. Focuses on non-compliance risks and public complaints risk.
Information technology system	Evaluates the adequacy and effectiveness of SSB's information systems in supporting the overall digital and computerised operational controls. Focuses on the security of the system and reliability of data processing.
Others	Audit and review other departments' efficiency and effectiveness in performing their operation without compromising with standards non-adherence. Focuses on revenue and cash flow, including billing and procurement.

As a national sewerage company, integrity is intensely applied in the operation of water sampling and testing. Therefore, SSB runs an operational audit, which mainly focuses on two major risks in operation: (i) risk of non-compliance and (ii) risk of public complaints, as the exposure to these risks jeopardises the company's integrity. This audit is called a risk-based audit. To mitigate the risk of noncompliance and public complaints, the audit team will focus on two key processes: (i) the sampling process and (ii) the process of maintaining the plants.

The audit sampling processes are executed to ensure that the process of taking samples is conducted based on the SOPs and that all the sampling is handled with full integrity, which refers to the independent and assured fair sample. The treatment process should strictly follow the stipulated standards to ensure that the treated water is safe for public use. For instance, the treatment must go through the initial process, such as sedimentation of the effluent, followed by the aeration process, a process to reduce the ammonia content in the sewage water. SSB's audit team must ensure that the ammonia contained in the water does not exceed a certain level or parameter allowed

by the Department of Environmental (DOE), which could be approximately 5–20 g. An effective audit makes the sampling process more reliable and reduces the possibility of integrity breaches.

For plant maintenance, the audit team is responsible for ensuring that the Sewerage Treatment Plant (STP) is properly maintained based on guided procedures and standards so that the sampling results will be accurate and reliable. An audit is necessary to confirm that all the equipment used in the plant are functioning and working according to the design. For instance, the auditor must ensure that the pumps in the STP are working to the extent that they can supply oxygen to the microbes. Furthermore, if there is damage to the plants or an anomaly occurs in the treatment process, it produces a smell that will impact customers outside the facility. Customer dissatisfaction increases the risk of public complaints, which consequently tarnishes the reputation of SSB.

SSB emphasises operational audits over other types of audits because of their contribution to the company's core business activities and their association with various risks. Nevertheless, information technology (IT) system reviews are also being conducted to ensure the efficiency and effectiveness of current IT systems. In addition, the review enhances system functionality and maintains robust security standards, thus supporting the overall SSB's performance.

Apart from the operation and IT system areas, the audit team conducts audits for other areas or departments. The scope of other audit areas depends on the management requirements and what has been approved in the company's audit plan. In most cases, the other audit area deals with procurement and billing process. In addition, the audit team assists the IGU in whistle-blowing investigations using their expertise. Nevertheless, SSB does not handle audit of financial statements because the statements will be audited by the appointed external auditor. In conclusion, the role of internal auditors in the context of SSB can be concluded as an examiner, evaluator, and reviewer of existing controls and SOPs, who play a significant role in minimising the opportunity for non-compliance activities.

4.3.2.3 Control Activities

Apart from risk management and internal audit, SSB also conducted psychometric tests as an alternative to prevent the occurrence of integrity non-compliance within the company. Known as the Individual Integrity Profile (IIP) Implementation, this test was conducted in collaboration with the Malaysian Institute of Integrity (IIM) from 30 August to 1 September 2021. This test was performed online and involved 189 employees classified as high-risk, as stated in Table 4.5 below.

Table 4.5
Statistic of SSB's Profiling Test

Employees' position	Number of participants
Top management	14
Integrity and governance	1
Procurement	16
Business support executives	20
Head of operation office	23
Quality assurance/accreditation	113
Head of section	2

The decision to voluntarily participate in the psychometric profiling test indicates that SSB is striving to tackle integrity concerns at a foundational level, concentrating on recognising individual inclinations that may result in integrity-related noncompliance. Aligning with the purpose of internal control to strengthen compliance, the alternative was taken by SSB, which combined the elements of preventive and detective controls.

In addition to a profiling psychometric test, SSB has established standards, procedures and policies as a guide for the actions and decisions that could mitigate any possibility of non-compliance risk while handling the company's operations. The establishment of standards and policies facilitates SSB employees in deciding what ethical decisions should be made when they are in the grey areas. Clear guidelines will be a useful directive tool to ensure that whatever they do is legally acceptable and at the same time meets the objectives of the organisation. SSB has created a few policies that govern the company's interaction with its stakeholders, vendors, and suppliers. These policies and their function-controlling mechanisms are summarised in Table 4.6.

Table 4.6
SSB's Policies

Policy	Details	Controlling Mechanism
Gift Policies	This policy addresses gifts related to entertainment, corporate hospitality, sponsorship, charitable donations, and political contributions.	Ensures transparency and compliance with legal and ethical standards for accepting and reporting gifts.
Code of Conduct	Includes vendor code of conduct and employee code of conduct, outlining expected behaviors and responsibilities.	Establishes standards of behavior and accountability for both employees and vendors, reducing the risk of unethical practices.
Third-Party Policy	Deals with the affairs of SSB with external third parties.	Mitigates risks associated with third-party interactions by setting standards and controls for engagement, thus safeguarding against misconduct.
Procurement Manual	Constitutes processes, protocols, and best practices for handling procurement activities.	Ensures that procurement activities are conducted in a fair, transparent, and competitive manner, promoting efficiency and compliance with regulations.
Whistleblowing Policy	Provides guidelines for the disclosure and reporting of any non-compliance activities.	Encourages reporting of irregularities and provides a safe mechanism for whistleblowers.
Anti-Bribery and Anti-Corruption Policy	Serves as a reference on corruption, including reporting channels and corruption prevention strategies.	Strengthens the organisation's stance against corruption by clearly outlining prohibited behaviors and the processes for reporting suspected corruption.
Reference to authority Policy	Constitute the reporting procedures of disclosure and the convey of information to the authoritative.	Ensures the disclosures are handled by the responsibility parties with full transparency

The establishment of these policies not only governs internal operations but also facilitates employees in managing activities that are categorised as grey areas. Any conflicts or dilemmas that may occur during the business can be easily handled by referring to these policies. As commented by the head of the IGU (SSB 01):

> *"As a human, sometimes we act according to our norms or culture. For instance, the customer offered drinks for the maintenance worker but not with the intention to bribe. It is a culture. That is why we come out with the gift policy so that everything can be clearly stated and properly justified".*

The recent success of SSB in introducing its Organisational Anti-Corruption Plan (OACP) helps the company strengthen its controlling and monitoring procedures by setting guidelines for ethical conduct and reducing the risk of fraudulent activities through defined policies and monitoring. The OACP also offers suggestions for high-

risk areas which improves the company's procedures to optimise its capability in mitigating corruption and other unethical practices.

Other than OACP and the policies stated in Table 4.6, SSB also develops its Financial Authority Limit (FAL) which serves as a guideline for financial accountability and decision-making authority within SSB. When the FAL is in place, SSB efficiently reduces the risks linked to illegal or fraudulent financial transactions, thereby confirming its dedication to ethical fiscal procedures and strong governance. FAL becomes a very significant reference in control activities as it demonstrates the application of authorisation, approval and verification which is crucial for safeguarding SSB's assets. These efforts demonstrate SSB's commitment to continuously improve integrity compliance within the company.

4.3.3 Core Value Practice

The third component of CIP identified in this study is the core values. Practising core values in the context of SSB refers to the company's efforts to ensure that employees understand and cultivate core values in their daily activities. In SSB, the responsibility of transforming those core values into culture has been assigned to the Transformation Unit under the Corporate Planning Department (CPD), with cooperation from the Human Capital and Administration Department (HCAD) and the Corporate Communication Department (CCD).

The Transformation Unit was created in 2020 to foster certain desired behaviours that are necessary to build SSB towards becoming a regional brand. The Transformation Unit was established after the request from the current Head of the Department of Corporate Planning, who realised that any transformation initiatives are difficult to accomplish without the right enablers. Based on the interviews and document reviews, two main themes were identified related to core value practice: (1) elements of core values and (2) cultivation of core value, as shown in Figure 4.15.

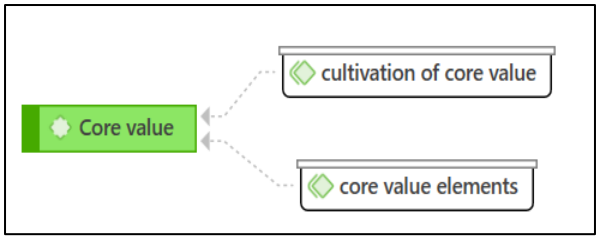


Figure 4.15 Components of Core Value Practice

4.3.3.1 Elements of Core Value

SSB has determined three core values that must be upheld by all employees to provide the best service to the people and achieve the company's objectives. The company has chosen (1) integrity, (2) work ethics and (3) knowledge as its core value. The following discussion however only highlights on integrity as the main focus on this study. Figure 4.16 simplifies the three elements of the core values of SSB.

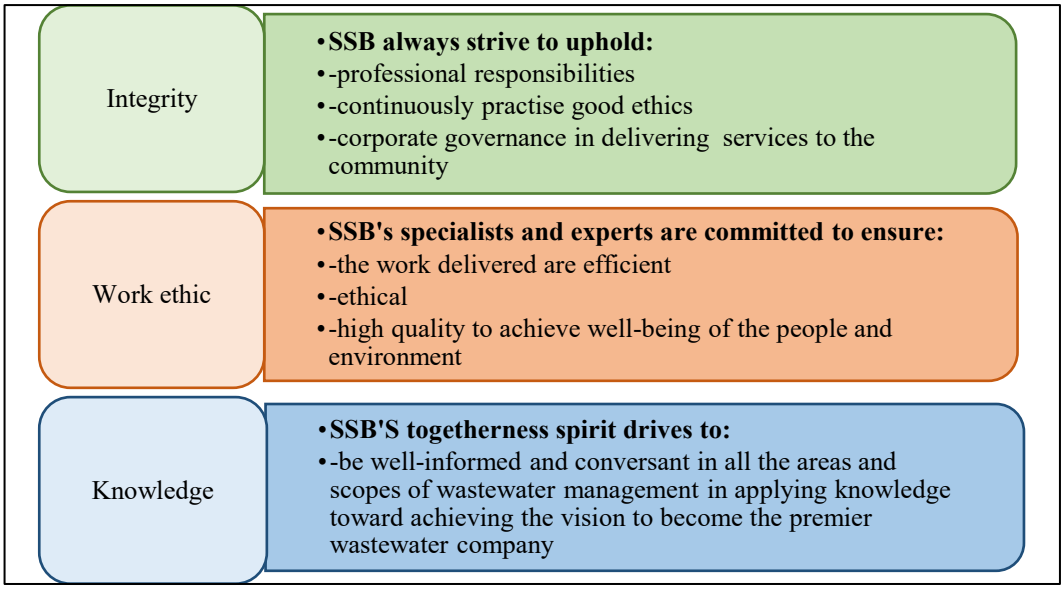


Figure 4.16 The Core Value of SSB (Source: SSB)

The selection of integrity as its core value indicates that the company is committed to ensuring that moral principles are a priority in managing the business. SSB integrates integrity into core values with the intention to control the possibility of fraud, corruption, and other unethical activities as employees are guided to follow the desired attitudes and behaviour. More importantly, the selection of integrity as the company's core value also contributes significantly to the company's reputation through ethical decision-making. When a company decides to uphold integrity as its core value, the management must ensure that all decisions are directed towards valuing the principle of integrity. Integrity decisions are perceived as a basis for enhancing professional responsibility and stakeholders' trust.

SSB has revised its core value components, but the word integrity remains to be a fundamental characteristic, highlighting the company's steadfast dedication to ethical standards. This persistent focus on integrity underscores its essential function in

directing SSB's decisions and actions, guaranteeing that trust and responsibility are central to the organisation. Prior to 2018, SSB maintained ten (10) components of core values which are integrity, nurture, dedication, astute, holistic, wisdom, authentic, teamwork, endeavour and resourceful but the management has since streamlined them to focus on three core values (refer Figure 4.16). The decision to reduce the component of core values was made to ensure that core values remain effective and understandable, as an excess of values might lessen their importance and hinder employees' capacity to embrace them.

However, based on the responses from the interviews, SSB's employees are aware of the existence of the core values, but they did not recall or internalise them. It shows that, the core values are treated just like a written shared values without fully understanding how to internalise or cultivate them. In response to this issue, the management of SSB, particularly the Corporate Planning Department (CPD) has initiated several programs to reinforce the cultivation of the company's values, as discussed below.

4.3.3.2 Cultivation of Core Value

SSB views that if the core values are not translated into a culture or daily practice, they will constitute mere rhetoric and fail to add value for the benefit of the organisation. The organisation members must be able to understand the core values comprehensively, as this is the only way they can be cultivated into desirable actions. As such, the establishment of SSB's code of conduct for both internal (employees) and external (vendors) stakeholders is used by SSB as a platform to link the company's core values to its operations and decision-making. When SSB establishes its code of conduct, all the elements of core values are integrated into the company's ethical guidelines and standards, ensuring that everyone associated with SSB operates under the same ethical framework. Consequently, the core value is not just aspirational but embraced and demonstrated, making it a fundamental aspect of SSB's operations which enhances the company's reputation for ethical conduct. As revealed by the head of the IGU (SSB01):

> *"In fact, we began collaborating with MACC in 2020 to communicate IWK's core values to all contractors. When the Code of Conduct was established, we extended these efforts in 2021 and 2022 to reach all other contractors*

and remind them about our core values".

Besides integrating core values into the company's code of conduct, SSB has displayed a stand banner in the office, specifically in the main entrance area and in front of each department's reception desk. The purpose of placing the core values information at these locations is to create a welcoming atmosphere while also communicating the company's identity and culture to all who enter the space. In addition, the core values are displayed on SSB website, sustainability report, and employee handbook. Displaying the company's core values information in these communication tools helps ensure that employees, customers, and other stakeholders are aware of and understand the principles that guide the organisation. Nevertheless, the core values are considered ineffective if they are only understood and remembered but not practiced as a culture. As mentioned by a senior manager of the e-procurement unit (SSB10):

> *"The core value originates from culture. Even if you conduct trainings or briefings on integrity, sometimes it may not be effective. Therefore, the core value must be used to shape the culture. It is important to understand how culture is formed".*

With the existing vision, mission, and core values, the management team of SSB acknowledges that there is a need to continue living the company's value to ensure that the desirable culture is practiced every day to achieve regional brand recognition. Apart from that, this initiative aims to foster a sense of accountability and pride in individual contributions which has been recognised by SSB as a crucial enabler in achieving the organisation's goal. As commented on by the head of the CPD (SSB06):

> *"It's pointless to have excellent strategies documented if incorrect enablers are used. Having the right people with the right attitude is crucial. This is because these enablers are closely related to the core values I mentioned earlier: integrity, work ethics, and knowledge. Over the years, people have simply memorized these values without truly understanding how to integrate them into our culture".*

Therefore, SSB initiated a culture transformation program in 2021 to realise their transformation effort which was designed as part of SSB business plan 2019-2023. The cultural transformation program was built upon the company's foundational core values of integrity, work ethics and knowledge with the purpose to increase the

company's performance and develop new capabilities. Figure 4.17 below simplifies the development process of the culture transformation program that took place in SSB.

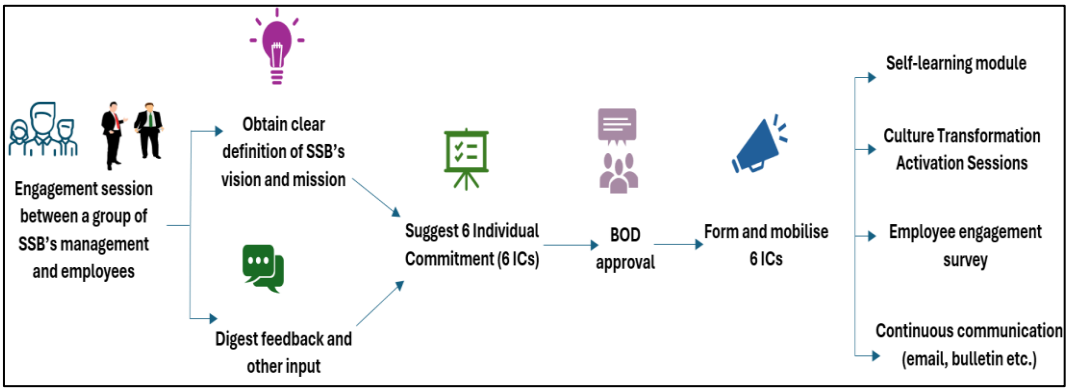


Figure 4.17 Development Process of Culture Transformation Programs

As shown in Figure 4.17, the culture transformation program was initiated with a few engagement sessions between groups of employees and the management team of SSB to obtain input and a clear definition of SSB's core values. This initiative began in 2021. The group of employees comes from various departments, including SSB's branch offices, while the management teams are led by the head of the Corporate Planning Department (CPD), with core assistance from the Human Capital and Administration Department (HCAD) and Corporate Communication Department (CCD), as well as other departments. All significant feedback and input from the engagement sessions were collated and digested. After thorough discussions and engagement among the HODs and with the approval of the management, SSB has finally formed six (6) crucial enablers known as individual commitment (IC) which are the pillars of transforming core values into culture. The six (6) individual commitments (IC) are explained in Figure 4.18.



Figure 4.18: 6 Individual Commitments of SSB (Source: SSB)

ICs have been introduced comprehensively to employees through a series of activities involving a self-learning module and Culture Transformation Activation Sessions. Self-learning modules were conducted using online pre-recorded videos. Detailed explanations of the ICs were shared through pre-recorded videos. The video contains concepts, and the practicality of ICs related to the cultivation of SSB core values. It provides fundamental information on ICs components and justifies why the transformation of culture is necessary. Employees at SSB headquarters were invited to watch the recorded videos in the conference room, while those who worked in the office units (branches) were assigned to focal persons to decide how the recorded video would be shared.

The activation sessions were conducted face-to-face and included several games and modules designed to simulate the six (6) ICs. Simulation elements are employed to ensure that employees understand the messages that ICs try to deliver. For instance, the marshmallow challenge was conducted during the activation session, where each team were asked to build the tallest tower using spaghetti sticks and marshmallows. One of the objectives of this game is to evaluate employees' integrity and ethics level when they face stressful conditions to achieve their goals. At the end of the marshmallow challenge, the employees were asked to relate the six ICs to the game's outcome. This alternative provides good exposure, as employees can learn from real situations

regarding how core values, specifically integrity, should be transformed into culture. It is also more impactful because it involves practical applications that students encounter every day. This was further explained by the head of the CPD (SSB06):

> *"When they were building the marshmallow tower, we went to mess with their minds, sometimes I would just put extra spaghetti in the middle and see if they would take it. Some asked if they could take it, and I said I wanted to give it but waited for them to ask. So we developed it, matching it with the IC number earlier, right? So when everyone was sitting down, at the end of the session, we related back to how integrity works. So they could understand a bit…oh, this is our core values. We've only been implementing this for a year, but when we talk to the office units, we can see some changes that understanding".*

The culture transformation program has introduced a different approach compared to previous training or activities at SSB. Clearly mentioned by the HCAD, in the 28 years since SSB was established, there has not been a single program that everyone has attended. Most programs were divided according to employees' positions. However, the activation sessions under the culture transformation program will bring all employees together, regardless of their position. Mixing with people from different departments and different level of positions can generate a holistic view of the company's direction, which can lead to the construction of a unified culture based on the core values upheld by each employee. Therefore, the culture transformation program is a significant initiative taken by SSB to transform core values into a desirable organisation's culture. As of March 2024, Culture Transformation Activation Sessions have been held at 23 locations nationwide, involving nearly 2,900 SSB employees across 87 sessions.

By initiating the culture transformation program, SSB expects faster integrity culture cultivation progress. This program supports existing alternatives, such as the code of conduct in strengthening the understanding of integrity as a core value.

4.3.4 Disciplinary Action Practice

This study identified disciplinary action practice as the fourth key component of CIP. SSB recognises that rewards and disciplinary system is a prominent factor for strengthening loyalty, reducing behavioural issues and balancing employer-employees

relationships. As such, SSB has rewarded its employees for certain achievements, but they are also subject to any punishment for the involvement in any undesirable ethical issues. Nevertheless, in the context of integrity, no rewards are promised for any contribution to wrongdoing disclosure, as the employees might exploit that approach by intentionally seeking out or fabricating misconduct for personal gain. Therefore, this study just focuses on disciplinary action practice.

In SSB, the main department that manages the disciplinary and reward system for employees is the Human Capital and Administration Department (HCAD). This department plays a critical role in ensuring that disciplinary actions and rewards are administered fairly and consistently across SSB, aligning with the company's policies and ethical standards. Meanwhile, if a reported case is considered less impactful or insignificant, it will be resolved internally by the respective department, expediting the process and enabling departments to address minor issues directly.

Figure 4.19 shows that the studies on disciplinary and reward practices in SSB consist of two (2) significant elements: (1) disciplinary procedures and (2) consequences of integrity violation.

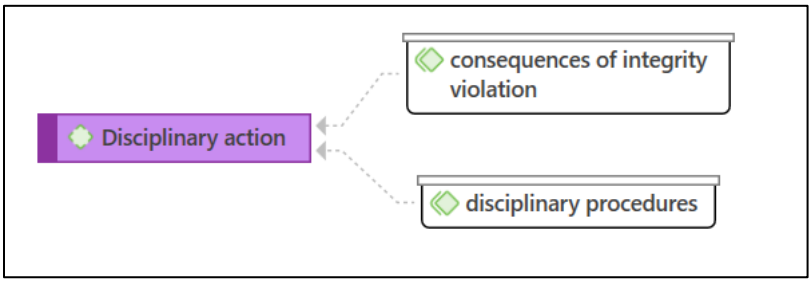


Figure 4.19 Elements of Disciplinary and Rewards Practice

4.3.4.1 Disciplinary Procedures

The initial process of disciplinary action begins with the acceptance of reports regarding employees' unethical activities or misconduct from any department within SSB. Commonly, the disciplinary process commences when HCAD received preliminary investigation report from IGU. The preliminary investigation report refers to the outcome generated by IGU's investigation officers after the completion of whistleblowing investigation procedures. However, disciplinary action is not limited to direct reports from the whistleblowing channel; it also includes cases reported through

other complaint channels, including e-complaints from the procurement unit. If the complaints fall under the responsibility of HCAD, which is mainly related to ethics and employees' code of conduct violations, they will be forwarded to the department for further investigation. Nevertheless, if the complaint is considered a departmental internal issue, it will be solved through internal discussion within the involved department. Figure 4.20 depicts the disciplinary process conducted in SSB.

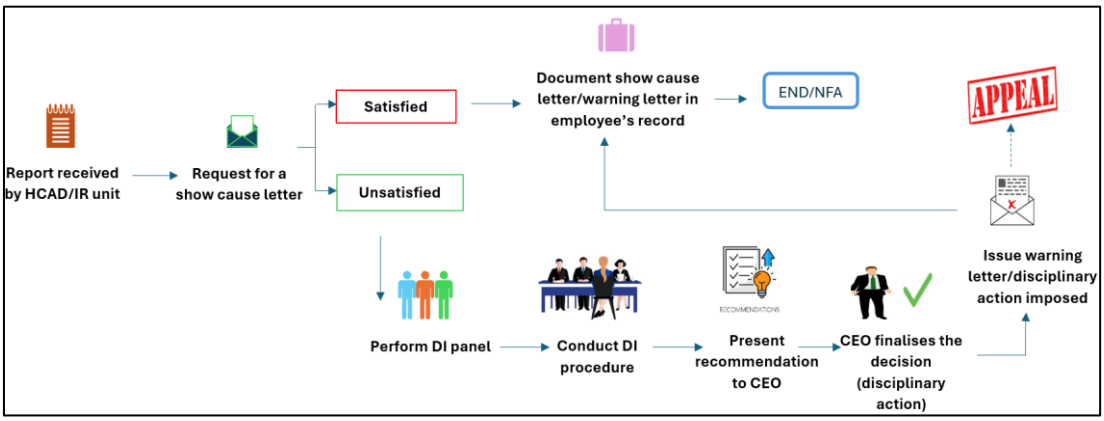


Figure 4.20 Disciplinary Process in SSB

According to the procedures in the disciplinary process applied in SSB, reports on employees' misbehaviour are forwarded by the head of HCAD to the industry relation (IR) unit. The IR is the core unit under the HCAD with the main responsibility of maintaining ethical standards compliance during the investigation and resolution of misconduct disciplinary processes. Upon receiving the report, a show-cause letter is issued by the IR unit to the offender. This procedure is necessary to ensure that offenders are given the opportunity to defend themselves, which can enhance fairness in the disciplinary process. If the justification is considered reasonable, no further action will be taken, except for the documentation of the show-cause letter in the employee's personal file. However, if the justification given by the offender is not satisfactorily, the case will be proceeded to domestic inquiry (DI) procedures.

Domestic inquiry (DI) refers to an internal investigation process conducted by a company to ascertain whether employees have committed misconduct or noncompliance. In SSB, the DI process is charged by the industrial relation (IR) manager, and few independent parties are appointed to be DI panels. Independent parties refer to SSB employees who have no interest or association with the allegations or offenders. The selection of these independent parties is aimed at avoiding any bias in

determining the penalty to be imposed. The responsibility of the inquiry panels is conducting inquiry session, which is similar to a mini hearing in court. During the inquiry session, the panels and offenders are allowed to present the evidence. Meanwhile, the witnesses will be called to testify and they are also subjects to the panels' question. In addition, the panels and offenders can cross-examine each other as well as the witness to challenge any evidence presented. The DI process can be complicated, as it must go through several stages to verify and confirm the offenders' actions.

Upon the completion of inquiry session, the panels will conclude the inquiry by making the recommendations according to the evidence presented. The recommendation includes the appropriate disciplinary action which can range from a warning letter to dismissal. Subsequently, an official report is presented by the IR manager to the CEO. The final decision regarding the penalty will be determined by the CEO, with advice from the industrial relation (IR) manager, panels of domestic inquiry (ID), and head department of HCAD. After CEO approval, a warning letter is issued to offenders, stating the penalty imposed on them. Nevertheless, other than corruption or fraudulent issues, SSB allows the offender to make an appeal, prior the implementation of the finalised punishment.

4.3.4.2 Consequences of Integrity Non-compliance

In SSB, penalties are imposed for any wrongdoing according to the severity of the actions. Table 4.7 highlights the potential misconducts and their punishments. However, the punishment is subject to further review and consideration, based on the context of the incidents. Although this study focuses on integrity, the discussion of unethical behaviour is also taken into consideration, recognising their threats that could hinder the integrity compliance.

Table 4.7
Potential misconducts and punishments imposed in SSB.

Types of Misconduct	Level of Severity	Penalty Imposed
Absenteeism/Lateness	Minor	Reminder-first time, warning letter -repeated, termination - continuous
Non-Compliance with Procedures	Moderate	Warning Letter to Final Warning: Based on frequency and severity.
Theft or Illegal Use of Assets	Moderate/ Severe	Salary Deductions/Paybacks to Termination: Remedies include deductions and mandatory repayments for misuse of company assets.
Conflict of Interest	Moderate/Severe	Final Warning or Termination: Depending on the impact, may lead to termination if it significantly affects operations.
Embezzlement/ abuse of power/fraud/bribery	Extremely Severe	Immediate Termination: Even a first offense results in job termination due to the high severity.

The severity of the actions is determined by the impact of the offence on the company's reputation. If the wrongdoings are classified as non-integrity violations and only done for the first time, the employees will be given a reminder not to repeat the same things that they did. A warning letter will be issued if the same wrongdoings are repeated. The continuity of such wrongdoings will result in the issuance of a final warning which in most cases leads to the dismissal or termination of the job. This is the consequence of ignoring warnings which have been issued at least three times.

Nevertheless, if the wrongdoing involves integrity issues, the punishment is more severe. For instance, embezzlement of funds, property, or assets of the company will result in intense punishment, potentially leading to job termination, even if it occurs for the first time. SSB agrees to salary deductions and paybacks as remedies for the theft or illegal utilisation of the company's assets. The intense punishment for integrity violations shows that SSB never compromises on any opportunities for breaching the principle of work ethics. The existence of disciplinary action is crucial in strengthening integrity compliance as people hesitate to do something that leads to any penalty or punishment. As revealed by the head of the HCAD (SSB04):

> *"First, there will be a reminder, then a warning, and after that, a final warning. If the offense is severe or it happened multiple times, it could lead to dismissal. For a first-time offense, the punishment may be lighter. But it also depends…if it involves theft or money, we cannot forgive it, even if it's the first time. If it endangers company's integrity, we cannot compromise".*

As part of SSB practices, any penalty imposed for wrongdoing, integrity non-compliance, or any unethical behaviour is announced in management meetings. Heads of departments can share information with subordinates during department meetings. This approach is taken not to humiliate the wrongdoers but as a lesson for other employees. The details of the wrongdoers, such as their names and departments, will be kept private. The decision to share such information is taken so that it can be a reminder that integrity non-compliance has no place at SSB. As commented by the Head of the Procurement Department (SSB09):

> *"I believe examples of people being terminated from their services should serve as a deterrent to employers themselves, you know? If there are cases that have occurred, they have been published to show that action has been taken. Therefore, those who have been affected, the case should be communicated to everyone. This ensures that everyone understands that making a mistake doesn't end with it. There are consequences".*

Despite efforts to curb wrongdoing among employees, engagement with non-ethical stakeholders puts SSB's reputation at risk. Therefore, the company has introduced ethical guidelines applicable to its vendors, called the Vendor Code of Conduct. Since SSB's core operations involve numerous contractors, several guidelines are outlined in the procurement manual to regulate them. Any failure to comply with integrity standards subjects these parties to punishment. SSB's vendors and contractors will be suspended for curtain agreed period from bidding for any projects. The suspension period can be three months to one year, depending on the level of offence. There are cases where contractors are immediately blacklisted after being caught dumping waste and affluence in prohibited places. Strict punishment is perceived as an effective tool for controlling and reducing the occurrence of noncompliance activities, not only among employees but also among other stakeholders of SSB.

The disciplinary system at SSB has been strictly implemented for three main reasons. The first reason is to create a sense of insecurity when engaging in unethical activities. As human beings, employees are afraid of punishment which deters them from engaging in any activities that could lead to it. The second reason is to avoid any corporate liability charge if the company fails to comply with any provision introduced in Section 17(A) of the MACC Act 2018. The last reason relates to the human context, where punishment and discipline can be symbols of justice. If wrongdoers are not

punished, it can discourage other employees who uphold integrity in their activities, as it creates the perception that there is no system to protect those who are ethical. This was clarified by the head of the HCAD (SSB04).

> *"Actually, in one office unit, they know who is always doing and involved in unethical things... so when we take action against this individual, they are relieved. Because most of them are aware of this. They really disagree with the actions of individuals who against the company's integrity. So, they are happy when action is taken".*

Despite having a sound disciplinary system, SSB members are aware that punishment is not what they desire to mitigate integrity non-compliance. This is because the integrity problem has already occurred, and they are one step behind in preventing it at the earliest stage.

4.3.5 Integrity Training and Education Practice

Based on the interviews, integrity training and education practice were found to be an emergent theme of CIPs' component in SSB. As a government-owned company (GOC), SSB must comply with the policies, standards, and guidelines provided by the government anti-corruption agencies and authorities that are mainly involved in the enforcement of transparency in governance. Nevertheless, compliance with integrity practices can only be achieved if the members of the company understand the government's objective and are aware of its importance. Therefore, SSB has taken several initiatives to ensure that all its employees and other stakeholders engaged with the company are provided with sufficient and updated information regarding integrity policies, standards, and guidelines highlighted by the government. The provision of integrity training and education programs requires a huge commitment, especially from the IGU and HCAD.

Findings from SSB identified two subthemes under integrity training and education practice: (1) collaboration and benchmarking and (2) integrity educational program, as shown in Figure 4.21.

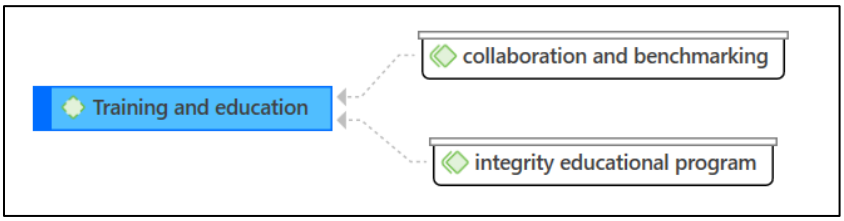


Figure 4.21 Components of Training and Education Practice

4.3.5.1 Collaboration and Benchmarking

In SSB, a fundamental aspect of CIPs is the establishment of comprehensive training and educational programs, which are associated with collaboration and benchmarking. Collaboration and benchmarking with industry leaders and professionals are utilised to ensure that the training remains up-to-date, comprehensive, and aligned with best practices. Table 4.8 outlines the organisations with which SSB has collaborated and benchmarked.

Table 4.8
SSB's Collaboration and Benchmarking

Organisations	Engagement	Details
Malaysian Anti-Corruption Academy (MACA)	Collaboration	Training on investigation, prosecution, intelligence, prevention, consultancy management; sharing of information on offenses.
Institute of Integrity Malaysia (IIM)	Collaboration	Educational programs and assessments to support integrity enhancement efforts.
Yayasan Anti-Rasuah Malaysia (YARM)	Collaboration	Workshops and seminars to strengthen employee awareness on corruption and engage grassroots communities.
Petronas	Benchmarking	Benchmark visit to observe and learn from Petronas' Integrity Governance Unit (IGU) practices.
Telekom Malaysia (TM)	Benchmarking	Benchmark visit to observe and learn from TM's Integrity Governance Unit (IGU) practices.
Corporate Communication Department	Internal Collaboration	Collaboration to include integrity sections in SSB's bulletin for employee awareness and updates.
Hong Leong Bank	Learning/sharing	Discussion and sharing sessions for technological insights; idea generation for integrity promotion tools like pop-up screens.

As depicted in Table 4.8, SSB has collaborated with several regulatory and authoritative bodies such as the Malaysian Anti-Corruption Academy (MACA), Institute of Integrity Malaysia (IIM), and Yayasan Anti-Rasuah Malaysia (YARM) in

organising integrity briefings, talks, workshops, and seminars. MACA is a training academy under the MACC which mainly focuses on providing training programs in various fields, including investigation, prosecution, intelligence, prevention, and consultancy management. Apart from that, this academy is invited to share information on offences and investigations with SSB staff. While MACA focuses on training, IIM focuses on the provision of education and assessments which could assist SSB in realising the objective of becoming a country with a high integrity image. Collaboration with YARM is needed to strengthen employees' awareness, as the function of the NGO is to mobilise manpower to address corruption based on the effective role of grassroots communities. Collaboration and cooperation from these organisations assist SSB to be comprehensively exposed to updates and forecasts on the development of anti-corruption plans, aside from the sharing of experience and lessons.

In addition, SSB visited a few companies as part of a benchmark program. Among the companies visited were Petronas and TM in 2013 and 2014. At that time, SSB was in the initial stage of implementing integrity initiatives after signing the corporate integrity pledge in 2012. The visit to the IGU of Petronas and TM was a platform to benchmark the capability of SSB in establishing its own IGU. These two companies were selected based on their recognised achievements in enhancing integrity and transparency. SSB decides to learn from others and see how those giant government-linked companies (GLCs) manage and initiate the operation of IGU. Direct observation during the visit was considered additional knowledge for SSB, as information on the IGU guidelines was provided by the MACC. SSB takes the benchmark visit as an opportunity to learn, evaluate and improve their integrity initiative plans.

Discussion and sharing sessions with experts from other companies also provide SSB with new ideas and alternatives for developing a better system for integrity enhancement. For instance, SSB get an idea developed a pop-up screen from a sharing session with Hong Leong Bank. As commented by the head of the IGU (SSB01):

> *"When you join CEIO, you are encouraged to join the association, where we promote knowledge sharing. We have integrity messages almost every day of the week, except for Fridays when people from different companies share their knowledge on how they create things. From these sessions, we learn a lot. For example, I get the ideas about pop-screen from Hong Leong Bank. I reached out to their IT department, and they explained how to do the*

pop-up screen".

Other than collaboration with external parties, SSB also have collaboration within its departments. For instance, the IGU collaborated with the Corporate Communication Department to slot an integrity section in SSB's bulletin. This segment is used to enhance awareness and inform updates regarding integrity. The initiatives taken by SSB to participate in collaboration, benchmarking and other relevant programs for the improvement of knowledge and skills on integrity are important to overcome several limitations faced by the IGU. Limited time, manpower shortage, and lack of the latest updates could hinder the effectiveness of IGU staff to comprehensively educate and train all SSB employees about integrity. Therefore, collaborations and benchmarks are valuable alternatives to ensure that the integrity training and education process is continuously and effectively conducted.

4.3.5.2 Integrity Educational Program

To ensure that all SSB employees, vendors, and contractors receive updated information on new integrity practices, standards, and policies, they are required to attend an integrity briefing. SSB employees are obliged to attend the briefing once every two years, while vendors and contractors' participation relies on the invitation sent by IGU. Integrity briefing is initiated when the speaker confirms their availability to attend the program. The invited speakers are usually selected from the organisations that SSB has collaborated with, such as MACC, IIM, and a few NGOs. At the same time, HCAD will be contacted to release the list of employee names, and the number of attendees will be forecasted. If the briefing is for vendors and contractors, the IGU will contact them directly.

The IGU staff will be in charge of inviting external speakers, vendors, and contractors, while HCAD will take part in setting up the venue, notifying the staff, and arranging a suitable date and time. Briefings for employees are usually held at SSB offices. For the vendor integrity briefing, the selected venue was based on the region of SSB office unit. Notifications are sent via email. During the Covid-19 pandemic era, integrity briefings were conducted online. HCAD also ensures that employees take turns attending and participating in activities.

The assistance provided by the HCAD contributed to the smooth management and preparation of the integrity program. This is due to the limited number of IGU staff, which makes it challenging to organise activities for a large number of participants. Integrity briefings for employees and non-employees (vendors and contractors) are held separately because each group requires different information. The way employee integrity briefings are conducted is similar to the vendor integrity briefing, except for several important guidelines and procedures that may be distinct between internal and external parties of SSB. For instance, the employee code of conduct is important for the employee integrity briefing, while the vendor code of conduct is crucial for the vendor integrity briefing. Despite the fact that integrity briefings are conducted separately for staff and vendors or contractors, the primary goal remains to offer adequate knowledge and education, ensuring that each party comprehends SSB's direction towards achieving high levels of integrity.

Based on the observations made by the researcher, integrity briefing is separated into two sessions and takes about one to two hours per session, depending on the situation. The duration of the employee integrity briefing is usually longer than that of the vendor integrity briefing. The first session of the event was delivered by an external speaker who shared the latest updates on integrity information. The updates could be policies, standards, issues, offences, or any other relevant information on integrity. This session is not only for enhancing integrity information, but also for providing awareness and education to the participants. In addition, the participants were allowed to ask any questions directly to the speakers, who helped them clarify any uncertain issues pertaining to integrity practices. Considered an expert in their area, the speaker's clarification is valuable for the participant's understanding. The second session will be taken over by the IGU officer, who will further explain the policies of integrity upheld by the company. Both sessions comprehended the understanding of all SSB staff and vendors or contractors regarding the general practices that should be adapted to the culture and environment at SSB.

4.4 Case Finding: Research Question 2 – The Motivating Factors of CIPs

This subsection answers the question of "why do Government Owned Companies (GOCs) adopt CIPs?" This explains the reasons that motivate GOCs to actively promote integrity. GOCs are the highly regulated organisations as they are

controlled partially or fully by the government. As such, the goal of these organisations is not solely to generate profit but also to fulfil government objectives (Gen et al., 2023). In other words, the motivating factors could be both internal and external. In the context of integrity studies, internal factors are commonly related to self-awareness, beliefs, and values embraced by individuals (Huberts, 2018). On the other hand, external factors are linked to the expectations, demands, and perceptions of society or environmental needs, which usually influence the supply of resources to organisations (Burdon & Sorour, 2020). Based on the findings from SSB, there are three (3) factors that motivate companies to adopt CIPs: (1) government enforcement, (2) norms, and (3) imitation. Figure 4.22 depicts the factors motivating SSB to adopt CIPs (CIPs).

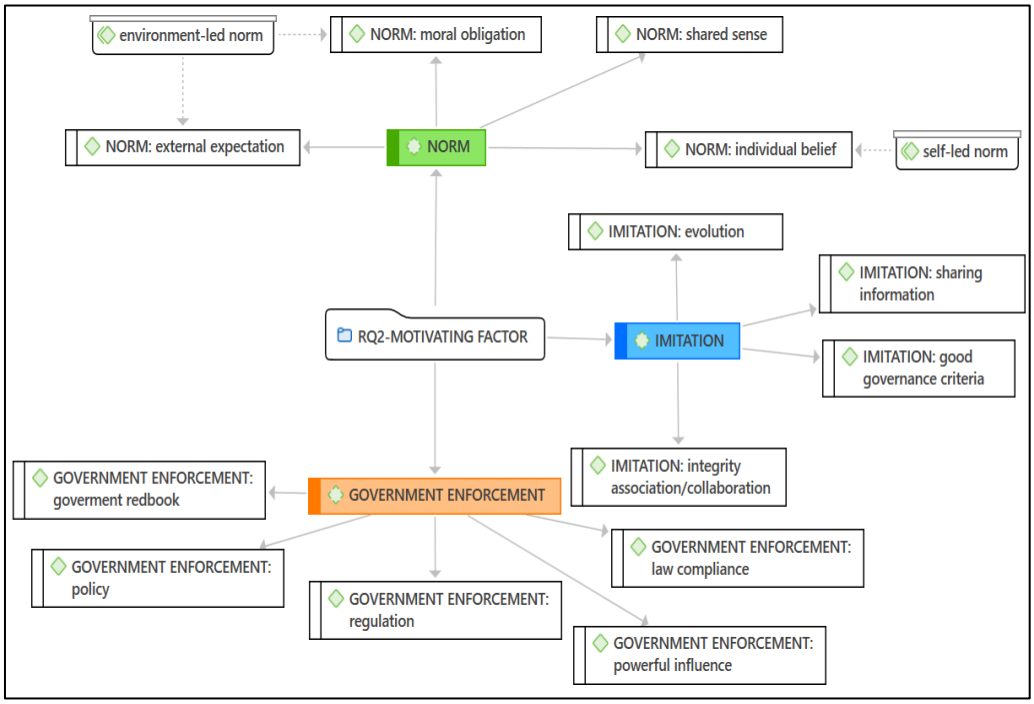


Figure 4.22 Motivating Factors of CIPs

4.4.1 Government Enforcement

As shown in Figure 4.22, the main motivation for SSB to adopt CIPs is government enforcement. In the context of SSB, pressure from the government as the only shareholder is a prominent factor that could force organisations to actively engage in integrity practices. The realisation of the government's authority and the potential consequences of any noncompliance with government regulations have become the driving forces that motivate SSB to consider engaging in integrity practices. As

mentioned by the Head of the Human Capital and Administration Department (HCAD), (SSB04);

> *"In fact, we designed integrity practices because the government asked us to do so. Otherwise, I don't think the company will spend money and time on this. Maybe we do some, but not in total. Or maybe the implementation is not even at par with the government expectation".*

Furthermore, as the sole fund contributor, the government can use its coercive power to ensure that government-related agencies cultivate integrity practices within their workplaces through the directions given by its ministries. Since SSB is directly controlled and regulated by the Ministry of Finance, the company is bound by all government policies and standards. Government initiatives to promote integrity in public and corporate companies directly encourage SSB to enhance integrity within their workplaces. SSB are obliged to follow any regulation, standards or policies of the government that used to be channelled through the ministries. The Head of Internal Audit and Risk Department (IARD), (SSB05) mentioned:

> *"Because we are GOC, we are obligated to adhere to the directives given by the government or MOF, considering the ministry as our overseeing authority".*

In addition, the significant involvement of the government as the only shareholder, facilitates the enforcement of laws or standards through coercive means. For instance, the implementation of the corporate liability provision under Section 17A of the MACC Act 2018 has become an enforcement factor for organisations to take adequate measures to combat corruption. As commented by the Head of Integrity and Governance Unit (IGU), (SSB01);

> *"Actually, the motivation of CIPs adoption is being driven by external exposure such as MACC and other authorities, because they announced S17A, so people get scared of all those punishments and all consequences caused by the violation of that act".*

Section 17 A of MACC Act 2018 is a provision related to the concept of corporate liability which explicitly encourage organisations to establish adequate procedures as an alternative to prevent legal charge arising from integrity non-compliant activities. Due to this matter, SSB has developed its own organisational anti-corruption

plan (OACP) which was launched in 2020. The OACP is an anti-corruption policy that reflects SSB's commitment to addressing corruption issues, integrity, and governance, while ensuring that SSB's services are always guided by the principles of integrity, transparency, and accountability. This demonstrates the company's commitment, as it is capable of providing the OACP within a short period of time and becomes one of the earliest companies under the Ministry of Energy Transition and Water Transformation (PETRA) that has accomplished the plan. The company even has initiated work on the OACP once it was mandated by the government in 2018.

SSB is also aware that its activities and operations are closely observed by The National Water Services Commission (SPAN) and The Ministry of Energy Transition and Water Transformation (PETRA). These two government agencies are known as authoritative bodies that deal with environmental evaluation. They have a significant influence on the sustainability of SSB. SPAN has the power to continue or terminate SSB's licence, while PETRA regulates the company in terms of standards compliance. The permission to renew the licence every two years depends on SSB's compliance with all the regulations and standards that the company should conform to. Therefore, compliance with integrity initiatives is part of the strategies that must be upheld by SSB to sustain the right for licencing continuity. The observation and oversight of both government agencies are considered indirect enforcement to ensure that the company strengthens its integrity practices. This is explicitly described by Corporate Planning and Development (CPD)'s head of department, SSB06:

> *"Among our engagements, we actively collaborate with stakeholders, now they are called NRECC, previously known as KASA. This stakeholder requirements are still the same, necessitating our compliance. So, it is imperative that we uphold the principles of integrity in our dealings. They are regulating us in terms of giving us license to operate".*

The responses received from SSB led to the conclusion that the notion of government enforcement connotes two aspects: the first is preventing integrity violations before they happen, and the second is dealing with punishment if they occur. In other words, the strategy to encourage integrity practices must integrate clear legal enforcement and relevant punishment.

4.4.2 Norms

The other factor that influences SSB to adopt CIPs is norms, which refer to the belief and assumption that integrity is valuable and should be upheld within the company. Based on the interviewees' responses, the norms in the context of integrity practices can be divided into two perspectives. The first (1) perspective is an environmental-led norm, and the second (2) perspective is a self-led norm.

4.4.2.1 Environment-led Norm

As a national sewerage company, the management realises that the sustainability of SSB highly depends on the credibility of the company to meet its external pressure and expectations from society. One of the pressures and expectations from its stakeholders, particularly SPAN, DOE, and PETRA is for the company to demonstrate good governance and high-integrity performance in its operations. SSB must ensure that the quality of the treated wastewater meets the standards set by the stakeholders. To fulfil this expectation, SSB has actively promoted CIPs as part of its strategy to maintain a good reputation with its stakeholders. The company displays its integrity alternatives explicitly through its website, sustainability report, and other communication mediums to ensure that its existing and potential stakeholders acknowledge the efforts taken by the company to enhance transparency and accountability. The acknowledgement gives credit to the company in terms of reputation and underscores its commitment to ethical business practices. As commented by the officer of the IGU (SSB08):

> *"Incorporating integrity practices is crucial from a reputation standpoint. We aim to maintain a positive image. We consistently ensure that policies, including our own, which need to be known by everyone, are shared on our website".*

Apart from that, active involvement in integrity enhancement activities leads to the perception that the company is participating in legitimate activities. When society holds a positive perception of organisations, it facilitates the acquisition of resources, including financial and nonfinancial support. Moreover, SSB believes that incorporating integrity practices in SSB's operations can safeguard smooth relationships with its vendors, contractors, and other third parties in terms of

transparency and accountability. Working with a company that upholds good moral principles reduces the probability of fraud, which enhances the confidence and trust of the parties that the company deals with. Conversely, if the company does not engage in integrity practices and refuses to showcase alternatives, it hinders the opportunity to gain more trust and a positive image. In addition, being perceived as an unsupportive entity towards government integrity tarnishes the reputation of the company and risks its sustainability due to the lack of future support from society. The head of HCAD (SSB04) mentioned:

> *"As an organisation, it's crucial to participate in groups promoting integrity and introducing integrity practices. If we refuse to participate, it leads to us being labelled as unsupportive to the government initiative".*

This is supported by the statement of Head of Operating Department (OPD) (SSB07):

> *"We do not want any party dealing with us, either our staff or external parties, to be involved in corrupt practices. That's why we implement these integrity practices to avoid the risks of corruption".*

SSB realises the importance of good governance in providing and delivering the best services to the people. Dealing with high bureaucracy in operations, any loopholes in governance could lead to destructive decisions that cause huge losses to the company. As a precaution, SSB strengthens its integrity practices as part of achieving good governance. Based on the responses from the interviewees, it was found that external factors such as stakeholders' expectations, moral obligations, and reputational requirements encourage SSB to strive to promote integrity by actively engaging in CIPs. Nevertheless, internal factors pertaining to self-led norms are mentioned as one of the reasons why SSB adopt CIPs, which is discussed in the next subsection.

4.4.2.2 Self-led Norm

The second perspective of the norm that influences SSB to adopt CIPs is the self-led norm. Achieving integrity awareness and compliance will be more attainable if the employees have self-awareness and recognise the importance of moral principle. Belief that integrity is crucial for organisation sustainability leads the company to

engage in all aspects of integrity enhancement. The employees admit that being ethical is a necessity that everyone should possess. As highlighted by the head of CPD (SSB06):

> *"I find it is basic or a necessity. It is an essential requirement that must be upheld. Because the way we operate, if we lack integrity, it will undoubtedly perish. We have a very serious mission in delivering wastewater services to the country. We are everywhere throughout the entire country. Imagine if we are operated without integrity, I think it will be huge risk of pollution".*

This is also supported by the statement of Head of IGU (SSB01):

> *"For me, you have to practice integrity because it is actually a responsibility for everybody. When you sign your employment letter, you come to work, right? So, we will try and remind them. Look, when you first came here and were being interviewed, how did you feel? That's how you should feel. It is all about your inner commitment and dedication, right? You have to follow the rules and standards".*

SSB management realises that individual consciousness is the root of improvement and enhancement of integrity compliance. When employees have a comprehensive understanding of the principles and importance of integrity, it is anticipated that they will conscientiously and consistently apply these principles in the workplace. In other words, internal motivation among employees has supported SSB's in continuously improving their integrity practices. They will voluntarily act according to moral value without any strict enforcement. If this situation remains, integrity becomes an organisational culture, where employees will unconsciously train themselves to do the right things even when no one is watching. Such a culture leads to a transition from individual to organisational consciousness, creating a strong foundation for integrity within the workplace and reducing resistance to change.

4.4.3 Imitation

The final factor that encourages SSB to adopt CIPs is imitation of companies that performed well in integrity management. Engaging in a world full of uncertainty encourages SSB to undertake serious alternatives to strengthen their integrity compliance to maintain their competitiveness. In the context of SSB, competition refers

not only to conventional external competition but also to internal competition. Internal competition includes emphasising the efficiency and effectiveness of a company's operations in complying with ethical standards established by authorities. SSB believes that navigating the dynamic business environment requires organisations to be more competitive by improving their way of handling integrity issues. As stated by the head of the OPD, (SSB07):

> *"Because, in reality, our industry is evolving. Due to the dynamic nature of our assets, they are constantly increasing. If today we have 7000 assets, including sewage treatment plants, next year it becomes 7200. The numbers of our vendors and contractors increase from time to time. So, it increases exposure to potential misconduct. With this in mind, we need to review things to make sure we stay in line with the current situation (upholding integrity value). We look what other companies do".*

Apart from the evolution that takes place within the company, SSB has chosen to adopt (CIPs) as an alternative to improve the effectiveness of the entire operation in combating opportunity of corruption. The motivation to strengthen integrity compliance has been demonstrated through the installation of an Anti-Bribery Management System (ABMS). As commented by the Head of IAR (SSB05):

> *"First, because we follow and support the government's initiative to develop the OACP and sign all these pledges, we also adopted the Anti-Bribery ISO, the ABMS. We took the ABMS and integrated it to ensure that we uphold the best practices in integrity".*

By incorporating ABMS into their fundamental operations, SSB guarantees that its governance methods are consistently improved and compliant with regulatory standards. In addition, ABMS certification serves as a benchmark for integrity within the industry. The annual audit conducted by SIRIM after the certification of ABMS indirectly stimulates SSB's efforts to strengthen its governance. Consequently, the adoption of CIPs not only reduces risks but also draws ethical collaborations and investments, thereby solidifying SSB's market position and future growth potential of SSB.

Moreover, the decision to adopt CIPs has long-term positive implications for improving integrity best practices. When SSB voluntarily participates in the development of adequate procedures, the company obtains new technological skills and

advanced ideas from discussions with other organisations. Participation in workshops, seminars and conferences provides an open forum for sharing advantageous input which can be applied by SSB to enhance its competitive advantages. In addition, the adoption of CIPs encourages SSB to be more proactive in benchmarking, collaboration and innovation. As commented by the Head of IGU (SSB01):

> *"When you join CEIO, you are encouraged to join the association, ACEIO. In the association, we focus on knowledge sharing. We have integrity messages almost every day of the week, except on Fridays, where people from different companies share their insights on how they create and develop things. This is how we learn from each other".*

Therefore, the reasons why SSB agree to adopt CIPs despite the challenges and struggles can be directed into three institutional isomorphisms: government enforcement (coercive), norms (normative), and imitation of competitors best practice (mimetic). The findings conclude that government enforcement is the strongest reason for SSB to continuously enhance its integrity compliance. Meanwhile, imitation of competitor is the least important factor because SSB is the only national sewerage company in Malaysia, which limits the presence of competitors to mimic.

4.5 Case Finding: Research Question 3 – The Critical Success Factors of CIPs

In this section, the findings which relates to the third research question, "what are the critical success factors of CIPs in Government Owned Companies (GOCs)?" is presented. The ability to identify key success factors facilitates SSB to direct efforts in the focused area in the future. By focusing on the identified factors, SSB can minimise resource utilisation to develop and enhance integrity compliance within the company. Based on the interviews, document reviews and observations, it was discovered that the success of SSB CIPs depends on four factors. Figure 4.23 shows the critical success factors which consist of (1) ethical leadership, (2) commitment, (3) communication, and (4) culture.

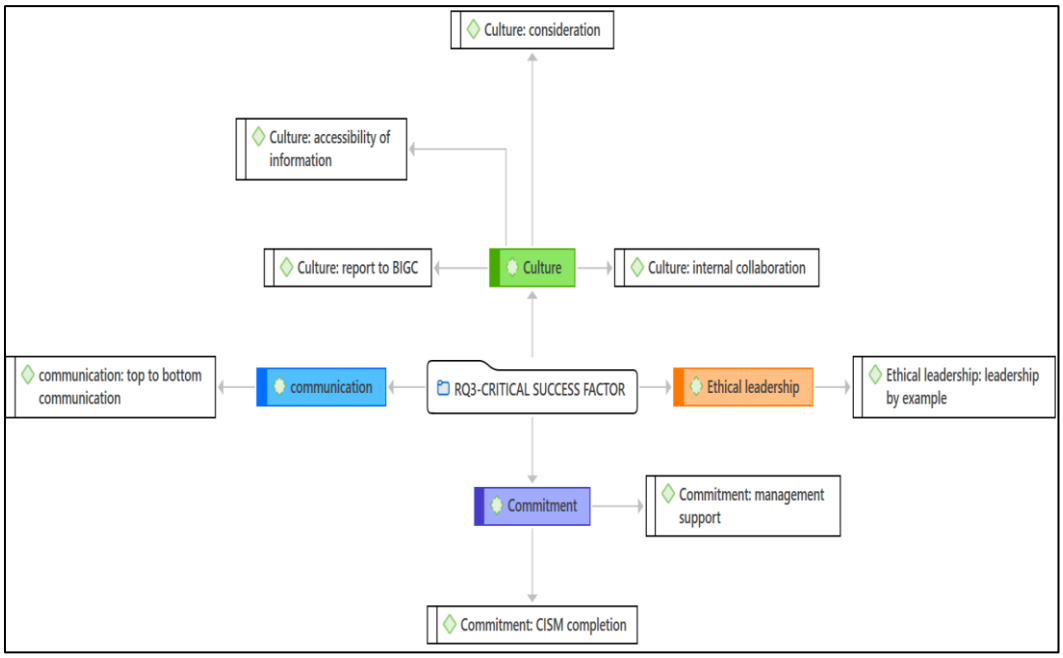


Figure 4.23 Critical Success Factor of CIPs

4.5.1 Ethical Leadership

Figure 4.23 depicts ethical leadership as one of the critical success factors (CSFs) of CIPs in SSB. CIPs success greatly depends on the ability of leaders to manage and execute the implementation of practices effectively and efficiently. SSB management has developed a strong foundation for integrity and ethical procedures by appointing a Certified Integrity Officer (CeIO) to lead the Integrity Governance Unit (IGU). This strategic appointment highlights the company's dedication to ethical standards and guarantees that the head of the IGU has validated knowledge and authoritative credibility in managing and overseeing all ethical and integrity-related problems. The CeIO's professional skills and training specifically enable the leader to demonstrate how integrity and ethics must be implemented within SSB, promoting a culture of ethical leadership.

In addition, SSB has participated in a few conferences and workshops organised by anti-corruption organisations to ensure that the top management and potential leaders of the department are well equipped with updates about integrity. Based on the responses obtained from the interviews, leading by example and strong leadership engagement have been highlighted as significant characteristics of ethical leaders that contribute to the success of integrity practices at SSB.

4.5.1.1 Leading by Example

The leading-by-example approach requires leaders to demonstrate the behaviour and actions they expect from their employees or team members. SSB employees highlight that ethical leadership is one of the characteristics that leaders must possess to ensure that integrity practices can be successfully implemented. The application of the 'walk the talk' concept by leaders must be clearly demonstrated so that employees are satisfied to follow the instructions from management. Doing what has been said proves that the leaders are reliable examples. As mentioned by the head of HCAD (SSB06);

> *"In my opinion, leadership by example is very important. If something is not allowed, then it really cannot be done. This means that for a practice to succeed, we cannot rely solely on subordinates. We have to demonstrate, be a role model, so that subordinates will follow".*

At SSB, each department leader has a leadership style that suits the situation and operational needs. Despite variations in leadership styles, which are often influenced by the environment, holding onto integrity principles through ethical behaviour remains the main objective. For instance, adherence to the gift policy by the head of the department reflects ethics in decision and action. It encourages employees to imitate it and eventually leads to the success of integrity enhancement. Commented by head of procurement department (HPD), (SSB09):

> *"The main thing to make it success is to practice what you preach. As a head of department, I will not allow anyone in my department to accept gifts, even if I know about it, or even if I hear about it a little bit, I won't accept them. If you act according to what you say, people will respect you and it easy for you to control other things".*

Apart from that, the enthusiasm of SSB management team in improving their technological skills and knowledge increases their value as leaders by example. Recent advancements in technology encourage leaders to be more technologically proficient to effectively enhance integrity in operations. The alternatives taken by the top management of SSB to shift from manual to digitalised procurement processes is a significant step to maintain good integrity in tendering and bidding activities. As such, leading by example through the enrichment of current technology skills is a significant

factor in maintaining the success of integrity practices. As commented by the senior manager of the e-procurement unit (SSB10):

> *"I think leaders need to stay informed about the latest technologies available. Sometimes, if a leader isn't aware of the available technology, they might stick to conventional methods that are no longer suitable for the current situation. With the emergence of AI and other advancements, leaders need to stay updated. But here in SSB, our leaders are always willing to change to a modern approach".*

Therefore, promoting good behaviour by initiating what should be done is recognised as the key to successful integrity practices at SSB. Moreover, when leaders act according to the company's core values, they provide a clear direction and establish a high standard benchmark for all subordinates to follow. Consequently, the leaders cultivate an environment in which ethical practices are integrated into daily operations.

4.5.1.2 Leadership Engagement

Realising the importance of leaders' participation and connection with employees in driving positive outcomes, SSB management takes many initiatives to maintain good engagement with their employees. Town halls, unit meetings, festival celebrations, retirements, and appraisal celebrations are among the initiatives taken by the company to strengthen the connection between top management and subordinates. Apart from that, heads of departments and CEO always ensure that they are present, accessible, and genuinely care about the employees' well-being and development. Good engagement with employees builds trust and respect which encourages subordinates to follow the instructions and regulations proposed by leaders. Employees do not hesitate to report non-integrity compliance if they find it, as they believe their safety and well-being are protected. As commented by a senior officer of the IGU (SSB02):

> *"If there is a case or any issue, they will not blame us in front of others, they will discuss it with us face-to-face. Tell us what mistakes we made. Not try to humiliate us. For me, that will create a sense of trust. We can trust this leader, they're always there for us".*

In addition, SSB employees believe that the success of integrity practices relies on their leaders' ability to communicate openly, provide guidance, and foster a culture

of trust and collaboration. Through engagement, the leaders inspire and motivate their teams to achieve common goals, while also understanding and addressing their needs and concerns. The effort shown by the managerial team of SSB in organising culture transformation activities and Integrity Day has proven that engaged leaders are one of the main contributors to the success of the implementation of integrity practices. Through these activities, top management could understand the ground issues of integrity non-compliance as they mingled directly with the subordinates.

In addition, strong engagement between leaders and their subordinates is also demonstrated at SSB through department gatherings such as potlucks and simple birthday celebrations. The feeling of being appreciated leads to higher obedience, thus facilitating leaders to promote ethical culture through integrity compliance. The idea of organising such events also portrays that SSB leaders are competent in terms of managing their emotional intelligence. As commented by the head of IGU (SSB01):

> *"In terms of leadership, there are actually two aspects. Besides knowing how to do the work so that people won't deceive you, you also have to have EQ (emotional intelligence). What's your relationship with your staff? Because as a leader, you have to promote good behavior, and from there, you can see your production or the quality of work. So, people are always motivated to come to work".*

Despite the variety of leadership approaches, the selection of the appropriate approach to maintain leadership engagement is highly influenced by the nature of the work and the objectives to be achieved. Based on interviews and casual observations, leaders at SSB employ both transformational and transactional leadership approaches, depending on the circumstances and nature of the work they encounter. For instance, the head of the operating department seems to prefer a transactional style, where the focus is on performance and supervision. Meanwhile, the head of human capital is perceived to favour a transformational approach that emphasises on individual motivation and development. The difference in leadership style is acceptable as the operating department deals with core business activities and involves bottom-level employees compared to the human capital department. As explained by the head of HCAD (SSB05):

> *"In my opinion, the demonstration of ethical leadership depends on situation. For example, the head of operations, who deals with many problems, might be a bit strict or come off as fierce, but that does not mean they are not sincere. Ultimately, while they may agree on the importance of integrity, their personalities may lead them to approach things differently".*

SSB employees see ethical leaders who lead by example and have strong leader-employee engagement as pivotal for the successful implementation of integrity practices. The exemplary behaviour portrayed by ethical leaders indirectly encourages employees to participate in integrity initiatives, leading to a commitment to enhance integrity compliance. Hence, the next section examines the commitment of SSB members to ensuring the success of CIPs.

4.5.2 Commitment

Other than ethical leadership, the findings suggest that the success of integrity practices relies on the commitment of all members of the organisation. This is clearly highlighted by the IGU officer (SSB08) when he said, "*In my opinion, there's only one thing that matters: cooperation from all parties and commitment in every anti-corruption effort undertaken by the company".* In SSB, commitment from both parties is required as integrity cannot stand by itself without individual awareness and collective dedication. At the same time, the management of SSB also realises that their initiatives and support enhance awareness, which eventually leads to adherence to integrity compliance. The findings reveal that commitment in the context of integrity enhancement in SSB comes from two streams: top management and the supporting level. Figure 4.24 simplifies the commitment of the two groups.

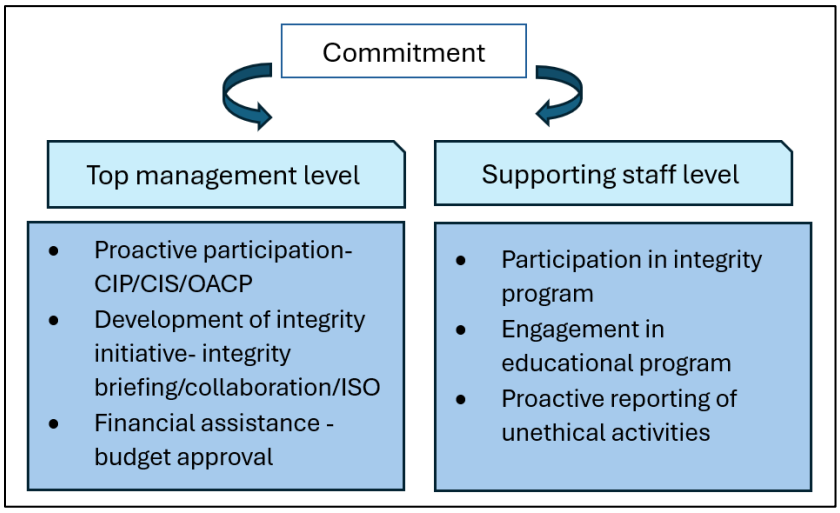


Figure 4.24 Commitment From Different Level of Employees

4.5.2.1 Top Management Commitment

The initial commitment shown by the top management of SSB is their voluntary participation in the corporate integrity pledge and corruption-free pledge (CFP) signing that took place in 2012 and 2017 respectively. The decision to voluntarily sign the pledge demonstrates SSB's commitment to promoting ethical business practices and values. It also shows that SSB takes integrity seriously and will never compromise with any violation of it. In addition, the management strived to complete their corporate integrity system (CIS) in 2020 and obtained acknowledgement as one of the earliest GOCs to have achieved this.

Following the signing of these two pledges and the completion of the CIS, the commitment to ensure the success of integrity practices is also demonstrated by top management through their dedication to supporting the accomplishment of the Organisational Anti-Corruption Plan (OACP) and the development of policies and a digital integrity system. The OACP was successfully completed in 2021, and SSB was recognised as one of the earliest government-owned agencies to achieve this status. The successful completion of the plan provides SSB with a comprehensive direction for enhancing integrity and hindering corruption. The exceptional commitment by SSB's top management to enhance integrity compliance by succeeding its practices is continued when the company is certified with The ISO 37001:2016 certification for Anti-Bribery Management System (ABMS). This ISO aims to assist companies in preventing, detecting, and responding to bribery incidents. As commented by the

investigation officer of IGU (SSB02):

> *"If we look at the bigger picture, I can see the commitment of the company's top management, including Heads of Departments and Board members, through the policies they have established. The company has policies related to anti-corruption and good governance, which, if I'm not mistaken, were issued in 2020. In 2023, some revisions have been made to improve these policies, and several new policies will also be introduced."*

In addition, the top management of SSB demonstrates their commitment by supporting integrity training and educational programs through the provision of financial assistance. The approval of budget allocations indicates that SSB's top management consistently supports any necessary requirements to strengthen organisational integrity. As commented by the head of OPD (SSB07):

> *"Any activity or program related to integrity has budgets. We are committed and consistent with this. There has never been an issue regarding the budget for integrity, but budget reductions sometimes occur. For example, if the proposed cost is RM30,000, we might suggest changing the location, but the program will never be cancelled. The main goal is to ensure that the objective of enhancing integrity is not compromised".*

The management invites external experts from government and non-government anti-corruption agencies who could provide sufficient information and ideas on integrity practices development. At the same time, top management assists the IGU in initiating collaboration with the Malaysian Anti-Corruption Academy (MACA) and other agencies through financial and moral support. Since SSB is a government-owned company, certain budgets need to be approved by the Ministry and Parliament. Consequently, one of the critical responsibilities of top management is to persuade the Ministry of Finance to grant final budget approval. The action of bringing the proposal to that level significantly underscores management's dedication to enhancing the success of CIPs (CIPs) within SSB.

A recent alternative taken by SSB, which started in 2020 and significantly contributed to the success of integrity practices, is the culture transformation program. This program involves various activities; thus, commitment and cooperation from top management are required to meet its objectives. Without any hesitation, the top management has given their full support in ensuring that integrity can be

institutionalised and become a culture in SSB. For instance, the CEO and COO are willing to spend their time joining activities as moral support for their subordinates. Employees who perceive top management as supportive are likely to experience higher job satisfaction which positively reflects their ethical behaviour, leading to the success of CIPs adoption.

4.5.2.2 Supporting Staff Commitment

Besides support from top management, the success of adopting CIPs also depends on the commitment of the company's support staff, considering that a comprehensive ethical culture can only be built through the cooperation of the entire organisation's members. Based on SSB case, supporting staff show their commitment by attending and complying with their participation in integrity educational programs, including integrity briefings and training. SSB has agreed that each employee must attend integrity briefings once every two years; thus, they should make themselves available to fulfil that requirement. In addition, the willingness to join the transformational program also indicates their commitment to ensuring the success of CIPs through a better understanding of integrity and ethics values.

Apart from active involvement in integrity programs, the staff should be committed to disclosing any unethical activities related to the company. The initiative to voluntarily report misconduct is a valuable commitment as it helps SSB to be more efficient and effective in minimising the occurrence of integrity non-compliance incidents, particularly from operational level employees. The commitment to voluntarily being a whistleblower is perceived as a characteristic of a high-quality employee. As commented by the head of OPD, (SSB07):

> *"Another factor is that we have quality officer and high-quality staff. In terms of integrity, they are very critical to ensure this company, under them maintain a satisfactory standard. They are all vigilant. If any issues or leaks occur within the company, they address it directly. If integrity issues like these arise, they do not keep it to themselves, they report it directly."*

The success of SSB in adopting CIPs can only be achieved through cumulative commitment, which refers to all employee levels. Each has a significant role in supporting CIPs and ensuring the enhancement of integrity compliance. Nevertheless,

commitment from both top-level and supporting employees must be clearly communicated; otherwise, the objective of promoting integrity may be compromised. Therefore, the next section discusses communication as a critical success factor in enhancing integrity practices and compliance.

4.5.3 Communication

Apart from ethical leadership and commitment, this study found that communication is another critical success factor (CSF) of CIPs in SSB. In SSB, the strength of communication is highly accessible, where information or updates of integrity are openly shared. In addition, utilising a variety of communication mediums helps SSB to disseminate the information efficiently. For instance, updates are posted in SSB bulletin, displayed on the notice board, sent via email by IGU officers, and shared in WhatsApp or Telegram groups. The selection of these communication mediums ensures that information is accessible to all employees, regardless of their level within the organisation.

To enhance communication effectiveness within SSB department, face-to-face meetings are preferred over other forms of communication, as they allow for direct distribution of information, facilitating immediate feedback and fostering a sense of connection and understanding among employees. Department meetings are scheduled once every two months, although the frequency may vary depending on the circumstances. During department or unit meetings, the chairman will include a brief reminder of integrity which can serve as a significant reinforcement.

Nevertheless, for large-scale meetings, such as town halls, that require the involvement of other unit officers (branches), virtual meetings are more effective. Online meetings are undeniably more convenient owing to their high accessibility, time efficiency, and cost savings. In addition, the ultimate objective of having online meetings is to attract more participation from employees. The town hall is also being recognised as a communication tool at SSB to deliver any changes or new policies regarding the enhancement of integrity.

In SSB, both top-down and bottom-up approaches are applicable to strengthen communication efficiency and effectiveness. However, the top-down approach is more crucial in ensuring integrity compliance. This is because integrity compliance requires

the element of enforcement and decision from top management are privileged to be followed. For example, the instructions to join integrity briefing and punishment for any integrity violation are decided at the highest level and then communicated to the rest of the employees. This method is emphasised to minimise the conflict that might occur due to the dissatisfaction among bottom-level employees. Commented by the head of HCAD (SSB05):

> *"There are certain matters where subordinates can communicate with upper management, but there are also certain situations where a top-down approach is necessary. We give direction on certain issues because if we don't, they will not follow".*

In has become a practice at SSB where the focal person will be appointed to ensure the information from top management is successfully and effectively reach the bottom level employees. Any new policies or standards from top management will be disseminated by head departments to unit managers and finally to the supervisor who directly interacts with other team members, including field workers and tanker drivers. The information chain adopted by SSB is designed to ensure that the information meets its objectives of updating and creating awareness of integrity. The officer of IGU (SSB03) explained that:

> *"As a large organisation like SSB, we operate using a top-down approach, but still there is also bottom-up communication. [….] The procedures we commonly use are email and notice boards. This enforcement comes from top management. So, for the lower levels, they need to ensure that the information is communicated to their peers. Typically, in our ABMS or integrity framework, we have focal points, so we ask the focal points to spread awareness about the issues we raise."*

In terms of bottom-up communication, SSB provides annual employee evaluations and suggestion forms that require feedback from middle and bottom-level employees. Evaluation is needed for improvement in SSB's operation, while suggestion forms open opportunities for employees' skills and knowledge enhancement. Effective communication accelerates compliance, leading to the development of a better workplace culture. The following section elaborates on SSB culture that supports the success of CIPs.

4.5.4 Culture

Culture is always perceived as a pivotal cornerstone of organisational integrity, as it has certain practical valuable applications on how managers conduct business operations (Yin & Zhang, 2020). This is also confirmed by SSB, as culture is the core element that needs to be fulfilled in valuing integrity. *"Strengthen and embed a culture of integrity throughout the organisation by promoting its institutionalisation and effective implementation"* (SSB Annual Report 2022).

One of the important cultural aspects within SSB that significantly contributes to the success of CIPs is the strong intra-collaboration between departments within the company that supports the activities initiated by the IGU. For instance, the Human Capital Department helps IGU to organise SSB employees' attendance statistics of integrity briefing, which assists the integrity officer in conducting the next integrity briefing call. Meanwhile, the Internal Audit and Risk Department cooperates in preliminary investigations to expedite the investigation process. In addition, IGU has been invited by several departments within SSB to give integrity talk for their head unit or sections. The collaborative culture shown by SSB stimulated the success of the CIPs. The head of IGU (SSB01) stated:

> *"In establishing a good work culture, we cannot move forward alone. So within IWK, many parties are involved. We have IAR, HCAD and many more. IGU has conducted integrity briefings, tests, and invited the Malaysian Anti-Corruption Commission (SPRM) to give talks. We are constantly seeking ways to bring about renewal."*

In addition to intra-collaboration, SSB also involves inter-collaboration, which has exposed the company to numerous technological advancements. A wide range of collaborations, including the Malaysian Anti-Corruption Academy (MACA), Air Selangor, and Universiti Malaysia Pahang (UMP), motivate SSB to continuously upgrade their digital infrastructure, water recycling processes, and wastewater treatment technology. Relevant to the integrity context, technological advancement improves digital accessibility and efficiency, such as Corporate Risk Management (CRM), integrity systems, and e-procurement.

The transformation from traditional-based system to digital-based system influences members of SSB to explore new things to equip themselves with the current

requirement. As such, the continuous learning culture emerges and forms valuable team development opportunities. Nevertheless, the transformation raised argument and complaints from SSB's stakeholders, particularly small contractors and vendors. In fact, SSB employees also felt stressed about coping with the new system. As revealed by the head section of E-procurement (SSB10);

> *"When we wanted to switch to a digital system, there were challenges. At that time, it was very tough to train our vendors. They didn't even know how to hold a mouse properly because they were mostly lower-level contractors, like grass cutters and those who clean the plants, and so on.[…] on the same time, we had to train our internal staff."*

With strong determination and commitment, SSB has successfully improved its digital system, leading to a better system for integrity, risk management, and procurement. Through the digital platform's improvement, SSB has enhanced its operational transparency, resulting in higher integrity compliance and comprehensive fraud detection. Indeed, any loophole in the procedures can be easily traced, as most processes are automated. Therefore, the combination of collaborative and continuous learning culture is seen as a factor that expedites CIPs' success in SSB.

4.6 Case Finding: Research Question 4 – CIPs and Value Creation

This section discusses the fourth research question: "How do CIPs create value in the Government Owned Companies (GOC)'s economy, environment, social, and governance?'. Following the finding in the first research question that focuses on recent CIPs undertaken by SSB, this section further discusses the contribution of the five (5) practice components which are whistleblowing, internal control, core value, disciplinary system, and training and education practices, to increase the company's value. In this study, value creation refers to financial and non-financial measures, consisting of economic, environmental, social, and governance (EESG) measures. EESG is selected as a measure of value creation as it aligns with the evolution of global business trends, where the key factor of sustainability no longer relies on financial but also non-financial aspects (Abdullah et al., 2019). In addition, ESG is recognised as a pragmatic and strategic approach that influences stakeholders' decisions on value creation (PWC, 2023). Table 4.9 summarises how these CIPs create value in terms of

financial, environmental, social, and governance (EESG) aspects within the context of SSB.

Table 4.9
SSB's Value Creations of CIPs

	VALUE CREATION MEASURES			
	Economy	**Environmental**	**Social**	**Governance**
CIPs	-Revenue increment -Cost saving	-Efficient resources management -Environmental standards compliance	-Stakeholders' trust -Brand awareness	-Governance compliance -Transparency
Whistleblowing	Reduce legal and compliance costs by proactively identifying and addressing unethical behaviour.	Better pollution and waste control due to increase in report frequency.	Increases trust and confidence among stakeholders as they believe they company is transparent in handling its operation.	Strengthen governance by providing control mechanism for potential misconduct and unethical behaviour.
Internal control	Improve deficit through risk mitigation plan and reduce legal and standards non-compliance cost by enhancing review of company's control.	Reduce risk of non-compliance by improving risk pollution control and quality of treated effluent.	Boost public trust and satisfaction as they believe that all the company's operation is based on legal standards, thus there is improvement in service.	Improve governance compliance by proactively identifying risks and reviewing control mechanism.
Core value	Improving profitability through enhancement in customers' satisfaction, as a result of better service provision.	Enhance commitment to wisely utilise the available resources and control waste.	Develop creativity and diversity in service that enhance customers and employees' satisfaction that also contributes to brand awareness.	Reinforce strong governance by inculcating ethical and integrity culture.
Disciplinary action	Reduce cost and improve profit due to the low integrity violation activity.	Reduce complaint about waste management and improve eco-system through improvement in service as well as maintain efficient operation.	Enhance reputation as the company can promote integrity culture by recognising positive contribution and correcting grievances or unfavourable.	Enhance governance effectiveness by strengthening compliance enforcement.

Training and education	Reduce litigation cost as employees aware of the consequences of integrity violation and corporate liability.	Enhance commitment towards environmental policies and legal requirement which improve overall service and utilisation of resources.	Build a positive public image that attracting stakeholders' trust through enhancement of integrity performance.	Enhance accountability and transparency since employees understand the importance of integrity compliance.

(Source: Author)

4.6.1 CIPs and Economic Value

Based on Table 4.9, the first stated component of value creation refers to the financial perspective. Literally, the financial perspective is defined by the monetary aspect, mainly related to profit and loss. Each component of the CIPs (CIPs) contributes economically to SSB's financial performance which focusing on the enhancing both revenue collection and cost savings, as discussed below.

4.6.1.1 Increase In Revenue

The implementation of CIPs contributes to higher transparency of operational conduct, which increase both the quality of the company's operation as well as it services. These improvements enhance customers' confidence in SSB services. Confidence in the company's performance due to high ethics and integrity while delivering services increases customers' and users' willingness to pay service charges promptly. As revealed by the head of OPD (SSB07):

> *"What I am trying to relate with all these integrity matters is, back to many years before, only small number of people (users) pay their bill. But now more people are paying their bills. People have a better understanding, and the number of people paying bills today is higher compared to maybe ten years ago. So, we can see that people's awareness (about ethical performance) is much greater now."*

This is also supported by the statement of head of HCAD (SSB04):

> *"If we carried out all integrity initiatives, that trust will make them to pay the bill every month. If any issues arise, they will contact us without hesitation or complaints."*

Based on the above statements, the adoption of CIPs has contributed to a positive economic impact at SSB through the increase in the cumulative collection rate, as indicated in Figure 4.25 below.

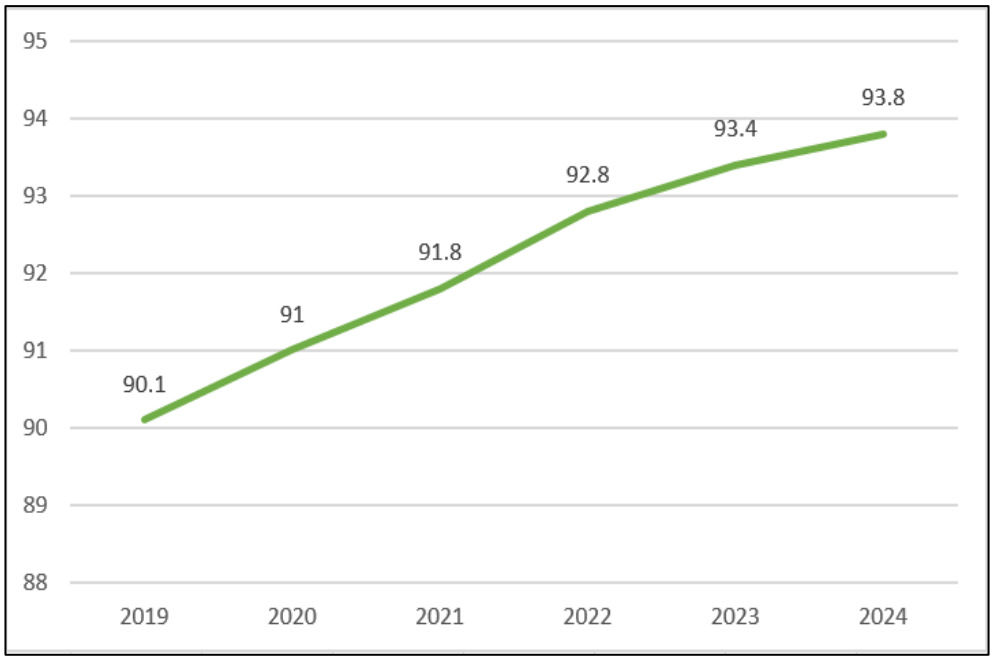


Figure 4.25 Cumulative Collection Rate of SSB from 2019-2024

Based on the data in Figure 4.25, it can be said that the adoption of CIPs helps SSB increase its revenue. The cumulative rate increased from only 90.1% in 2019 to 92.8% in 2022, indicating that more people are paying their bills (Sustainability Report, 2022). In 2024, the cumulative rate reached its highest level at 93.8%. Although this increase was significantly driven by the increase in SSB tariffs at the end of October 2022, it also demonstrates the success of the risk mitigation plan, a key procedure in the risk management process. The ability of SSB's risk assessment team's ability to identify an effective mitigation plan for financial risk, the most extreme risk in SSB has led to the success in tariff increment.

In addition, the implementation of the transformation culture program allows SSB to strengthen its staff's understanding of integrity as a core value. Referring to its core values that engage the elements of integrity and work ethics, employees are encouraged to uphold these principles and actively contribute to continuous improvement and better service provision. The credibility of performing work with integrity opens up more opportunities for the company to generate additional income from non-core services. For instance, SSB is trusted to be involved in a few additional management projects, including land utilisation for telco towers and consultation. This opportunity reduces the burden faced by the company due to the limitation of government subsidies.

4.6.1.2 Cost Saving

In addition to improving revenue generation, the adoption of CIPs reduces costs, particularly legal costs and other penalties caused by non-compliance activities. The adoption of whistle-blowing practices has been identified as a factor that contributes to minimising non-operating expenses. Through the implementation of a whistle-blowing system, the willingness of employees or the public to come forward and report unethical and misconduct related to the operation of SSB helps the company to conduct early investigations and follow with immediate rectifications. This is because most complaints are lodged based on whistleblower suspicion and have not yet occurred. Hence, whistleblowing provides SSB with ample time to conduct the investigation, reducing the possibility of huge losses caused by massive detrimental integrity incidents.

Economically, the company's ability to rectify its loophole or any suspension of integrity non-compliance at the early stage of operation prevents SSB from facing litigation issues, thus reducing associated costs. The ability of SSB to avoid legal charges benefits the company by minimising its expenditure, thus improves its overall financial performance by reducing non-operating expenditure.

As internal whistleblowers address internal issues proactively, SSB can avoid severe penalties from financial regulators that could have resulted from the external discovery of fraud and other non-compliance activities. The role played by official investigators and the Investigation Evaluation Committee from the IGU ensures that internal disclosures are kept confidential according to the procedures and are not simply exposed to outside parties. Furthermore, as the company also developed a whistleblowing policy, implementing sound protection for whistleblowers' confidential information assists the company in preventing any probability of legal penalties or remedies that may arise from breaches of confidentiality. When the company develops a whistleblowing policy as a reference for whistleblowing protection, there are some conditions under which SSB is not liable for a lack of whistleblower information. Holding this condition provides SSB with a good defense if any allegations are made by whistleblowers.

In terms of the adoption of internal control practices, effective risk management facilitates SSB to identify risks that could harm their unstable financial outcomes, which

are affected by the quality of service performance. Risk identification facilitates SSB to develop more practical and efficient mitigation plans. For instance, when SSB's risk management team realises that procurement activities such as bidding and tendering procedures are always exposed to the potential corruption risk, they will come up with mitigation plans.

Simultaneously, internal audits review procurement procedures to identify compliance with standards and loopholes. If any red flags are identified, the auditors notify the head of the procurement department, and an investigation is initiated. During this process, internal auditors may make suggestions and recommendations for better control procedures. The suggestions will direct SSB to the development of new standard operating procedures or improvement of the existing policies, which will strengthen the implementation of other internal control activities. Overall, internal control assists SSB's financial performance by reducing errors and fraud, which in turn minimises losses and enhances operational efficiency, leading to significant cost savings. As commented by head of IARD, (SSB05):

> *"If we look at it, this is about helping to prevent losses. Losses in terms of procurement or revenue. For example, when we have a project that we award, the lowest bid isn't necessarily the best, right? In procurement, we have bidding processes. But when there's a lack of integrity, these kinds of issues can happen. So, leakage in this context will harm us, whether it's through lost revenue taken by others, taken by our own staff, or revenue that isn't accounted for properly."*

The head of CPD (SSB06) and also added:

> *"I think value creation from a financial perspective is indeed something we strive for, because as you said, we try to reduce losses every year, and thankfully, the losses have been decreasing over the last 2-3 years."*

Cost savings can also be obtained by implementing a strict disciplinary system. Through the implementation of disciplinary actions, SSB can effectively minimise instances of fraud, theft, and other illegal activities, thereby reducing substantial financial losses due to the deterrent effect of the fear of being caught. As commented by the HCAD (SSB04):

"It discourages people from doing things that lack integrity. It means that if there are penalties or disciplinary processes, people will be afraid to do unethical things [...] it helps in preventing leakage, both in terms of procurement and profit generation."

The above statement indicates that implementing punitive measures significantly deters employees from engaging in unethical activities. Therefore, practicing effective disciplinary system discourage embezzlement or any corruption opportunity. Eventually, practising illegal tax avoidance directly contributes to the company's financial stability.

For integrity training and education practice initiatives, the outcome of integrity briefings and educational programs increases awareness of the value of integrity as well as the consequences of integrity non-compliance. When employees and associated parties (vendors and contractors) are aware of the detrimental consequences of integrity violations, it reduces the likelihood of engaging in unethical or illegal activities that could lead to costly litigation or legal penalties. Moreover, employees tend to work with higher integrity, resulting in low operational and administrative conflicts which eventually assist the company in improving its cost savings. This proactive approach minimises the risk of legal entanglements and associated financial burdens, such as fines, settlements, and the indirect costs of damaged reputations and lost business opportunities.

4.6.2 CIPs and Environmental Value

Other than economic value, CIPs also contribute to environmental value. By adopting CIPs, SSB enhance their environmental impact through heightened compliance with environmental standards. Since SSB is highly regulated by The National Water Service Commission (SPAN), Sewerage Service Department (JPP) and Department of Environment (DOE), the company must adhere to all the stringent regulations imposed by these stakeholders. SSB's initiative to implement CIPs leads to proactive environmental standards compliance by performing better waste management and pollution control.

4.6.2.1 Efficient Resource Management

Operating in an environmentally sensitive industry, SSB must ensure that all operations safeguard the sustainability of the environment, and no activities are allowed if they jeopardise ecosystem stability. With the adoption of CIPs, SSB has slowly improved its efficiency in managing effluent, sludge, and other components of wastewater. The reduction in complaint receipts from 7.7 in 2019 to 4.09 in 2024 demonstrates the improvement in SSB's operations for managing its effluent, as depicted in Figure 4.26 below.

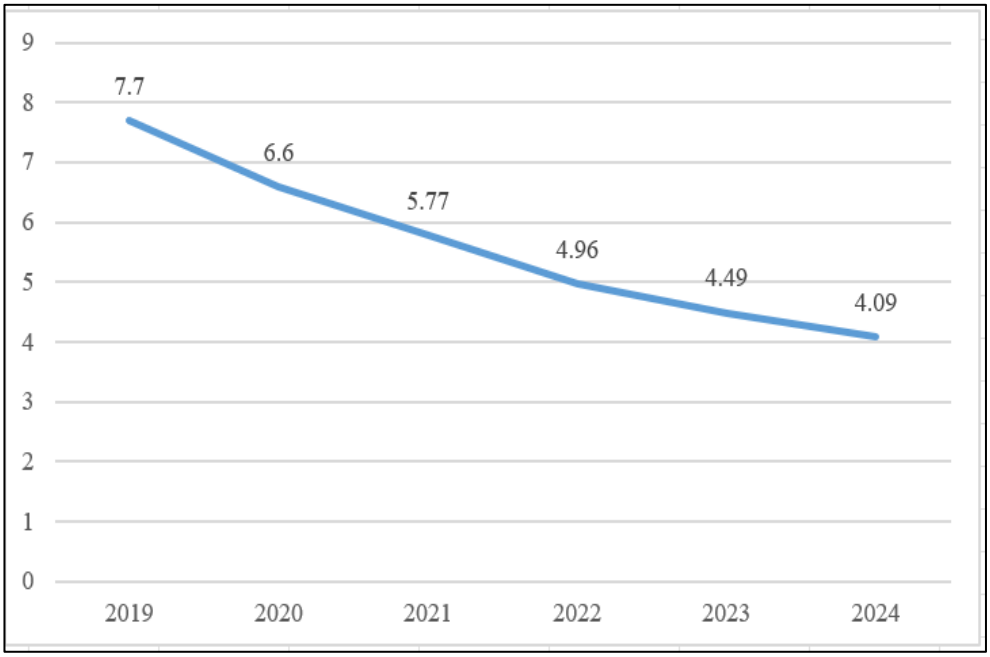


Figure 4.26 Operational Complaint of SSB

In the context of whistleblowing, disclosure can proactively address pollution control issues before they escalate. Any disclosure received via whistle-blowing channels will be investigated and prompt action will be taken. Such actions allow the operational team to promptly visit the site where pollution is reported, opening better alternatives for securing the best control initiative before intervention from other environmental agencies. This was highlighted by the Head of IGU (SSB01):

> *"There was a complaint about Sungai Kim Kim, we took action. Whenever there is a complaint, regardless of whether it comes through whistleblowing channels or customer care, we will take action. We ensure that SSB acts,*

because SSB deals with the environment. Whether it's related to SYABAS, a factory, or anything else, we will go to the field to inspect it."

In addition, the report made by a whistleblower who acts as the eyes and ears of SSB assists the company in identifying and rectifying its inefficiencies in its current pollution control strategies. Hence, SSB can use complaints and reports to develop better prevention and pollution control management.

Meanwhile, the adoption of internal control practices provides SSB with effective waste and pollution control through risk assessment process and internal audit review. Through risk assessment procedures, SSB highlights mitigating actions related to operational risk. Owing to the nature of SSB's business activities, the identification of risks related to the environment is the most significant risk under operations. Hence, this practice improves the monitoring process of environmental key risk area identification. Upon the identification of key risk areas, SSB will implement its controls and safeguard the environment from pollution. On the other hand, audit reviews oversee the overall operation which may lead to the identification of loopholes in procedures. Thus, recommendations and suggestions will be issued by the auditors for better management and control of influent/effluent, pollution, or resources.

The initiative to adopt core values and integrity educational practices also contributes to the environmental value of SSB. By organising the culture transformation and integrity education program as a medium to deliver the messages on the importance of integrity, SSB increases its employees' awareness of the integrity and ethics value. Awareness ensures that employees handle the company's affairs according to ethical standards, assisting SSB in monitoring the optimum utilisation of the company's resources. The effort to implant integrity and ethical as a culture has shaped a positive attitude among SSB members towards environmental sustainability. This is claimed by the HCPD (SSB06):

"We're developing a culture transformation program. We're also organizing quite a few workshops for this. At the end of the day, all of us must be passionate about the environment. This means you can't just leave lights on when you see them. We need to reduce the number of plastic bags, so we want to ensure that caring for the environment is embedded in our DNA."

In addition, core values encourage SSB to initiate recycling activities related to the consumption of environmental resources. This is based on the claim of head of OPD (SSB07), which noted:

> *"So, we will maximize our recycling efforts. For this gas, we will turn it back into energy. We have gas engines that we convert into electricity, which can power streetlights. However, if we want to run the entire plant, it won't be enough. It's actually quite small, but we can recycle it. We ensure that this energy is used wisely. As I mentioned earlier, if someone says that our integrity is not high, we don't think like that."*

The ability of CIPs to improve the credibility of SSB in controlling environmental pollution by proper management of wastewater, sludge, and other resources related to sewerage operation leads to the enhancement of environmental standards compliance. The next section will discuss about the proactive environmental standards compliance as another values of CIPs.

4.6.2.2 Environmental Standards Compliance Enhancement

The willingness of SSB to adopt CIPs is significantly influenced by coercive factors, which refer to the enforcement of standards and regulations. Within the context of CIPs and environmental value creation, their adoption facilitates SSB alignment with stringent environmental standards, assuring compliance and improving operational sustainability. The whistle-blowing system provides employees and SSB stakeholders with channels to disclose unethical or illegal conduct, including environmental violations associated with the company's operations. As commented by the governance executive of the IGU (SSB03):

> *In terms of environment, the whistleblowing relates to transparency. Individuals may submit grievances, including those pertaining to environmental concerns, such as the detrimental impact of sludge being discharged into a river. They are able to report it. From an integrity standpoint, we will direct these complaints to customer service, as they are responsible for taking action inside operations.*

For internal control practice, the implementation of internal audit reduces the probability of non-compliance as the audit team will conduct the audit review to ensure

that all the operations of SSB, such as plant, sludge, and effluent, are maintained according to the standard parameters stipulated by PETRA. Recognised as the national sewerage company, providing good effluent management is one of the company's goals, which is achievable through an effective audit. This is aligned with the audit's objective of improving and enhancing the organisation's operations. As such, SSB has consistently conducted audit reviews to ensure that the company's activities are environmentally safe. Audits are crucial in the context of SSB as the company has to ensure that the sampling process is handled according to its SOP and the outcome, which is treated effluent, meets the standard set by the Department of Environment (DOE) Malaysia. As revealed by the head of IAR, (SSB05):

> *"For the sampling process, we want to ensure the integrity of the results obtained. It is important that the sampling is independent and guaranteed to be fair. We do not want people to conduct sampling merely for compliance purposes, selecting good samples but tagging them to the wrong Sewage Treatment Plant (STP). Therefore, we review and check that the sampling process adheres to the sampling Standard Operating Procedures (SOPs)".*

The internal audit team is also responsible for ensuring that the procedures for maintaining the STP are accurately based on the SOP. They need to ensure that the equipment in the STP is functioning and working according to its specific design. This practice is important as the quality of treated effluent depends on the STP. The IARD'S head (SSB05) added:

> *"SSB needs to ensure that the equipment in the plant works according to its design. It's crucial to make sure the pump is working because if it isn't, this will cause the treated water to fail to meet the Department of Environment (DOE) parameters. Failing to meet the DOE parameters leads to environmental contamination. If the DOE conducts a test, a grab test, and finds levels exceeding the set parameters, SSB could face legal action".*

For the disciplinary and reward systems, CIPs are crucial for SSB in maintaining environmental compliance and ensuring the safety and sustainability of operations. Through the punishment and penalty imposed for integrity non-compliance, employees adhere to established protocols and legal standards, significantly reducing the likelihood of environmental mishaps. From the perspective of the operations department, tanker drivers and maintenance operators will be more compliant in ensuring that their work

is properly handled and that there is no pollution. The effluent will be properly managed and disposed of in the respective plants, following what has been set and instructed by SSB's policy. With the provision of certain charges and punishments that are seen as a threat to non-compliance activities, SSB can use this practice as an alternative to enhance the company's compliance with environmental standards and regulations. This leads to fewer public complaints and higher satisfaction rates among the community, as they observe tangible improvements in local environmental conditions. Compliance with environmental standards makes SSB legitimate from a societal perspective. Thus, the next section discusses CIPs and their social value.

4.6.3 CIPs and Social Value

As indicated in Table 4.9, the third value contributed by the adoption of CIPs is social value. When SSB adopts whistleblowing, internal control, core values, a disciplinary and rewards system, as well as integrity training and an educational program, it obtains legitimacy. By adopting these CIPs, SSB positions itself as a company committed to promoting transparency and accountability, leading to a strong reputation that attracts more trust and confidence from the public. In addition, its reputation makes SSB outstanding, leading to brand awareness. Thus, the social value of CIPs in terms of stakeholders' trust and brand awareness is discussed below.

4.6.3.1 Stakeholders' Trust

The establishment of proper and systematic whistle-blowing practices creates substantial social value for SSB in terms of trust and confidence among stakeholders. For SSB, thorough investigation procedures conducted by an investigation officer from the IGU on all disclosures received demonstrate its commitment to enhancing the quality of assessment. Moreover, this procedure ensures that all concerns raised by whistleblower disclosures are entertained accordingly and transparently.

As investigation procedures are also conducted according to Reference to Authority Policy, it ensures that there will be no conflict of interest or special treatment for certain disclosures which are associated with someone from the top management level. A clear procedure for whistleblowing investigation hinders suspicious

perspectives, specifically from potential whistleblowers. A transparent approach to handling procedures and open communication of the outcome reassure that SSB is reliable and proactive in mitigating integrity non-compliance activities. This approach enhances not only public confidence and trust but also the company's credibility. As commented by an executive of IGU, (SSB03):

> *"We have even designed a sticker, kind of like the SPAD one, that shows our whistleblowing hotline. Meaning we are open to any complaints from the public. We are transparent with integrity issues. With this transparency, we hope to increase public trust in SSB, just like other companies have. Keeping things transparent with our whistleblowing practices, sticking to Anti-Bribery Management Systems (ABMS), and following international standards shows how we're working to improve SSB's image".*

By integrating transparency into its operations, SSB communicates a clear message of openness and accountability to the public. They are confident that SSB can handle integrity issues without any prejudice. Therefore, possessing whistleblowing investigation procedures leads to increased investor confidence, customer loyalty, and a stronger market reputation. Justified by the head of operation (SSB07):

> *"Additionally, even when it comes to complaints, we try to see them in a positive light. While some aspects may be negative, the upside is that receiving numerous complaints indicates there are many opportunities for us to improve our services".*

The alternative taken by SSB to introduce whistleblower protection also enhances public confidence which eventually leads to an improvement in SSB's reputation. The company will be perceived as a good example of managing confidential information, which motivates people to come forward for report misconduct. SSB is aware that the lack of confidential information could be detrimental to whistleblowers. As long as the identity of the whistleblower remains unknown, they can safely be witnesses in any investigation or legal proceedings related to their report. The proactive action taken by SSB indicates that by keeping the whistleblower's identity secret, they are protected from potential retaliation or negative consequences, which allows them to contribute valuable information without being threatened.

Meanwhile, internal control practice enhances confidence and trust among stakeholders and the public due to the perception that the services and operations

handled by SSB follow stipulated standards. The establishment of procurement policies, gift policies, codes of conduct, financial authority limits, and other policies demonstrates that the company is committed to ensuring that it follows the best practices of integrity. As mentioned by the Head of Capital Development (SSB04):

> *"The most important thing is the trust of the staff in the organisation and the public. When the code of conduct is in place and the policies are clear, we will trust that this company follows the laws that have been established. We also have many stakeholders, such as the Ministry of Finance, customers, and the public. So we must ensure they trust us".*

As part of internal control practice, risk assessment and internal audit contribute to enhancing public trust and confidence through transparency and compliance. Before conducting an internal audit, SSB performs a risk assessment to identify and mitigate potential risks. This facilitates the internal audit process, as the audit team is already aware of which area must be prioritised. SSB will conduct its regular internal audit based on the schedule approved by the BOD, demonstrating the consistency of the company to reinforce regulatory adherence and ethical operations. These proactive internal control practices improve the company's operations in terms of the efficiency and effectiveness of its service delivery, as any issues will be forwarded to the BOD. According to the head of the internal audit and risk department (SSB05):

> *"When there is an audit in terms of social aspects, we can review whether the resources in that area are sufficient or not. If the people there are experiencing work overload, we will report it. We will report it to the Board of Directors. The Board of Directors and management will then consider what to do".*

The above statement depicts that internal control is a crucial practice to detect, manage and control internal crisis within SSB. The credibility to resolve internal conflict becomes a key indicator that the company has good sustainability due to strong adaptability and low employee retention. Overall, internal control, which mainly consists of policies, internal audits, and risk assessments, is pivotal in building and maintaining trust among the public, making it an indispensable function for any organisation concerned with its public image and stakeholder relationships.

From the perspective of the disciplinary and rewards practice, the existence of punishment and rewards increase trust among employees as they believe there is a fair

evaluation for their performance. At the same time, they are confident that unethical behaviour result in adverse consequences, which motives them to be more integrity compliant. This practice gives a good perception to the public that SSB has taken the initiative to control mismanagement and develop an ethical culture. Therefore, it enhances the company's reputation among stakeholders. This is explained by the head of HCAD (SSB04):

> *"It enhances our reputation. If we find clear evidence of wrongdoing, we'll take action. For issues involving staff, the matters will be referred to Human Resources. Because they are staff members, they need to go through a complete process, including due diligence, a disciplinary inquiry, and an investigation, before we decide on any penalties or punishment. We have clear procedure on it".*

It can be concluded that when SSB is recognised as a committed company in promoting corporate integrity alternatives, it builds confidence amongst its stakeholders which eventually leads to strong trust. Strong trust assists SSB in building a good reputation and consequently creating strong relationships with its stakeholders.

4.6.3.2 Brand Awareness

The effort shown by SSB in promoting integrity through the establishment of these five practices improves the quality-of-service delivery and operations. For instance, if the maintenance of effluent and sewerage treatment plants (STP) is conducted according to the set SOPs, there must be no issues regarding sewerage services. In other words, when services are performed according to policies and standards, the quality of the services will never be questioned, considering that customers are satisfied. The satisfaction of the customers is crucial as their loyalty determines the sustainability of the company. As highlighted by the head of OPD, (SSB08):

> *"Actually, the public is starting to recognize our presence. We perform our duties well, resolve their issues, and they see that they can rely on SSB to solve sewerage problems. If we look at it now, when people talk about sewerage, they don't refer to it as "sewerage" anymore; they mention SSB instead. It's similar to how people refer to toothpaste as "Colgate", it has become synonymous with the service".*

When SSB creates core values, it gives a good perception of the public as the company is seen to have a clear guideline for its interactions and decisions. By defining integrity as part of its core values, the company communicates a commitment to ensure that moral principles are held as its primary concern in achieving the business' goals. When commitment is visible in the form of core values to stakeholders and the public, it enhances public perception that SSB positions itself as a reliable and highly ethical organisation. As a result, SSB creates good relationships and brand awareness with its stakeholders, specifically industry associations, media, and local communities (SSB sustainability report 2022).

Moreover, the integration of integrity, work ethics, and knowledge establishes a culture that embraces diverse perspectives and motivates creative problem-solving, which in turn enhances both customer and employee satisfaction. When employees feel valued and respected regardless of their background, they are more likely to contribute unique ideas and solutions, encouraging an innovative work environment. This culture assists the company in attracting more opportunities to extend its services. As a result, the products and services offered are more likely to be innovative and responsive to a broader range of customer needs and preferences.

Integrity training and education lead to collaboration between SSB and other organisations. Collaboration opens up more networking and information sharing that can be used by SSB to make their services more visible and widely recognised. The advantage obtained from the collaboration has been explained by the head of HCPD (SSB06):

> *"We have a collaboration with the Port Dickson City Council, where they use our effluent water to water plants. This is because our effluent water contains nutrients that are very beneficial for plants. [...] Activities like this create a win-win situation (visibility)".*

Moreover, integrity knowledge shared during integrity training and education increases awareness among SSB employees and associates, motivating them to be more ethical. When employees are ethical, the workplace becomes more harmonious as it reduces internal conflict, such as harassment, discrimination, and misuse of power. Consequently, such a working environment results in better performance. Better performance increases public satisfaction, resulting in greater brand awareness. As commented by the officer of IGU (SSB08):

"From a social perspective, the application of integrity values from this briefing should first be instilled in our staff so that our services and service delivery to the community will improve. So, our customer will definitely contact us again when they have issues with sewerage and pipeline".

Therefore, CIPs create social value in terms of trust, transparency, and honesty in operation and service, thus increasing customer satisfaction and reliance on the service offered by SSB. High dependency on the offered service leads to brand awareness and, finally, greater customer loyalty.

4.6.4 CIPs and Governance Value

The last component of EESG, as indicated in Table 4-9 is governance. Based on the case of SSB, the adoption of CIPs creates governance value in terms of minimising corruption and misconduct and enhancing transparency and accountability by strengthening governance compliance. The following discussion describes how CIPs lead to enhanced governance compliance and improved transparency and accountability.

4.6.4.1 Governance Compliance

In terms of governance values, detection from disclosure is helpful in identifying any loopholes or drawbacks in the company's policies that could open up fraud opportunities. The alternative taken by SSB to develop whistleblowing investigation procedures facilitates the uncovering of gaps between existing control mechanisms and practices. Addressing this gap can lead to improvements in governance structures. Besides that, by establishing clear and efficient whistleblowing investigation procedures, an organisation ensures that all reports of misconduct or unethical behavior are taken seriously and investigated thoroughly. This reinforces accountability among all employees, from top management to subordinates, by holding them to high ethical standards. Such oversight is crucial for effective governance and helps to deter potential misconduct. Short justification was provided by the head of IGU (SSB01):

"Integrity is very importance. In fact, we are encouraging people to report any misconduct or anything suspicious by whistleblowing".

This statement emphasises that whistleblowing in SSB can function as an effective compliance mechanism to tackle both obvious violations of integrity and more complex or less apparent infractions.

In addition to whistleblowing, the implementation of risk assessment as part of the internal control practice also improves SSB governance in the sense that the existing policies and procedures must be able to cater to integrity and ethics compliance. The responsibility of focal persons and risk owners to identify and evaluate risks facilitates the company to improve any loopholes in the governance structure, thus also contributing to strengthening the corruption mitigation plan. The success of risk identification, evaluation, and mitigation reduces the opportunity for fraud. As explained by the head of IARD (SSB05):

> *"From a governance perspective, it is totally close to audit, because it involves reviewing SOPs and ensuring compliance with regulations. For audits, we follow internal audit guidelines. […] our scope mainly focuses on assessing whether controls are in place and whether SOPs are being followed. However, along the way, we may occasionally come across other issues (integrity issues)".*

For disciplinary and rewards practice, recognised as an enforcement element, the implementation of disciplinary action helps SSB strengthen governance compliance. As the company has a clear definition of what is prohibited and allowed, covering the consequences of non-compliance assists SSB in monitoring the behaviour of its employees. In addition, through the consistent application of disciplinary measures, organisations can prevent potential governance failures. In other words, the inclusion of rewards and disciplinary practices as part of the integrity compliance initiative strengthens the effectiveness of SSB governance by strengthening compliance enforcement tools. The head of PD (SSB09) stated:

> *"I think examples of people having their services terminated or facing consequences should serve as a warning to others, right? If there are cases that have occurred, they should be published to show that actions have been taken. Those who have faced repercussions should have their cases communicated to everyone, so people understand that when you make a mistake, it doesn't end there, it comes with consequences".*

In terms of integrity training and educational programs, the delivery of knowledge about the importance of integrity as well as the negative consequences of non-compliance facilitate employees of SSB in considering their decisions when it comes to integrity conflicts. As they are equipped with fundamental knowledge of ethics and integrity, their actions and decisions align with ethical compliance, thereby reducing the occurrence of governance non-compliance. The enhancement of governance compliance positively affects the transparency and accountability of SSB operations, which will be detailed in the next section.

4.6.4.2 Transparency and Accountability

Through the adoption of whistleblowing practice, SSB provides an open channel that can be accessed by the public to lodge their complaints or reports about integrity non-compliance involving the company's members or operations. The initiatives taken by SSB to promote whistleblowing demonstrate that the company is committed to supporting a transparent culture. From the report received, the investigation procedures take place, thus encourage for accountability aspect.

In addition, the clause in SSB's whistle-blowing policy that covers whistle-blower protection enhances corporate accountability related to legal and confidential issues. When employees feel secure and protected when making a report, it creates an environment where they will be more open to disclosing any activities that they think are illegal and unethical. This circumstance provides SSB with more information on integrity issues that need to be addressed. The information can be utilised by the management to strengthen its governance through continuous improvement and assessment.

For internal control practices, the audit team will consistently evaluate SSB's operations to determine whether it is aligned with the standard procedures. Through regular and systematic evaluations, the internal audit team identifies weaknesses, assesses risks, and provides actionable recommendations for improving governance.

On the other hand, internal audits strengthen the effectiveness of the governance structure through assurance and evaluation. For instance, the audit team in SSB will oversee and review the operations of 13 departments, and their opinions will be presented during the department of BOD meetings to highlight significant corrective

actions and improvements that should be taken. From the review, evaluation, and opinions of the internal audit, SSB will tighten certain integrity procedures, especially those related to high-risk areas.

By openly communicating audit findings and ensuring follow-up on corrective actions, the SDSB demonstrates its commitment to accountability. Furthermore, the internal audit process increases transparency by providing stakeholders with clear insights into the company's financial integrity, operational efficiency, and adherence to best practices. At the same time, taking responsibility for actions and decisions and ensuring that individuals or teams address and rectify issues identified during the audit leads to accountability enhancement.

Integrity has been recognised as a belief that SSB must uphold in delivering their services to community. When SSB train its employees to be ethical and uphold integrity in every action, it directly strengthens the company's governance structures. Through the transformation program, where employees are exposed to the importance of integrity, a culture of accountability and transparency is instilled, which is crucial for effective decision-making and compliance with regulatory standards.

When SSB sufficiently supply the necessary trainings and output of integrity, the ethical culture is easily built within the organisation. The strong foundation of the importance of upholding moral values facilitates SSB in enhancing governance compliance effectiveness. Strong and effective governance promotes higher transparency and accountability among members. Without integrity training and educational programs, those who do not take charge of governance might overlook their role in mitigating the probability of integrity violations. Revealed by the Governance and Integrity Enhancement Unit (SSB08):

> *"In terms of governance, we can see from the programs that the perception and obligation of staff toward existing regulations have become stronger. We understand that these things are not part of their job scope, and they don't encounter them in the media every day. So, through these programs, at least they know, clearly understand, and are aware of what actions we can take and what we need to avoid."*

Therefore, it can be concluded that CIPs offer economic, environmental, social, and governance value to the entire operation of SSB. Nevertheless, the comprehensive implementation and efficacy of these practices within the company's culture face certain

resistance, highlighting the need for the Integrity and Governance Unit (IGU) to strengthen integrity initiatives and compliance. The following section will investigate the role of IGU as the integrity key player.

4.7 Case Finding: Research Question 5 – The Role of Integrity Unit

In this subsection, the role of integrity and governance unit (IGU) will be discussed to answer the last research question, "How does integrity department/unit contribute to enhancing corporate integrity compliance in the government-owned companies (GOCs)?". To comprehensively understand the function of the IGU in maintaining integrity compliance, the discussion begins with the establishment history of the IGU, followed by the main focus which covers the role of the IGU and ends with the challenges faced by this unit to fulfil its functions.

4.7.1 Establishment of IGU

Initiated by the Malaysian Government's suggestion that was presented at Invest Malaysia Kuala Lumpur 2017 (IMKL 2017) on 25th July 2017 and followed by the Prime Minister's Directive, which was released in 2018, all Malaysian Government-Linked Companies (GLCs) and companies owned by the Ministry and Government agencies including the State Government are recommended to set up Integrity and Governance Unit (IGU). This unit will be monitored by the Malaysian Anti-Corruption Commission (MACC). The establishment of the IGU is one of the alternatives taken by the Malaysian government to embark on a journey driven by wisdom and passion to foster ethical practices. In fact, the establishment of IGU gives hope for the government to create an excellent work culture that supported by strong moral and ethics

In the case of SSB, the company established its Integrity Unit (IU) in 2014, in accordance with Service Circular No. 6/2013 by the Government of Malaysia. The establishment of the IU took place after the signing of the Corporate Integrity Pledge by the Company in 2012. Nevertheless, as a Government-Owned Company (GOC), SSB is obliged to comply with recent government instructions and recommendations, as stated in the Prime Minister Directive 2018. With the support and commitment of top management, IU was officially renamed IGU on 26 June 2020. Although the difference

between the roles of the IU and IGU is not substantial, the focus of the IGU in mitigating corruption is more comprehensive, as it covers the governance aspect. This was clarified by the Governance executive (SSB03), who stated, “Before this, the IU mainly focused on integrity, such as training, understanding, giving awareness, and engaging with people, but now, there is governance in the IGU. Governance is wider, higher, more comprehensive, it must have policies, that’s governance’.

Generally, the IGU is established to monitor, strengthen, and reengineer all drives and dynamism that can be utilised in the business environment towards zero tolerance for corruption, fraud, and malpractices. As stated in the “Guidelines for Integrity Unit and Governance Management”, the IGU deals with governance and integrity matters in the GIC with the responsibility to carry out its four core functions, which are:

- Complaint management
- Detection and verification
- Integrity strengthening
- Governance

The initial point of the IGU establishment at SSB is the appointment of Chief Integrity and Governance Officer (CIGO) who will lead IGU in an organisation. The authority of the CIGO should be at the same level as other head departments, but the CIGO is also considered top management as she is one of the members of the Board of Integrity and Governance Committee (BIGC). This position is only entitled to those certified by the Malaysian Anti-Corruption Academy (MACA) as Certified Integrity Officer (CeIO).

As in SSB, the main respondents for addressing the current research question consist of officers from the Integrity and Governance Unit (IGU). The responses were obtained from the head and three officers of the IGU. The evidence from SSB which addresses the current research question is discussed in the subsequent sections.

4.7.2 Key Functions of the Integrity and Governance Unit

Consistent with the ruled-in responsibilities of the Integrity and Governance Unit (IGU) as regulated by MACC, the IGU is accountable for managing all complaints received through whistle-blowing channels. In addition, all detection and verification

of any unethical conduct must be reported to this department, as this department will communicate all information regarding the opportunity of fraud to top management. At the same time, this department is also involved in planning, organising and supervising integrity programs. As the heart of governance, the IGU also participates in the review, maintenance, and implementation of policies, particularly those related to integrity and ethics. Table 4.10 outlines the key functions of IGU in SSB.

Table 4.10
Functions of IGU in SSB

Functions	Alignment with CORE FUNCTION of IGU (MACC)	Contribution
Administrator and investigator of misconduct disclosure	Complaint management/detection and verification	• Manage the complaint • Verify the complaint's details • Run investigation • Provide reports
Facilitator of integrity education and training (initiatives)	Integrity strengthening	• Provides integrity programs • Plan integrity activities • Supply integrity materials and information
Advisor of integrity rules and compliance	Governance	• Initiate integrity consultation • Participate in policies' development
Integrity liaison	Integrity strengthening	• Identify opportunity for integrity-related collaboration • Communicate integrity enhancement and evaluation

4.7.2.1 Administrator and Investigator of Misconduct Disclosure

Based on Table 4.10, the first key function of IGU is as the administrator and investigator of the misconduct disclosure or whistleblowing complaints. In SSB, the IGU is the only department that has the authority to receive all the disclosure of misconduct which were sent through whistleblowing channel. Figure 4.27 shows the statistics of complaints and reports which was received by the IGU from 2019 to 2023.

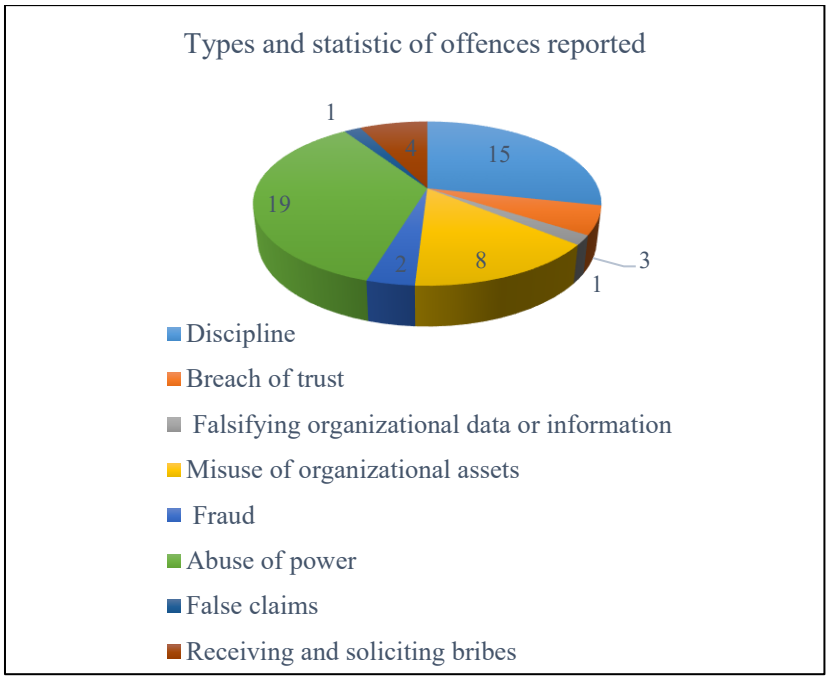


Figure 4.27 IGU's Types and Statistic of Complaints

Based on Figure 4.27, the majority of reports or complaints submitted to the IGU pertain to abuse of power, whereas instances of fraud and information leakage are cited as the least common reasons for filing complaints. All complaints that were channelled through the whistle-blowing system could be directly accessed by the head of the IGU. For disclosures or complaints that were reported manually through a whistleblowing form, face-to-face meeting, or phone call, the information will also be accessible to IGU officers.

Apart from receiving complaints or disclosures, the IGU is given full authority to conduct preliminary and full investigations of the disclosures received. When complaints are received, the IGU head department promptly sets a team, known as Jawatankuasa Menilai Maklumat (JMM), to conduct preliminary investigations, which simultaneously involve the detection and verification of the information received. If the disclosures have supported with the basis and merits, further investigations will be conducted.

As part of the complaint management process, the IGU is also responsible for analysing all complaints received and providing statistical data regarding the trend and category of complaints. Besides that, the head of the IGU is required to prepare a report of the preliminary investigation. Simultaneously, upon the completion of the investigation, the IGU must notify the complainant of the decision taken over the

complaints that they issued.

The responsibility of the IGU as a receiver and investigator of complaints (whistleblowing reports) is important in strengthening integrity compliance because the input provides early detection of misconduct. Moreover, systematic and comprehensive investigation procedures increase transparency in handling complaints, encouraging whistleblowers to be more responsive in providing feedback. More importantly, if the complaint managed properly, the analysis can be used to improve SSB's policies and preventive strategies, strengthening the company's entire integrity system.

4.7.2.2 Facilitator of Integrity Education and Training

The second key function of the IGU is to facilitate integrity-based education and training. Considered a key player in maintaining integrity compliance in SSB, the IGU is responsible for planning, organising, and implementing integrity enhancement programs as part of integrity-based educational and awareness initiatives. The integrity enhancement programs include integrity briefings, conferences and seminars. The IGU will act as a facilitator to handle the entire program, together with assistance from the Human Capital and Administration Department (HCAD). As a facilitator, IGU also needs to provide the necessary documents and materials during the programs. The integrity programs and other relevant integrity activities are not conducted only for SSB's employees but also the parties associated to the company, including contractors, and vendors. As commented by Head of IGU (SSB01):

> *"In order to ensure people will comply with all these rules, SSB give briefing and awareness, from the BOD to the lowest level of staff. Sometimes if they are contractors or vendor, public, buyer, we also provide them with briefing and awareness. In fact, for contractors we have started the collaboration with MACC in 2020 to inform all the contractors about core values of SSB and, and when the Code of Conduct established, we also do the same in 2021 and 2022 for all our other contractors."*

Apart from the direct approach such integrity briefing and seminar, indirect approaches are also being applied to ensure the staff and other stakeholders of SSB are informed with integrity updates. For instance, the preparation of poster, stand banner, email reminder and integrity bulletin are also used by IGU as medium of communication for continuous learning in ensuring all SSB staff are well-informed

about the integrity updates.

As parts of the IGU's future plan, the organisation intends to handle integrity games and distribute integrity pamphlets during customer day. Building on this foundation of awareness and education, SSB plans to extend its outreach to customers in the following year. This progression from internal briefings to public engagements signifies a holistic approach to fostering a culture of integrity and compliance both within and beyond the organisational boundaries. The intent is to make awareness and education a dynamic and interactive experience, ensuring that the information is not only disseminated but also retained in a meaningful way. The IGU officer (SSB08) also mentioned:

> *"So, this year, what we want to do is to prepare some awareness pamphlet to be given out to the customers and we also intend to do so because most of our branches have a customer day. Probably they also plan to have some game or crossword or quiz for the customer to get awareness".*

The IGU is dedicated to continuously facilitating and promoting integrity educational programs and training, aiming to strengthen integrity awareness among its stakeholders. With strong awareness and a fundamental understanding of the values of integrity, compliance with ethical standards and principles will improve, directly reducing the probability of misconduct within SSB.

4.7.2.3 Advisor of Integrity and Rules Compliance

The third key function of the IGU is to advise on integrity and rules compliance. If there are any issues related to integrity, the management of SSB will refer to the IGU for integrity advice and recommendations. Due to its credibility in providing expert advice related to integrity compliance, the IGU is recognised as a key performer in the development of SSB policies, such as gift, anti-bribery and corruption, and reference to authority policies. The recent contribution of the IGU is the development of SSB's Organisation Anti-Corruption Plan (OAC). The IGU's officer (SSB08) mentioned:

> *"The establishment of Integrity and Governance Units (IGU)is to strengthen internal policies on anti-corruption and misconduct. The main responsibility of the IGU is to ensure that we comply with laws, policies, guidelines, and so on. For example, if we identify any loopholes, we need to make*

improvements. […] We can act as advisors to the company in terms of good governance and anti-corruption".

As an advisor on integrity and rules compliance, IGU also ensures that all business practices align with both internal ethical standards and external regulatory requirements. In addition, the proactive advisory role of the IGU helps to prevent misconduct before it occurs, which is crucial for maintaining a company's reputation and operational legality. Furthermore, the credibility owned by IGU as the advisor helps SSB to avoid any unintentional misconduct that may occur due to misunderstanding of grey area related to integrity issues.

4.7.2.4 Integrity Liaison of The Company

The last function of IGU is as SSB's integrity liaison. Direct engagement with MACC provides IGU with a privilege to obtain first-hand updates on integrity matters, ensuring timely and accurate information. The information and updates of integrity standards regulations and policies by MACC will be internally delivered by IGU to the whole departments. IGU will translate and adapt certain information to fit the context of SSB and later communicate them to the targeted receivers. As commented by IGU officer (SSB08):

"If I were to describe our role, it's similar to a company secretary. We act as a bridge or liaison between law enforcement and our company. Typically, our internal customers do not have direct interactions with the Malaysian Anti-Corruption Commission (MACC), which enforces the regulations. Therefore, all communications and dealings with the MACC are usually handled through us".

Besides that, IGU also act as a mastermind in formulating internal and external integrity-based collaboration. Other than MACC, IGU has collaborated with other anti-corruption agencies such as Yayasan Anti-Rasuah Malaysia (YARM) and Institute of Integrity Malaysia (IIM). The collaboration assists IGU to generate more ideas and initiatives in enhancing compliance effectiveness in SSB. The collaborative programs open for more opportunities to explore and learn new integrity enhancement approaches which can be applied into SSB's environment.

Therefore, it can be concluded that the role of IGU as integrity liaison enhances

integrity compliance through communication of information, new explorations and generation of ideas that contributes to high ethical standards' adherence.

4.7.3 Challenges to Promote Integrity

The IGU officers noted that successful of CIPs' enhancement is not easy. SSB faces certain barrier and challenges when attempting to promote CIPs. As the key players in ensuring the success of CIPs within SSB, the IGU officers and head department have argued that the main obstacle that led to the inefficiency of CIPs is human factor. In the case on SSB, the human factor refers to the employees' negligence and ignorance. The behaviour of not serious enough to follow the instructions given by top management and IGU regarding the integrity matters undermines the efficiency of integrity compliance enhancement. As revealed by the IGU officer (SSB03):

> *"The challenge is the person themselves. I used to feel like we didn't want to bother finding out. So, if someone has that kind of attitude, it's really that they themselves don't want to know. No matter how we approach them, they simply won't want to engage."*

The employees who are ignorant will struggle to understand integrity and in the long term, this may lead to noncompliance issues. This is because such behaviour affects their understanding as they do not prioritise integrity as part of their learning process. They keep silent and do not use the resources they have to make a clarification about uncertain integrity issues. As commented by the head of IGU (SSB01):

> *"We can create numerous policies and hold many integrity briefings, but the issue is whether people take note or take things seriously. Some people might have attitudes of indifference or ignorance, right? […] we don't know whether they understand about integrity or not. So, dealing with people is extremely complex."*

The effect of human factors as obstacles to the enhancement of CIPs is more obvious among senior employees. Their long tenure is used as a reason for not participating in the integrity program. They declared that the initiatives were already understood and their remaining service years in SSB were not that long anymore. As disclosed by the Head of HCAD (SSB06):

"But, we also encounter roadblocks, so it's not all happy endings. There are some who are stubborn, saying things like, "Look… you're about the same age as my children, and you're trying to tell me I'm doing these things..."

The action taken by IGU to rectify the unfavourable behaviour is by informing their head department. Counselling or advice is provided to reduce resistance issues, particularly for bottom-level employees.

4.8 Summary of the Chapter

This chapter presents the findings of the first case company, Saujana Sdn Bhd (SSB), where there are five research questions were outlined. Based on the findings, there are five CIPs that have been introduced by the company to enhance ethical and moral value compliance, which are whistleblowing, internal control, core value, disciplinary and rewards and integrity training and education. Besides that, SSB is significantly affected by the government policies and social expectation in making decision to practice integrity. Ethical leadership, commitment, communication, and culture were identified as critical success factors for CIPs at SSB. The findings also indicate that the CIPs carried out by the company can generate value in terms of economic, environmental, social, and governance. Based on the discussion of CIPs' key functions of CIPs in integrity enhancement strategies, several contributions of IGU were examined.

CHAPTER 5
CASE FINDINGS: MEGAH GEMILANG BHD (MGB)

5.1 Introduction

The previous chapter discussed the findings of the first case study. This chapter continues to discuss the findings of the second case study, Megah Gemilang Bhd (MGB). The discussion uses the same research issued in Chapter 1, focusing on (1) current corporate integrity practices (CIPs), (2) motivating factors of CIPs, (3) critical success factors (CSFs) of CIPs, (4) value creation of CIPs, and (5) the role of the Integrity and Governance Unit (IGU) in the enhancement of CIPs.

This chapter is structured into six sections, each addressing the key aspects of the case company's Corporate Integrity Practices (CIPs). The first section provides an overview of the case study company, including its background and operational context. The second section discusses the company's current CIPs, detailing their implementation and significance within the organisation. The third section examines the motivating factors that influence the adoption of CIPs by the case company. The fourth section focuses on the critical success factors (CSFs) that contribute to the effectiveness of CIPs, emphasising the key elements that ensure their sustainability and impact. The fifth section discusses the value creation derived from these practices and analyses their economic, social, and governance implications for the company. Finally, the sixth section explores the role of the integrity department in strengthening corporate integrity compliance, including its responsibilities, challenges, and contributions to the organisation's overall integrity framework.

5.2 Background of the Case Company

Megah Gemilang Bhd (MGB) is a subsidiary of a Selangor state government, focusing on the construction and development of residential and commercial properties around Selangor and the Klang Valley. MGB was established in 1991 when more than 50% of its shares belonged to the Selangor state government. As a subsidiary of the Selangor State Government, MGB operates under the supervision and approval of state policies and decisions. Despite this hierarchical structure, MGB is a diversified

corporation with nine subsidiaries, each specialising in different sectors, including insurance, project management, mining, construction, and aeronautical exploration services. This broad range of operations allows MGB to contribute significantly to the state's economic activities while maintaining alignment with governmental directives.

In the context of integrity practices, MGB is not fully independent in executing its decisions due to its status as a subsidiary of the Selangor state government. Most decisions must be reviewed and approved by Klang Berjaya Incorporated (KBI), its holding company. For instance, KBI serves as an advisor and reviewer during the preparation of the Organisation Anti-Corruption Plan (OACP), the establishment of a code of conduct, and the determination of financial authority limits (FAL). The participation of KBI in certain important decisions is important to ensure that MGB's operations align with the overarching governance and integrity standards set by the state.

As of December 2024, MGB had employed approximately 140 employees, including 30 from its subsidiaries. The hierarchy of the company's management is led by the chairman of its holding company, who is the Selangor State Secretary. Internally, MGB is managed by a CEO who also serves as a member of the Board of Directors of the Selangor State Government. The position of the CEO in both MGB and KBI depicts that the latter organisation has significant influence on the administration and governance of MGB. Figure 5.1 illustrates the management structure of MGB as of October 2024.

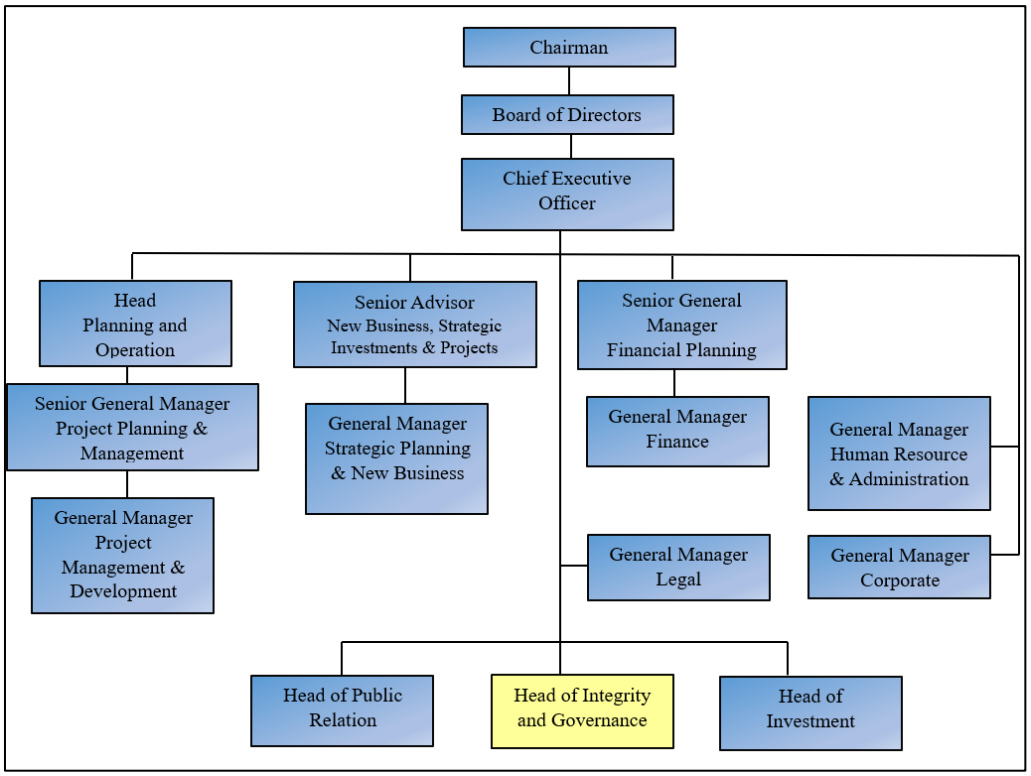


Figure 5.1 Management Structure of MGB

5.2.1 Integrity and Governance Unit

The Integrity and Governance Unit (IGU) in MGB is directed by the head of IGU, supervises three primary divisions: Integrity and Governance, Risk Management, and Audit, each overseen by an assistant manager. Figure 5.2 shows the structure of the IGU at MGB.

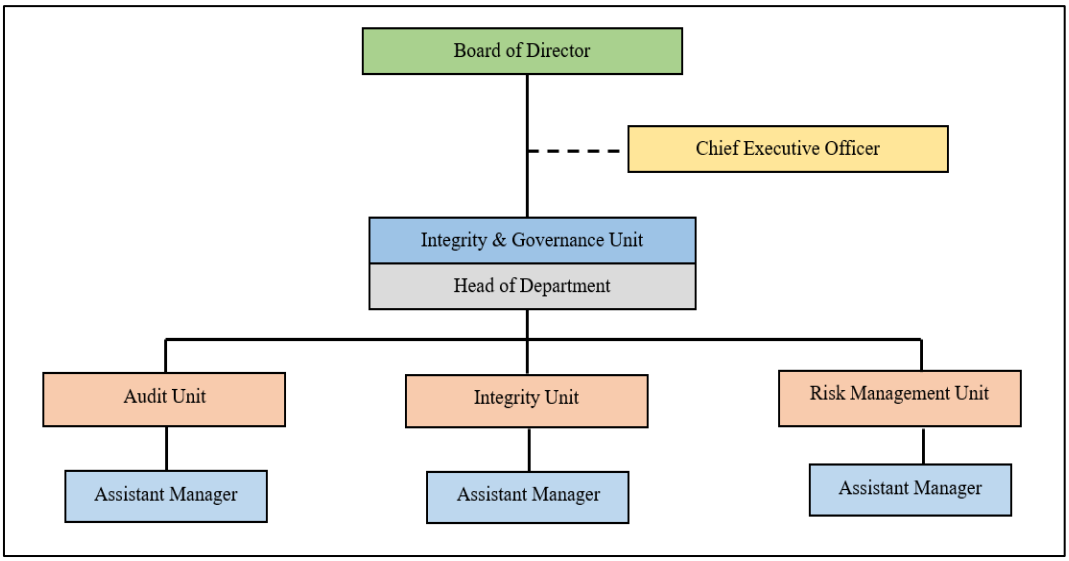


Figure 5.2 Structure of Integrity and Governance Unit (IGU) (Source: MGB)

The IGU in MGB consists of only four employees, including the head department. Despite the separation of these three divisions being commonly adopted by other corporations, MGB decided to combine them under the IGU due to the size of the company. The consolidation of the three (3) different units aligns with the company's current operational scale and strategic priorities, allowing for more integrated and efficient oversight of integrity, risk management, and audit functions. The IGU functions are under the supervision of the Board of Directors (BOD), but administrative approvals are managed by the CEO.

5.3 Case Finding: Research Question 1 – Current Practice of Corporate Integrity Practices (CIPs)

The following subsections discuss the findings of the CIPs on MGB. Based on the interviews, document reviews, and observations, five (5) sets of activities were found to have been undertaken by MGB and are considered as CIPs of the company. Figure 5.3 shows the CIPs of MGB which consist of (1) whistleblowing, (2) internal control, (3) core value, (4) disciplinary and rewards, and (5) integrity training and education.

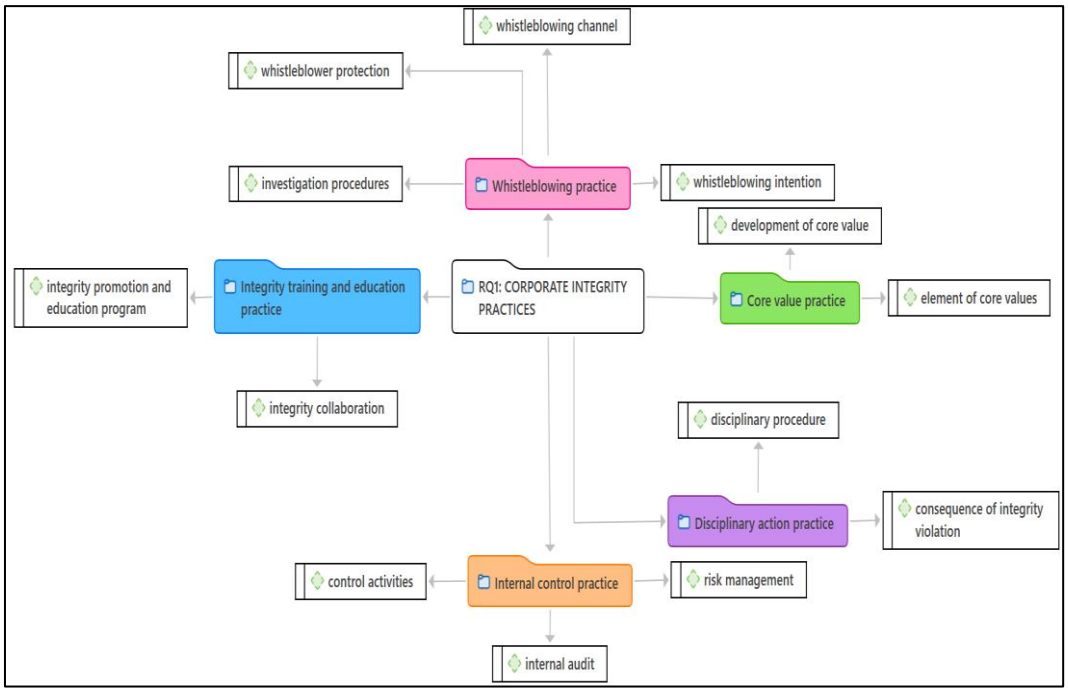


Figure 5.3 CIPs in MGB. (Source: Author)

5.3.1 Whistleblowing Practice

As shown in Figure 5.3, whistleblowing is one of the CIPs performed in MGB. MGB has established a whistleblowing policy as a control mechanism to mitigate the integrity issues associated with the company. Through a whistleblowing policy, the effectiveness of the whistleblowing system can be improved by developing clear procedures for whistleblowing investigation and reporting. Based on the thematic analysis, four (4) important components of whistleblowing were identified, as depicted in Figure 5.4. These components were (1) whistleblowing intentions, (2) whistleblowing channels, (3) whistleblowing investigation procedures, and (4) whistleblower protection.

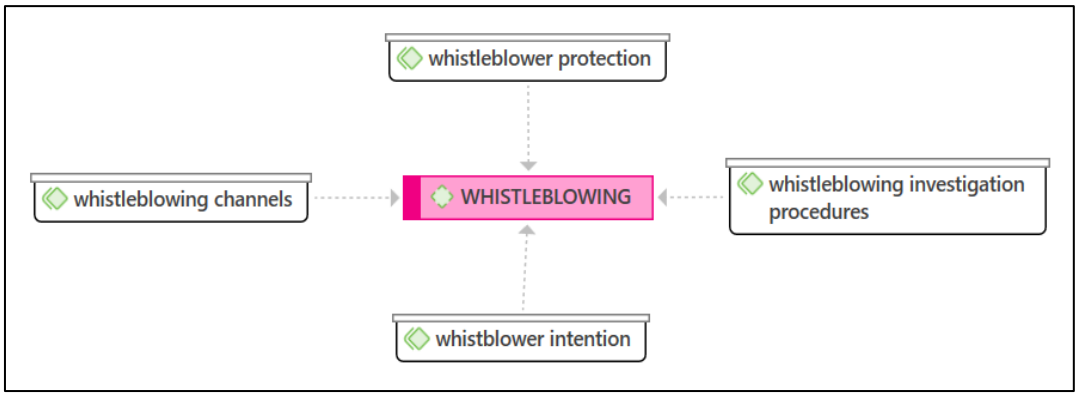


Figure 5.4 Components of Whistleblowing Practice

5.3.1.1 Whistleblower Intention

The whistleblowing system has replaced MGB's conventional complaint approach since 2021, just after the establishment of the IGU. Prior to that, all complaints were delivered to the Human Resource Department through hotline or face-to-face reporting. With the introduction of whistleblowing channels, procedures for making reports have become more efficient. Unfortunately, the whistleblowing system was not fully utilised as employees prefer to make unofficial reports rather than using the provided channels. Statistically, a very low number of reports disables MGB from analysing the trend of complaints that could help in identifying the real intention of whistleblower. Nevertheless, according to several informal complaints (hearsays) made by MGB employees, their motivation to report misconduct is derived from their moral obligation. The hearsay mostly relates to inappropriate conduct and misbehaviour occurring within the company, suggesting that the employees recognise the role of whistleblowing, even though the report is made informally.

MGB has identified two reasons for whistleblowing deterrence. The first relates to cultural factors, which are mainly influenced by a lack of awareness. Employees are not keen to whistleblow, as they are surrounded by people who are not interested in making proper complaints. MGB employees feel more comfortable with hearsay and ignore the importance of systematic reporting and documentation. This culture was inherited as a norm in which informal channels are perceived as being as effective as formal channels. In fact, MGB only entertained complaints if they were submitted through appropriate channels. As highlighted by the Head of IGU (MGB01):

"Sometimes they speak to us, saying there's information about this issue or that issue, but our policy is that you need to highlight it through whistleblowing so that it becomes formal. But if they don't want to do that, it means the matter isn't serious. "

The second factor relates to the retaliation and distrust issues. Since MGB is a small organisation, the possibility of information leaking is high. Employees hesitate to whistleblow because the small number of staff members makes them easily detected as whistleblowers and could become victims of retaliation. Moreover, lack of confidentiality increases the risk of being targeted for retaliation, thus discouraging employees from coming forward and lodging the report.

Apart from that, the lack of trust in the administrator of the whistleblowing system also discourages MGB employees from coming forward and making the report. As a result, there are cases in which employees lodge the report directly to the MACC. The unnoticed visit and document enquiries from MACC officers suggest that there are issues where the reports are directly sent to the external authority without using MGB's whistleblowing channels. As revealed by the Assistant Manager of the IGU (MGB02):

"They (employees) do not trust our whistleblowing channels. They directly lodge the report to SPRM. That why SPRM suddenly come and asked for the documents. We don't know why, but we just provide whatever requested".

This statement is supported by the assistant manager of IGU (MGB02) who mentioned:

"I think the report is more on work process of our subsidiary, not on corruption or integrity issue. Maybe they don't confident with the system".

These findings suggest that it is crucial for MGB to strengthen the security and anonymity of its whistleblower to convince its stakeholders to use the provided channels. In addition, the company should be more proactive in promoting its whistleblowing channels, which is discuss in the following section.

5.3.1.2 Whistleblowing Channel

The provision of whistleblowing channels demonstrates the commitment of MGB to enhance integrity compliance through an effective reporting mechanism that

facilitates early detection and prevention. Table 5.1 summarises the whistleblowing channels provided by MGB.

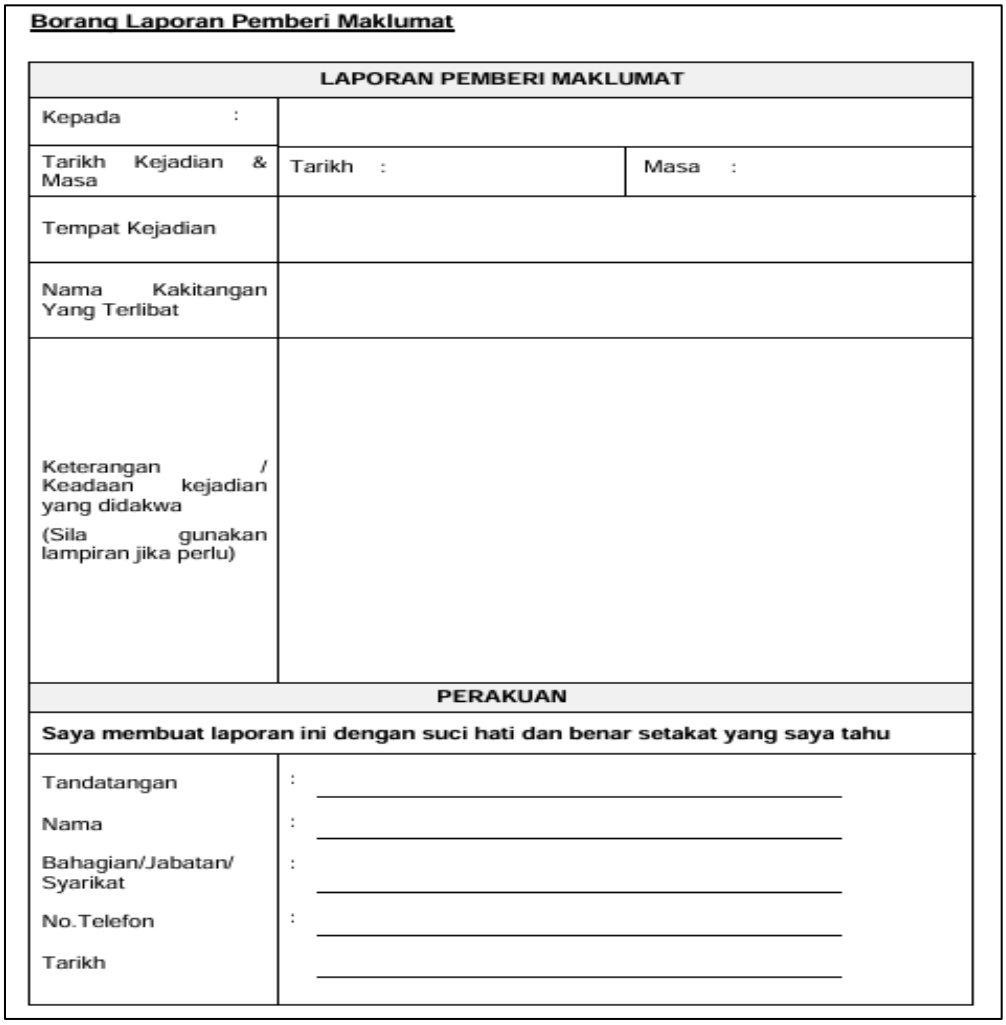
Table 5.1
MGB Whistleblowing Channels

Type of Channel	Medium of Communication	Formal/ Informal	Advantages	Promotion
Website	Online	Formal	Accessible to both internal and external stakeholders; provides anonymity and security.	Reminder during integrity talk/briefing and banner display.
Email	Online	Formal	Direct access to the chairman of the Integrity Complaint Committee; ensures independent review.	
Direct meeting/verbal conversation	Offline (Face-to-face)	Formal/ informal	Personal interaction allows for immediate clarification and support; ensures detailed reporting.	

As shown in Table 5.1, MGB provides three whistleblowing channels that can be used by employees and other stakeholders to report unethical behaviour. The first channel is MGB website, where the report can be sent to whistleblowing@mgb.com.my. The report sent via this channel can be accessed by the Head and Assistant Manager of the Integrity and Governance Unit (IGU). MGB has applied the segregation of duty by ensuring that such reports are accessible to at least two persons. This approach prevents the possibility of a report being either deleted or ignored.

The second whistleblowing channel offered by MGB allows reports to be sent directly to the email of the chairman of the Integrity Complaint Committee (ICC). This chairman also serves as the internal auditor of KBI, MGB's holding company. MGB believes that the decision to involve the chairman as part of the whistleblowing channels provides higher transparency in complaint management because he is considered an independent party. The email can be used as an alternative to sending a report if the employee is not comfortable making the report directly to the IGU.

Apart from the website and email, the report can also be made through face-to-face meetings with IGU officers. Since direct meetings and verbal conversations are unofficial channels, the complainant is still required to fill out MGB's whistleblower form, as shown in Figure 5.5.



Borang Laporan Pemberi Maklumat

LAPORAN PEMBERI MAKLUMAT		
Kepada :		
Tarikh Kejadian & Masa	Tarikh :	Masa :
Tempat Kejadian		
Nama Kakitangan Yang Terlibat		
Keterangan / Keadaan kejadian yang didakwa (Sila gunakan lampiran jika perlu)		
PERAKUAN		
Saya membuat laporan ini dengan suci hati dan benar setakat yang saya tahu		
Tandatangan Nama Bahagian/Jabatan/ Syarikat No.Telefon Tarikh	: : : : 	_____ _____ _____ _____ _____

Figure 5.5 Whistleblower Form of MGB. (source: MGB)

The form (Figure 5.5) requires information on the date, time, location, name of the involved person, details of the incident and declaration and consent from whistleblowers. This detail is essential to facilitate the investigation and resolution of the reported issues. However, if the report is associated with any members of the IGU, including its head department, it can be channelled directly to the chairman of the Audit, Risk, and Integrity Committee (JARI) or the chairman of the KBI's Integrity Complaint Committee. The involvement of this external channel is crucial for protecting the whistleblower and ensuring fairness in whistleblowing report investigations.

Despite the provision of these channels, MGB employees' willingness to blow whistles remains low. Given that a lack of awareness contributes significantly to this reluctance, the IGU has implemented various strategies to promote whistleblowing channels. This initiative aims to increase the understanding of the role of whistleblowers

in mitigating corruption. The company has also organised a few briefings that emphasise the functions of employees as whistleblowers within the organisation. At the same time, MGB also use banner as an explicit approach to remind about whistleblowing. Explained by the head of IGU (MGB01):

> *"According to what was done previously, when the BOD approved our policy, we held a briefing session for all employees. We distributed posters, which you can see in the front lobby. These posters contain information about misconduct, with the purpose to encourage employees to report any issues through the whistleblowing channels".*

Unfortunately, MGB noted that some employees opted to make a report directly to the MACC by passing the proper channel provided by the company. This approach creates distraction and inconvenience to the company as external party intervention has potentially tarnished the reputation of MGB's management. Therefore, transparent and honest investigation procedures are crucial to sustain the reputation of the company's whistleblowing system. The next section explains the investigation procedures for whistleblowing reports conducted within MGB.

5.3.1.3 Whistleblowing Investigation Procedure

Case evidence in MGB demonstrated that the investigation procedure of whistleblowing report is a lengthy process involving multiple layers of work and management. The procedures involve a few committees from its holding company, the KBI. Due to small number of staff (only two), MGB operates under a limited capacity to handle complex whistleblowing investigations, thus requiring assistance from its holding company. Apart from that, as a holding company, KBI has a stronger integrity infrastructure, characterised by a committee comprising several integrity members. Figure 5.6 illustrates the overall investigation procedure undertaken by MGB.

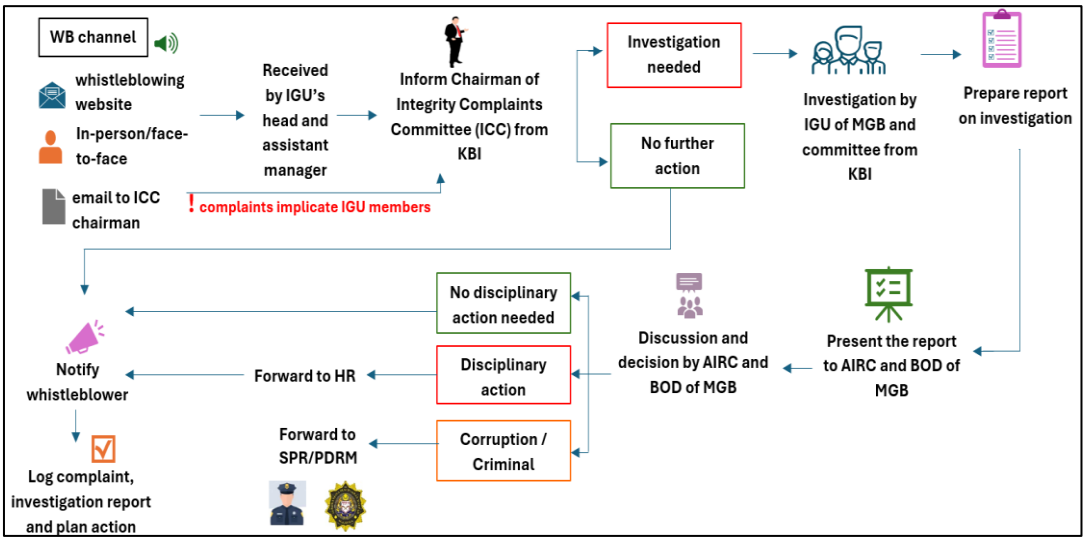


Figure 5.6 Whistleblowing Investigation Procedures in MGB

As shown in Figure 5.6, the investigation begins once the report is received by authoritative individuals who have direct access to the channel of whistleblowing. In the case of MGB, there are only three persons: the head of IGU, assistant manager of IGU, and Chairman of Integrity Complaints Committee (ICC). The complaints received by IGU through the website or in person meetings will be forwarded to the chairman of the ICC. This committee will verify the reports received and the basis for supporting their claims. During the verification process, the whistleblower may be contacted for clarification. In addition, this process is needed to ensure that the submission is driven by sincere intentions with no harmful motives. If the committee finds that the report is valid, further investigation procedures will be conducted. However, reports without a basis will not be entertained and classified as no further action (NFA). The whistleblower will be informed of the NFA status.

Following the decision of the ICC committee to conduct the investigation, the committee will form an investigation team according to the relevance of the report. If the report focuses more on grievances, the investigation team will be in the Human Resource Department. Any report related to integrity will be reverted to the IGU for investigation. The investigation team consisted of IGU officers, with the assistance of an internal auditor of KBI or any officers appointed by the BOD of MGB and the Audit, Integrity, and Risk Committee (AIRC). If the complaints are associated with any IGU officers, the BOD of MGB, or members of the AIRC, they are prohibited from involvement in the investigation procedures and will be replaced by other officers. Upon completion of the investigation, the team prepared a report of their findings and

presented it to the AIRC in the presence of MGB's BOD.

The AIRC and BOD of MGB determine the appropriate disciplinary action that should be imposed on the offences reported. If the reported issue is related to staff misconduct, it will be forwarded to the Human Resource Department. This department is responsible for internal disciplinary processes. If the offences are perceived to be serious, HR has the right to conduct other investigations where another third party may be called upon. Meanwhile, if the investigation uncovers an indicator of fraud or criminal activity, it will be reported to the CEO of MGB. The CEO will file a report with the Malaysian Anti-Corruption Commission (MACC) and the Royal Malaysia Police (RMP) respectively.

In the meantime, the IGU officers will notify the whistleblowers, providing them with updates about the actions that have been taken in response to their report. Finally, the IGU will log all complaints, reports, investigation procedures, final decision of the investigation, and the action plan for documentation and audit purposes. Despite clear investigation guidelines, the level of trust in the whistleblowing system in MGB remains poor. Hence, there is a need for MGB to inform and educate its employees about the whistleblower's confidentiality and protection to enhance their confidence in using the provided channel. The next section elaborates on MGB's whistleblower protection.

5.3.1.4 Whistleblower Protection

In the case of MGB, whistleblowing channels are introduced concurrently with the establishment of a whistleblowing policy. Among the details of MGB's whistleblowing policy is whistleblower protection and the revocation of the protections. The inclusion of whistleblower protection's clauses in the policy clarifies the rights of whistleblower that could be claimed if they are exposed to the threats made by the offenders or any associated parties. According to the policy, MGB provides protection in terms of (1) confidentiality and (2) protection from retaliation. Table 5.2 below details the category of whistleblower protections highlighted in MGB's whistleblowing policy.

Table 5.2
Category of Whistleblower Protection in MGB

Category of Protection	Details
Confidentiality	The whistleblower's identity, including position, workplace address, home address, and other related information, will be kept confidential and protected by this policy.
Retaliation	Protection from harmful actions, including: • Actions causing injury, loss, or physical harm • Threats or harassment • Workplace interference, including discrimination, termination of service, demotion, work suspension and unfair treatment.

Based on Table 5.2, the responsibility to protect the confidentiality of the whistleblower's personal details and the information disclosed lies with both MGB and whistleblowers. The company should not disclose the identity of the whistleblower or refer to it in any document or official statements. At the same time, the whistleblowers are prohibited to disclose the information or details that they report, except to those who are entitled to know, such as law enforcement agencies, MGB Group investigative team, AIRC of KBI, and the members of MGB Board of Directors, for the purposes of investigation, assessment, and decision-making. When both parties protect the confidentiality of the data rigorously, they can reduce the risk of retaliation and secure safer working environment for the whistleblower.

Nevertheless, the protections will be revoked if any of three (3) consequences happen:(1) if the whistleblower has deliberately submitted a false report of misconduct, motivated by harmful intention; (2) if the report is made with retaliation intention or to avoid the whistleblower from being terminated or disciplined, the protection is automatically voided; and (3) if the whistleblower has submitted or exposed whistleblowing information to any party that is not authorised to be informed before or after the report is made.

In terms of reward provision, the management of MGB refuses to provide any special rewards as a return of the whistleblowers' willingness to report unethical behaviour. This is because the company was concerned about the misuse of the whistleblowing system. People may be tempted to report false or misleading information if they believe that it might result in a financial reward. A false accusation or claim may be created multiple times, with the hope of incentives. This could tarnish the reputation of the company and at the same times become a burden for the

preliminary investigation team. This is explained by the Head of IGU (MGB01):

> *"No, we don't follow what SPRM does. There are pros and cons, but as for the reward, if it's for preventing crime, there shouldn't be a problem. However, we're concerned that someone might misuse whatever you highlight, and suddenly it becomes incorrect. That's why we try to avoid them using whistleblowing as a medium to bring others down".*

Offering financial rewards may also impact the organisational culture by spreading employee distrust. There will be no trust between colleagues, and the suspicious environment make the communication less effective. Added by the assistant manager of risk unit (MGB03):

> *"It is not about the value of the reward, but we are afraid that the rewards encourage people to slender others, bring other people down. Eventually, the harmonious workplace is affected by this situation".*

Therefore, MGB has finalised that whistleblowers are not being rewarded regardless of how significant the disclosure they made. This "no-rewards for whistleblower" approach might be helpful to create integrity culture, where individuals are motivated to act ethically even without the incentive of rewards.

5.3.2 Internal Control Practice

The second component of CIP in MGB is internal control. In the case of MGB, there is no specific department or unit that monitors the entire performance of its internal controls. However, the efficiency and effectiveness of internal control is measured through internal audit and risk management procedures. MGB refers to the Committee of Sponsoring Organisation (COSO)'s framework in developing its internal control. After the establishment of IGU in 2021, MGB has drastically improved its internal control to fulfil the requirement of "adequate procedure" which was introduced by the government in 2018. The adequate procedures consist of five (5) components called TRUST. Each of the letter represents (1) top management commitment, (2) risk assessment, (3) undertake control measures, (4) systematic review, monitoring and assessment and (5) training and communication. Based on the thematic analysis, internal control in MGB can be separated into three main components which are control

activities, risk assessment and internal audit, as shown in the Figure 5.7 below.

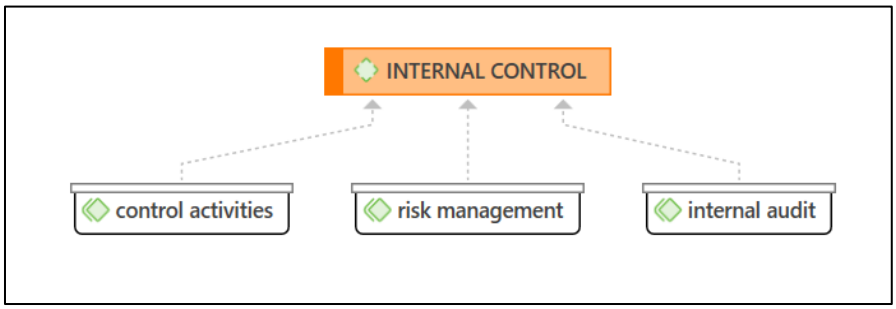


Figure 5.7 Components of Internal Control in MGB.

5.3.2.1 Risk Management

MGB has highlighted risk management as a key practice in internal control. The company has developed its risk management framework to provide a comprehensive understanding of the approaches that will be applied to address MGB's potential risks. The development of the framework facilitates MGB to strategise its plan effectively and efficiently to mitigate possible risks, including corruption risk. Furthermore, the initiative to implement risk management helps MBG fulfil its adequate procedures, particularly in the aspect of risk assessment. Therefore, MGB has developed a risk management structure to ensure that the risk management process, monitoring, and reporting can be handled efficiently. The risk management structure of the company is shown in Figure 5.8 below.

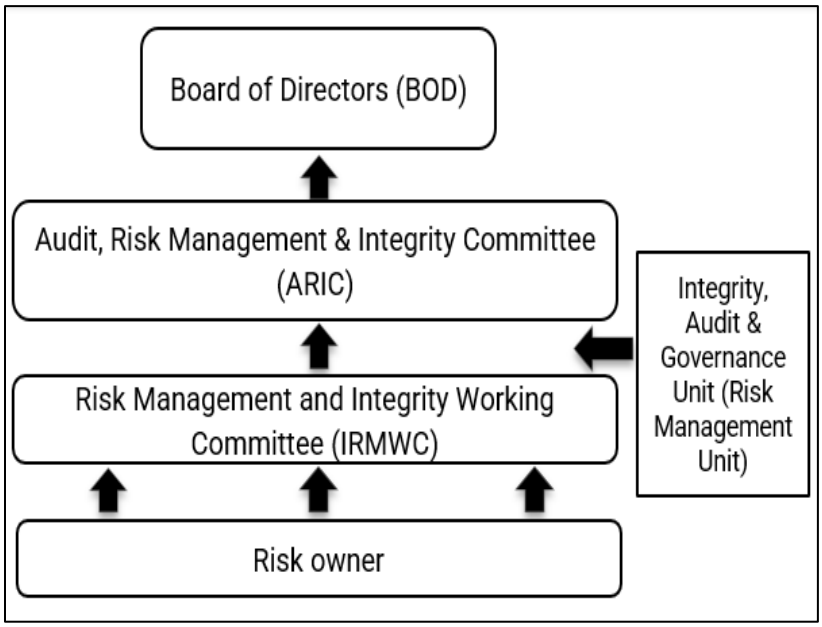


Figure 5.8 Risk Mangement Structure (source: MGB)

As shown in Figure 5.8, the risk management structure includes several committee members from its holding company, including the audit, risk management integrity committee (ARIC) and BOD of KBI. Risk owner refers to the representative of the department who is selected by the head of department. Meanwhile, the risk management and integrity working committee (IRMWC) consists of head departments in MGB and this committee is led by the assistant manager of risk management unit. In the case of MGB, risk management is the main responsibility of Risk Management Unit, which is sub-unit under Integrity and Governance Unit (IGU). With the establishment of MGB's risk management structure, the risk management process can be handled smoothly. Figure 5.9 illustrates the risk management process carried out in MGB.

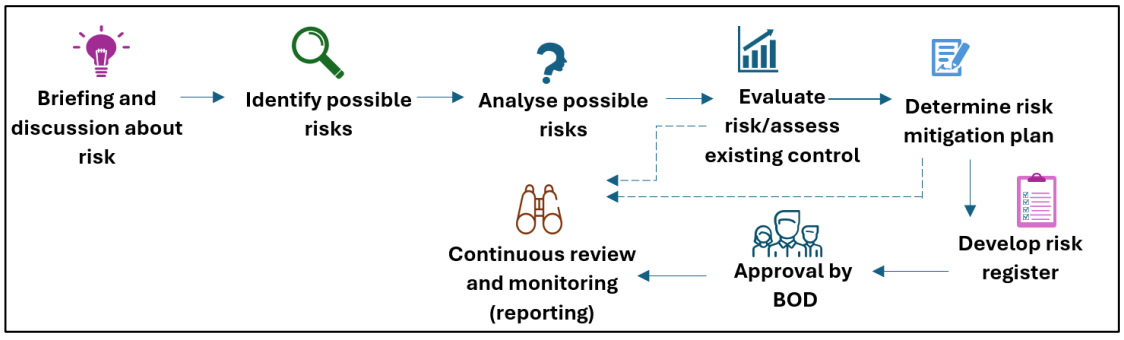


Figure 5.9 Risk Management Process in MGB.

As depicted in Figure 5.9, risk management process begins with the discussion session that focuses on the understanding of the potential risk that may exist within MGB. The discussion session is attended by the assistant manager of the risk unit, the

risk champion, and the risk owner. The risk champion and risk owner of each department in MGB will be appointed with the approval of the CEO. The risk champion refers to the head of the department at MGB, while the risk owner is the representative of the department selected by the risk champion. Both individuals were selected based on their credibility in a comprehensive understanding of their department's operations to facilitate the identification of relevant risks related to their contexts.

Following the discussion and briefing session, the risk identification process will commence. The risk owner or risk champion will identify any potential risk that could impact the achievement of the departments', units, or subsidiaries' goals. For instance, the Head of the Investment Department mentions the withdrawal of MGB's land revenue without proper approval. This risk is identified as corruption risk related to MGB's project management. Subsequently, the risk will be analysed, where this process involves identifying the sources of risk, assessing the likelihood and impact of these risks, and their potential consequences on the company. In the case of illegal withdrawal, the lack and ambiguity of withdrawal standard procedures applied by MGB could be the source of risk. The risk analysis process includes a thorough investigation of each risk factor, considering historical data, current conditions, and future projections to ensure a comprehensive understanding of the risks involved. The analysis of risk requires cooperation and discussion between the risk owner and the risk champions.

The risk assessment process is as follows: During this process, all risks that were identified and analysed will be evaluated based on the existing internal controls for the purpose of determining the risk matrix. Figure 5.10 shows an example of the risk matrix of operational risk in MGB.

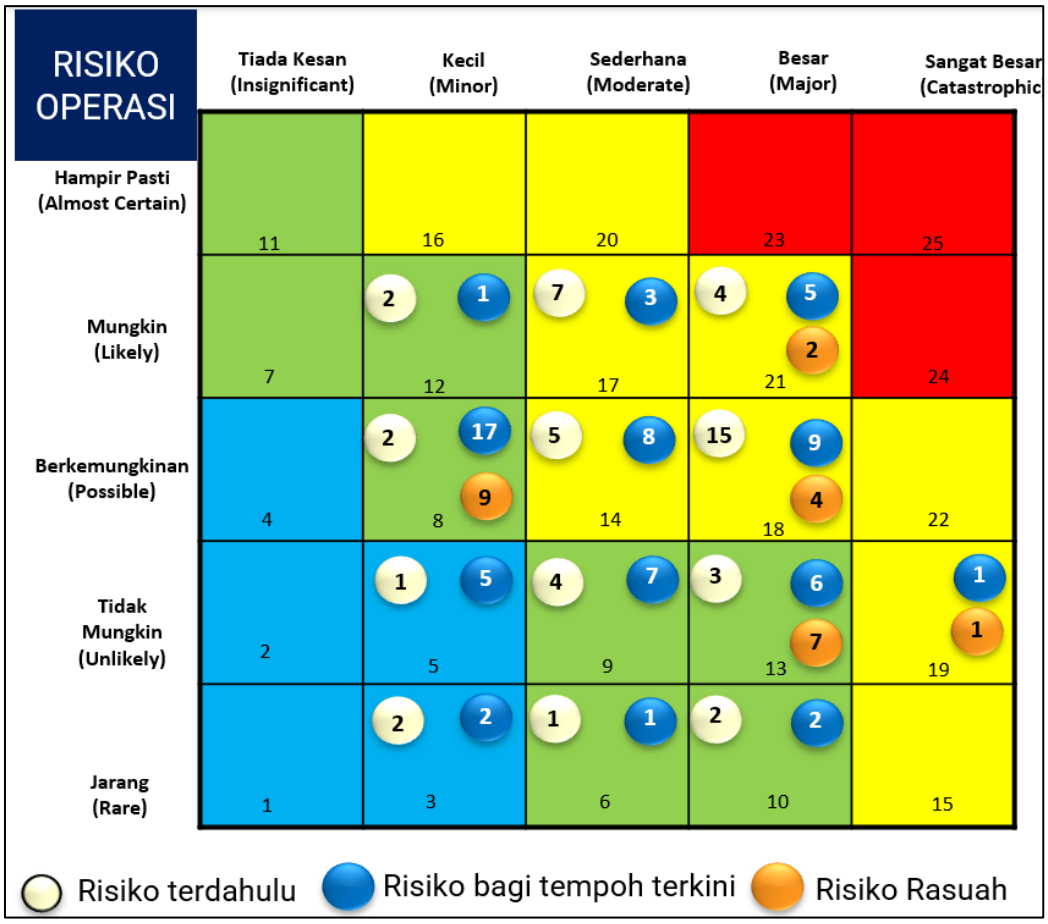


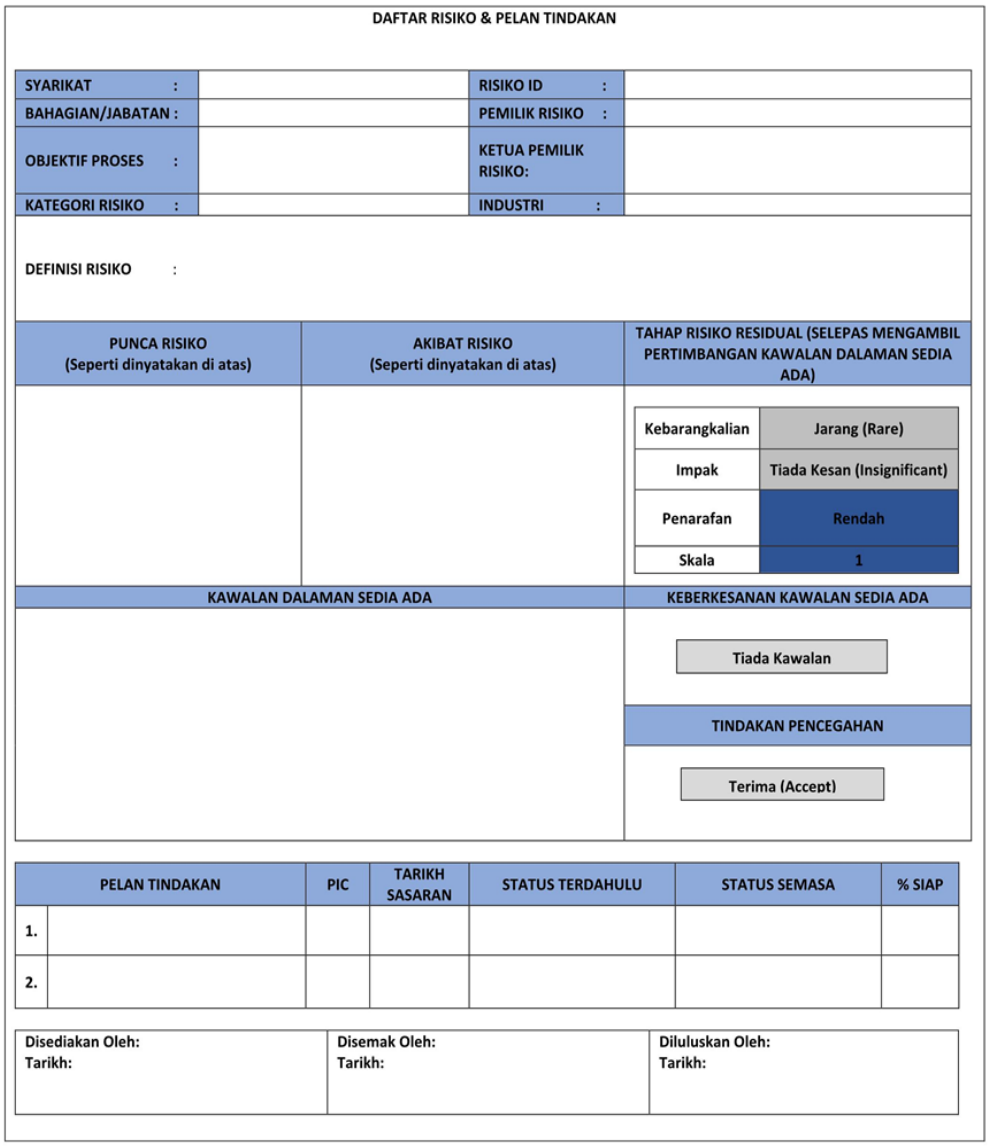
Figure 5.10 Operational Risk Matrix of MGB (Source:MGB)

Referring to Figure 5.10, this document contains the frequency and level of the impact. In other words, the risk matrix is a tool for measuring risk based on the probability of occurrence and severity of the consequences. This process also involves identifying key existing controls, assessing their effectiveness, and determining the current level of risk assessment. As explained by the assistant manager of the risk unit (MGB03):

> *"So, using the matrix, they will identify the likelihood and impact of their risks, by referring to the matrix for guidance. Once identified, we will engage in a form of challenge, asking why certain actions or decisions were taken, and they will provide explanations."*

While assessing the risk, the discussion between risk champion and the assistant manager of risk unit will extend to the identification of appropriate mitigation plans. The capability to find out the best mitigation plan is crucial in minimising the frequency and severity of the potential risks. In MGB, the review of SOP and audits is among the mitigation plans. The mitigation plans will be updated once every six (6) months,

restating the current mitigation plan status and its implementation. The information obtained from the identification of risk until the risk mitigation plans will be documented in the risk register form, as shown in Figure 5.11.



DAFTAR RISIKO & PELAN TINDAKAN

SYARIKAT :		RISIKO ID :	
BAHAGIAN/JABATAN :		PEMILIK RISIKO :	
OBJEKTIF PROSES :		KETUA PEMILIK RISIKO:	
KATEGORI RISIKO :		INDUSTRI :	

DEFINISI RISIKO :

PUNCA RISIKO (Seperti dinyatakan di atas)	AKIBAT RISIKO (Seperti dinyatakan di atas)	TAHAP RISIKO RESIDUAL (SELEPAS MENGAMBIL PERTIMBANGAN KAWALAN DALAMAN SEDIA ADA)
		Kebarangkalian: Jarang (Rare) Impak: Tiada Kesan (Insignificant) Penarafan: Rendah Skala: 1

KAWALAN DALAMAN SEDIA ADA	KEBERKESANAN KAWALAN SEDIA ADA
	Tiada Kawalan
	TINDAKAN PENCEGAHAN
	Terima (Accept)

	PELAN TINDAKAN	PIC	TARIKH SASARAN	STATUS TERDAHULU	STATUS SEMASA	% SIAP
1.						
2.						

Disediakan Oleh: Tarikh:	Disemak Oleh: Tarikh:	Diluluskan Oleh: Tarikh:

Figure 5.11 Risk Register of MGB (Source: MGB)

The risk register will be filled out by risk owner and reviewed by risk champion before it is approved by MGB's risk management unit. The finalised risk register will be validated by the risk management unit before being presented to the BOD of the KBI for approval. Currently, MGB relies on the manual risk register, where all potential risks are listed in Excel. MGB has not yet developed any risk assessment system because it requires a huge investment. Moreover, the issues of compatibility and adaptation to the company's culture are also taken into consideration before deciding to

implement the system. This is because a small number of employees and a lack of expertise could lead to higher resistance, particularly from senior staff. Revealed by the head of IGU (MGB01):

> *"We don't have any system for it (risk management). We manage our risks through a process where we presented our policy to the Board of Directors around October 2021, and it got approved. Now, we have a risk register, but we're using Excel because we don't have a computer system for it. We are ok with it so far".*

By referring to the risk register, MGB can easily identify its possible risks, risk matrix and the mitigation plans. MGB has three (3) main categories of risk: corporate, operational, and corrupt. Seven other subcategories of risks lie in each of the main risk categories. Table 5.3 details the types of risk and risk matrix identified in MGB.

Table 5.3
Types of Risk in MGB

Category of risk	**Types of risk**	**Risk matrix/rating**		
		Low	**Medium**	**High**
Corporate risk	Operation		/	
	Environment		/	
	Business and strategic		/	
Operation risk	Financial			/
	Legal and compliance		/	
	Information technology		/	
Corruption risk	Integrity			/

Corporate risk relates to the risk of performance, effectiveness, and implementation of the company's business plan at the company level. This type of risk focuses on a company's survival and sustainability. Operating risk controls any risk related to a company's business plan at the unit or department level. Corruption risk is related to governance and integrity. MGB has sub-categorised bribery, fraud, misuse of assets, and any offence that violates the law as an integrity risk. Any risks associated with integrity or corruption were ranked as catastrophic.

With respect to integrity compliance, the practice of risk management helps MGB assess the risks that pertain to the possibility of corruption and fraud occurrence. More importantly, when MGB is aware of the existence of such risks, the company can

strategise the comprehensive mitigation plans to reduce the impact of these risks, ensuring that proactive measures are in place to safeguard the company's operations, reputation, and sustainability. Further, MGB employs internal audit as an alternative to improve any loopholes found through risk assessments. Thus, the next section discusses the internal audit carried out in MGB.

5.3.2.2 Internal Audit

The second element of internal control is internal audit. In MGB, internal audit work is led by the Audit Unit, a subunit under the IGU. The audit unit is managed by an assistant manager who is also positioned as the internal auditor of MGB. Undoubtedly, internal control and integrity are closely linked through the implementation of internal audit. Stated by the assistant manager of audit unit, "*...when we talk about internal control, we know it is synonym to internal audit*".

Although the primary function of an audit is to improve the efficiency and effectiveness of business processes, MGB uses audits as a tool to identify potential misconduct or fraudulent activities. In addition, the internal auditor of MGB plays a significant role in investigating any disclosure received by the integrity unit. As stated by the Assistant Manager of Audit Unit (MGB04):

> *"If we look at it from an audit perspective, actually, when we conduct audits, the purpose isn't to look for fraud or to find faults. However, along the way, if we notice something wrong, that's when we dig deeper."*

The above statement depicts that MGB relies on the effectiveness of the audit to detect any probability of fraud. The authority given to the internal auditor at MGB to conduct detailed inquiries enhances the opportunity to uncover integrity non-compliance. With the capacity to access evidence, any unnoticed discrepancy can be instantly identified and addressed. Considering that the audit unit of MGB has very limited staff, cooperation from the risk management unit and integrity unit is crucial to reducing the length of audit duration during the audit process. Figure 5.12 shows the audit process of MGB.

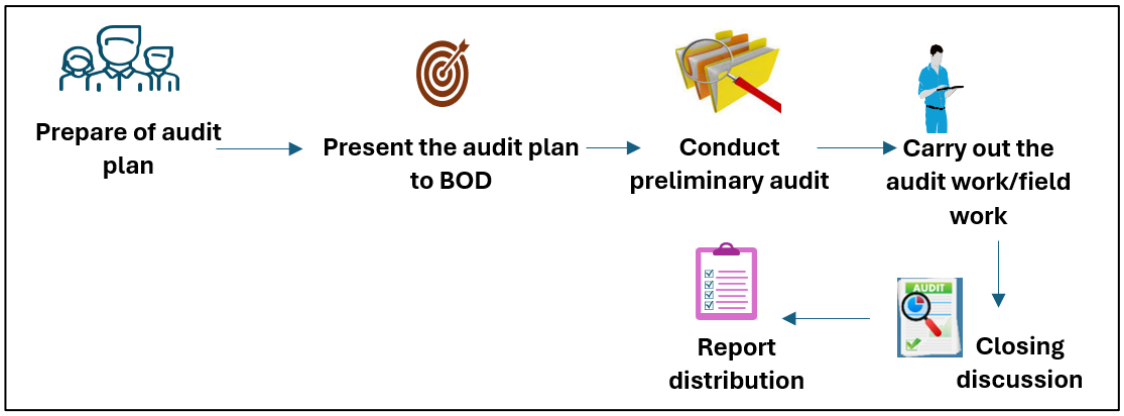


Figure 5.12 Audit Process of MGB

As shown in Figure 5.12, the audit process begins with the preparation of MGB's annual audit plan, which will be presented to the BOD. A preliminary audit begins upon approval of the BOD. Following the preliminary audit process, fieldwork commenced. Field work is the most critical procedure, since the auditor will assess and evaluate if there is any risk identified, SOP non-compliance, efficiency, and effectiveness of operation. In MGB, auditors often visit the housing development area to verify the progress of completion. In addition, interviews with the contractor and developer were conducted as part of fieldwork and the detection of noncompliance is usually addressed during this stage.

Upon completion of fieldwork, the auditor conducts a closing discussion. Closing discussion refers to closing audit work whereby the overall findings will be presented to the head of the department or unit. During this time, audited units or departments can argue or challenge the findings. In addition, the auditor will come out with suggestions or recommendations for best practices or opportunities to improve operations. Finally, the audit report is distributed to the audit committee and BOD.

In the case of MGB, internal audits are conducted as (1) routine audits or (2) special audits. A routine audit is conducted according to the audit plan set by the company. This is a standard audit process in which each department, unit, and subsidiary is subject to review. MGB has a schedule in which the rotation of the audit process is documented. The selection of the department, unit, and subsidiary for the audit is made according to the report and assessment conducted by the risk unit. In addition, registered risks will also be referred prior to the preparation of the audit plan to identify the departments and areas that need to be thoroughly reviewed.

Departments, units, and subsidiaries that are identified as high-risk will be given a priority to be audited. For instance, MGB's finance department audit frequency is

higher than that of the human resources department because of the higher risk faced by the earlier department. As explained by the assistant manager of Audit Unit (MGB04):

> *"Routine audits are usually conducted based on an audit plan. Before finalising the audit plan, we identify which sections and segments to audit, in collaboration with the risk management unit. High-risk areas are given priority in this process."*

Although audit routines are typically understood as a cycle or rotation audit, the cycle could be changed due to certain circumstances that might influence the decisions of MGB's management and audit unit. The changes occur when they are notified of an uncommon situation or are instructed by the holding company's management. Moreover, since MGB have several subsidiaries, changes to routine audits are highly expected, as they involve more parties to be monitored.

On the other hand, a special audit refers to an audit process that is conducted based on a special review of processes or other matters and may also be initiated based on special instructions. MGB initiates special audits to investigate issues such as suspected fraud, regulatory compliance breaches, or significant financial discrepancies. As such, special audit is given priority by the audit team of MGB, as it is often prompted by specific concerns or events. In MGB, special audits usually involve investigative audits. There was a case where the internal audit of MGB was urgently called for investigation in one of its housing development areas due to the special request of the Planning and Project Management Unit. A request was made when the unit received a report on SOP noncompliance.

Compared to routine audits, special audits will be conducted immediately upon receiving special instruction from management. Immediate review and investigation are imperative to avoid the loss of evidence. The probability of missing evidence might occur, as noted by the assistant manager of Audit Unit (MGB04):

> *"Special audits are usually urgent because it is unlike routine audits that can cover many areas, special audits need to be conducted quickly. Delays will cause the findings to be obsolete. For example, in cases involving public interest, such as an unused bridge or quarters, the audit must be conducted immediately".*

In association with integrity compliance, MGB believes that the implementation of internal audits strengthens internal control by ensuring that all controls are in place, thus minimising the opportunity for fraud occurrence. With the compliance to SOP and other ethical standards, it is expected that MGB's operation are performed transparently and consistently, following clear guidelines and protocols. As highlighted by the assistant manager of Audit Unit (MGB04):

> *"When we conduct an audit, we ensure that every controls are in place ,we work to educate auditees on internal controls. That's why, during the audit, I explain why we have to do like this, not like that. It is not to make things difficult for them, but to ensure that proper controls are established. So, it will not be complicated complications for us later if potential risks arise […] with controls in place, risks such as corruption and others are difficult to eliminate entirely, but at least it can reduce those risks as much as possible."*

Nevertheless, from the perspective of MGB, if the existing controls are too stringent, it could harm its effectiveness. The flexibility of the controls assists MGB in ensuring that the business operation is at an optimum level without violating any regulatory requirements. The adaptability of the controls allows MGB employees to be more convenient in the working environment, reducing their intention to engage in noncompliant activities. As commented by the general manager of the Human Resource Department (MGB06):

> *"The thing about control is that it cannot be too excessive, but also cannot be too loose. It needs to be balanced. If the controls are too strict or rigid, operations can't move forward smoothly, and everything becomes difficult. businesses can't progress. On the other hand, if it's too lenient, that's also problematic. So, you have to moderate it.*

The findings of MGB highlight that control measures, specifically SOPs, must be developed to align business operations with organisational objectives, ensuring compatibility in control activities. The following section details control activities in MGB.

5.3.2.3 Control Activities

Other than risk management and internal audit, MGB recognises that control activities, including policies and standards operating procedures (SOP), are foundational elements in internal control. The assistant manager of IGU clearly mentioned that, "*Firstly, there are the policies that have been developed and enforced at MGB*". SOP serves as a control when the detailed designed procedures are consistently followed while performing operations, thus ensuring compliance and reducing intentional errors.

Commonly, policies are established prior to the development of the SOP as they consider the fundamental guidelines and principles that the company should follow to meet its objectives. In other words, policy refers to the rules that the company must comply with and why those rules exist. On the other hand, the SOP provides details or step-by-step instructions on how to implement those policies. Table 5.4 summarises policies that have been developed in MGB.

Tabel 5.4
Policies in MGB

Policy	Summary of the policy
Anti bribery and corruption	Guidelines to recognise and understand bribery and corruption offenses and to subsequently take appropriate actions
Business conduct and code of ethics	Guidelines to outline acceptable and unacceptable conduct from a legal and ethical perspective in conducting MGB Group's business.
Conflict of interest	Outlining the rules regarding conflicts of interest and the responsibilities of MGB Group and Company staff in resolving any discrepancies
Whistleblowing	Guidelines related to complaints made by MGB Group staff, external parties dealing with MGB Group, or the public to report any misconduct by MGB Group staff, weaknesses in systems and procedures, acts of corruption, misappropriation and abuse of power, or illegal actions
Employee code of conduct	Outlines the standards of behavior expected from employees within MGB. It serves as a guide for professional conduct, ensuring that all employees understand and adhere to MGB's ethical and operational policies.
Gift	Guidelines on the acceptance and giving of gifts among PNSB Group staff who deal with external parties, ensuring that these dealings are conducted with full integrity, thereby enhancing the image of MGB Group

As shown in Table 5.4, the establishment of these six (6) policies facilitates MGB to design its SOPs by providing a proper foundation and guiding principles that shape the creation of detailed procedures. In association with integrity compliance, MGB directed IGU to lead the development of four (4) out of the six (6) policies. The policies that directly relate to corporate integrity compliance are (1) anti-bribery and corruption policy, (2) conflict of interest policy, (3) whistleblowing policy and (4) gift policy. The initial development process of the SOP is the responsibility of the SOP committee, where the contribution of IGU is undoubtedly significant. Figure 5.13 shows MGB's structure of SOP committee.

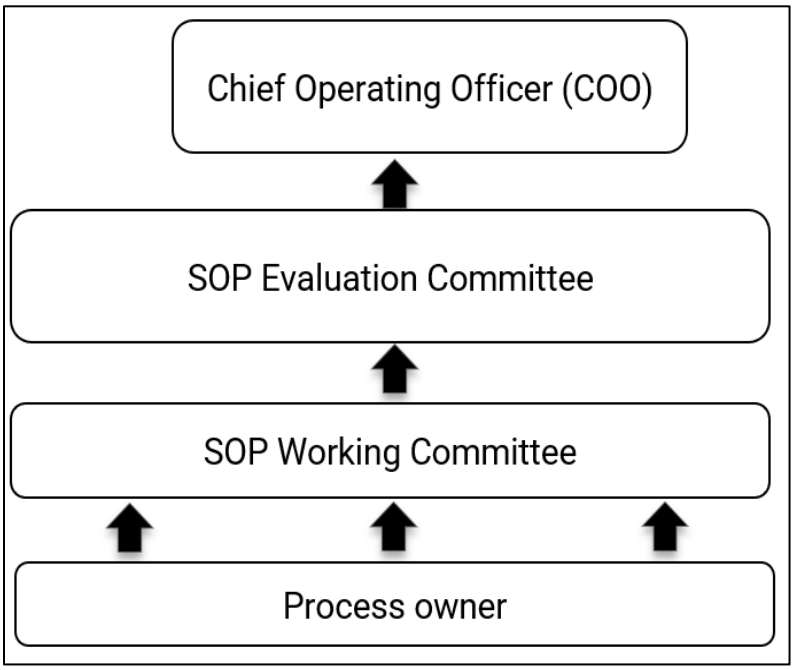


Figure 5.13 SOP Committee of MGB (Source: MGB)

As shown in Figure 5.13, MGB has formed a few layers involved in the development of policies and SOP. The first layer is the process owner, who is also a part of the SOP working committee. The second layer, the committee, consists of managers and assistant managers, and is chaired by the appointed head department. SOP working committee will review the existing SOPs to ensure their relevance, maintain compliance, promote continuous improvement, and enhance clarity. Any loopholes identified during the SOP review process will be presented at the SOP evaluation committee meeting which is attended by all head divisions, departments, and subsidiaries. This committee is chaired by the chief operating officer (COO). New SOPs will be recommended and discussed during this meeting. The decision regarding the

new creation of an SOP will be forwarded to the COO for final approval.

Other than the establishment of policies, MGB just developed its Organisation Anti-Corruption Plan (OACP). The success of MGB in developing the OACP demonstrates the company's commitment to upholding rigorous internal control. This is because the plan requires documentation of the company's best practices to curb weaknesses and issues regarding governance, integrity, and anti-corruption within MGB. In addition, the OACP becomes a comprehensive strategy to prevent corruption that can be referred to direct MGB into the robust development of an integrity framework. Thus, reviews and improvements of the SOPs must be aligned with what MGB plans in the OACP. As commented by the head of the IGU (MGB01):

> *"Our SOPs have been around since 2012, if I'm not mistaken, they had never been reviewed since then. During audits, we've identified that some procedures are isolated and not align with the current requirement. So, we recommend improvements and enhancements to the SOPs. Because, we are in the process of developing the OACP as well"*

The decision of MGB management to tighten the SOP review is also related to the approval of the Limit of Authority (LOA), which was launched in June 2021. The approval of the LOA urges the company to ensure that effective control and governance are in place by enhancing SOP compliance. Tightening the SOP guarantees that the LOA boundaries are complied with, preventing any unauthorised decisions that could be harmful to MGB's resource control.

In addition to the development of policies, SOPs, OACP, and LOA, MGB has made a significant decision to restructure the component of BOD as part of the efforts to enhance its transparency. Prior to the establishment of IGU, the BOD members of MGB consisted of a state legislative assembly and a government servant. Currently, these members are replaced by two independent directors and market experts. MGB has decided to follow the government recommendation to not appoint political persons or head government officer as the BOD of any GOC as this would cast serious doubts on the independence of their judgment. The improvement of existing internal controls demonstrates that MGB is moving into a phase that emphasises the clarity of ethical decisions and high-integrity justification.

5.3.3 Core Value Practice

The third CIP in MGB is core value practice. MGB's core values was first developed in 2021 following a suggestion from General Manager of Human Resource. Prior to that, MGB did not have any official written shared value or belief that the company's members can refer to. The general manager realised that the absence of core values makes it challenging for the company to create a culture that could improve the consistency and alignment of employees' behaviour and organisational goals. The main department involved in developing and constructing the core values of MGB is Human Resources. The findings reveal three (3) core components under core value practice. As shown in Figure 5.14, the components are (1) core value development and formulation, (2) elements of core value, and (3) core value promotion.

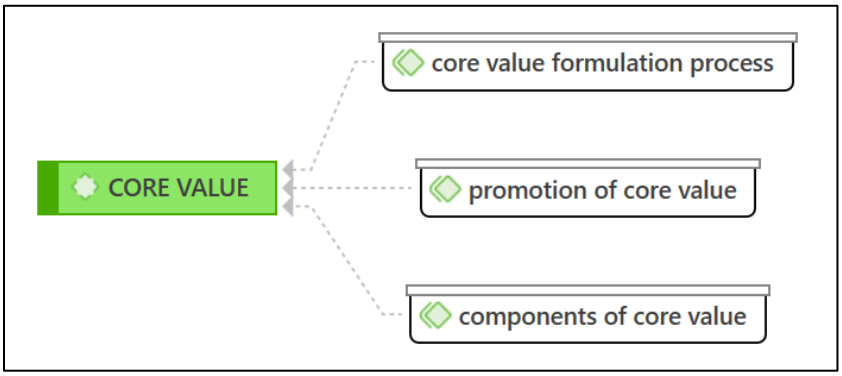


Figure 5.14 Components of Core Value Practice in MGB

5.3.3.1 Core Value Development and Formulation

The initiative to develop core values for MGB started when the company recruited a new general manager for the Human Resource Department (HR). The general manager notices that the absence of core value affects MGB's ability to create a strong culture, leading to ambiguity in corporate identity. He stated that *"I think every organisation, especially a big company like us must have core value, but we do not"*. In line with government alternatives to strengthen integrity, MGB strategies to build its own core value. Figure 5.15 illustrates how MGB develops and formulates the core values.

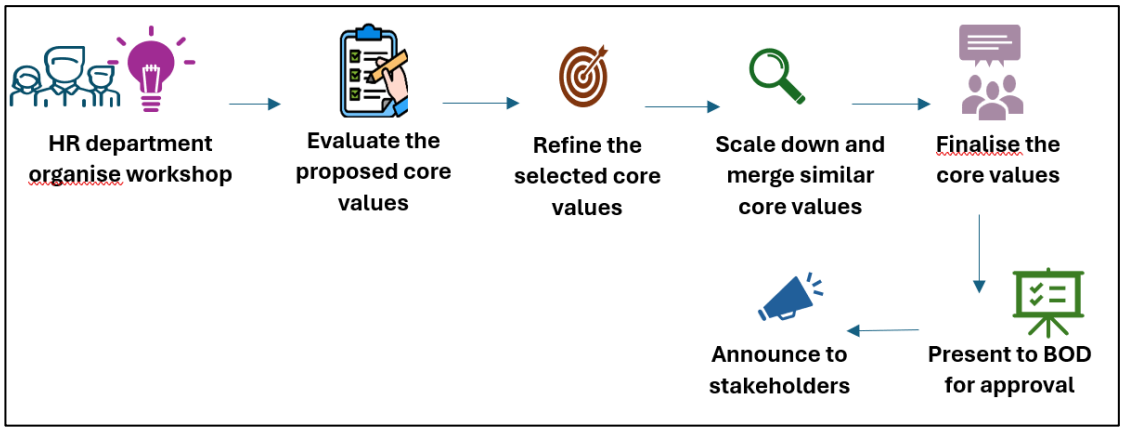


Figure 5.15 Formulation of MGB's Core Values Process

As shown in Figure 5.15, the process of formulating MGB's core values began with a series of workshops organised by the Human Resources department. A total of eight workshops were conducted, ensuring thorough and widespread participation of about one hundred (100) employees of MGB. These workshops involve all MGB employees from all levels of the organisation, from entry-level staff to senior managers. The only exception was the General Managers (GMs), who did not participate as attendees but instead served as facilitators. This structure provides a balanced and comprehensive environment for discussion and input from a diverse range of perspectives within the company.

The process of core value formulation at MGB utilises a bottom-up approach, in contrast to the traditional top-down method. The GM of HR concludes that the bottom-up approach is preferable as it genuinely reflects employees' beliefs and values, rather than being imposed by upper management. The organisation believes that by involving every employee in the process, the final core values will have a deeper impact at every level of the business. This is highlighted by the GM of HR (MGB06):

> *"Regarding the formulation of core values, we did not adopt a top-down approach. We did not want instructions to come from the upper management, dictating, "These are the core values you must follow." Instead, we preferred a bottom-up approach. This approach means that when the Human Resources department initiated this process, we did not dictate the core values that the staff should propose."*

Following the workshops, each group was required to provide their proposed core values, and at the end of the workshop, they had to present it. These presentations are conducted to ensure that all employee ideas are considered. All the proposed core

values from each group were then evaluated by the general managers, who played a critical role in assessing and synthesising the input to ensure that the core values reflected the collective ethos of the entire organisation. This is also beneficial for the development of new ideas on MGB's core values, as it allows for a collective sharing of ideas and preferences.

After the General Managers' (GMs) first assessment, the core value underwent another round of discussion. During this time, the leaders of each group were required to detailed up on their proposed core values. This stage was essential for refining and scaling down the recommendations as well as combining similar core values to produce a more cohesive set of principles. The process was continued with focusing to streamline the proposed core values. Through this process, they were able to successfully reduce the total number of core values to fifteen (15). After that, a brainstorming session was held to make sure that these fundamental principles complemented the business's operations, culture, and other critical aspects. This step ensured that the core values were not only reflective of the employees' input but also practical and relevant to the company's day-to-day activities and long-term goals.

Following through careful consideration and extensive discussion, MGB finalised six terms as its core values, called as SPPIKE. These final core values were then presented to MGB's Board of Directors for approval. Finally, in July 2021, the company's BOD approved "SPPIKE" as core values of MGB. This thorough and inclusive process ensured that the core values were a true representation of the collective beliefs and commitments of the entire company, demonstrating the company's dedication to integrity, transparency, and good governance.

5.3.3.2 Elements of The Core Value

After tedious process that involves about hundred employees of MGB and detailed discussion between HR, head of department and few top managements, the company agree that 'synergy, professionalism, proactive, integrity, sustainability and empathy (SPPIKE) is the terms used to represent the core value of MGB. Figure 5.16 explains the details of each of these core values terms.

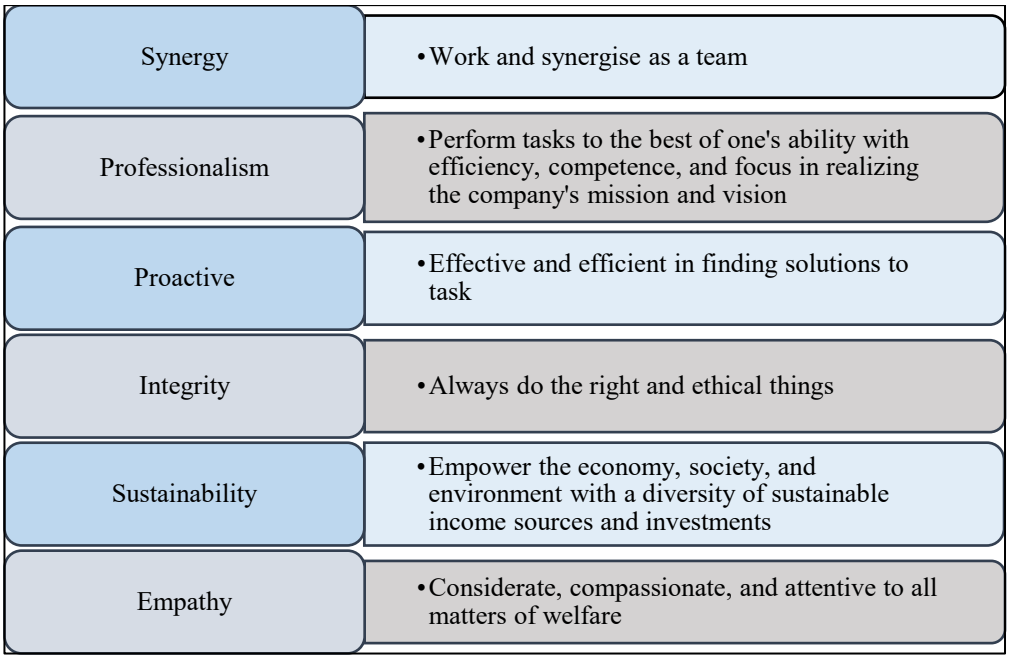


Figure 5.16 Core Values of MGB

When MGB has decided that integrity must be included as part of its core values, it reflects that integrity should not be just a preference but also a foundational element that will govern the whole operation of the company. At the same time, the selection of integrity as core value demonstrates that the company is promoting a belief that upholding moral principle is a key success to be a trusted organisation. Moreover, the selection of integrity as a core value was not a random decision. It involved a thorough and deliberative process where input was gathered from various levels within the company. Integrity as a core value emerged from the grassroots level within the organisation. The staff played a pivotal role in this process, indicating that the value was not imposed top-down but grew organically from the bottom-up. Most bottom and middle staff members believe that integrity is essential, demonstrating a shared understanding and commitment to this principle. This was noted by the general manager of the HR (MGB06):

> *"Those values come from the staff, because most of the staff agree that integrity is essential, they are also aware that integrity must be present. It's not from the management, you know. When we bring it to the management, some of them make changes, but it carries the same meaning. Integrity is something that the majority agrees on, and the BOD also agrees."*

The decision to include integrity as MGB's core value depicts a strong belief that moral principles must be practiced as the foundation of sustainability through the

creation of an ethical culture. Realising that without active nurturing, integrity would remain only a rhetorical core value, MGB has actively promoted and incorporated integrity into the company's culture. The following section elaborates on the promotion and cultivation of MGB's core value.

5.3.3.3 Promotion and Cultivation of Core Value

Since the core value was launched in 2022, MGB has realised that the company should start with the promotion of the core value. MGB ensures that stakeholders, especially employees, are aware of the terms and objectives of developing core values. Therefore, MGB has introduced several activities to promote its core value and attract the attention of its employees. Currently, the core value has already been displayed in MGB's head office lobby and is included in the staff's email signature. For the future, MGB has agreed to feature 'SPPIKE' on corporate T-shirts, rename its meeting rooms after the core value components, and even create team-building group names based on these core values.

In addition to promoting core values, MGB wants to implant the value imbued in "SPPIKE" and cultivate it as a culture. Therefore, the management of MGB has agreed to include integrity measures as part of employees' performance appraisers. This decision is taken as an alternative to inculcate moral values within the company and ensuring that integrity is embraced as a cornerstone in driving ethical operations. As mentioned by the GM of HR (MGB06):

> *"Since integrity is already part of the core values, what we will do next is as follows. First, we will create continuous awareness. Secondly, we will incorporate SPPIKE, including integrity, into the questions for our performance appraisals. So, we will revise the performance appraiser which previously did not have a solid foundation; now we have SPPIKE. Through this method, people will appreciate and implement it."*

By integrating these measures, MGB is confident that integrity is beyond a theoretical value, but more than a practical standard that guides daily actions and decisions. This strategic move helps MGB reinforce the significance of ethical behaviour and accountability, thus strengthening the company's overall moral culture.

5.3.4 Disciplinary Action Practice

The fourth CIP mentioned by MGB is disciplinary practice. In MGB, any action and decision related to disciplinary matters is under the responsibility of the Human Resource Department (HR). However, this department often cooperates with the Integrity and Governance Unit (IGU) in handling integrity-related issues. Based on the interviews, two (2) core themes of disciplinary practice were identified. The first theme relates to disciplinary procedures, and the second emphasises the consequences of integrity non-compliance, as shown in Figure 5.17.

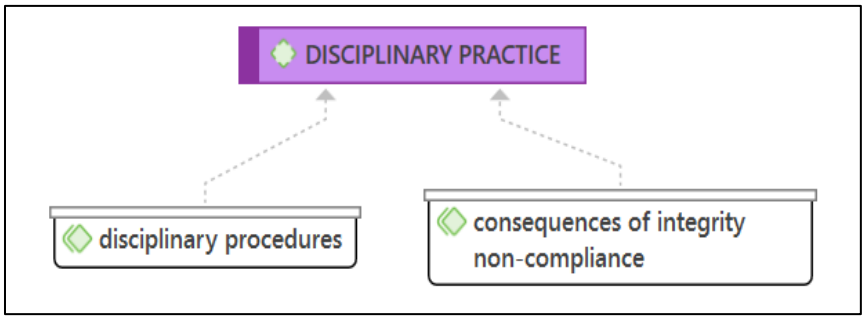


Figure 5.17 Component of Disciplinary Practice in MGB

5.3.4.1 Disciplinary Procedures

The disciplinary procedures for integrity violations at MGB commence when the Integrity and Governance Unit (IGU) submits investigative reports or complaints to the Human Resource Department (HR) to determine appropriate disciplinary measures. Nevertheless, there are a few cases in MGB where integrity-based reports are directly submitted to HR without using whistleblowing channels. In that case, HR will advise the complainant to make a proper report and channel it to the IGU. Based on the information provided by the HR General Manager, a direct report to HR seems preferable among MGB employees than to IGU. Familiarity and easier procedures could be the reasons for these preferences. The overall process of determining the discipline is illustrated in Figure 5.18.

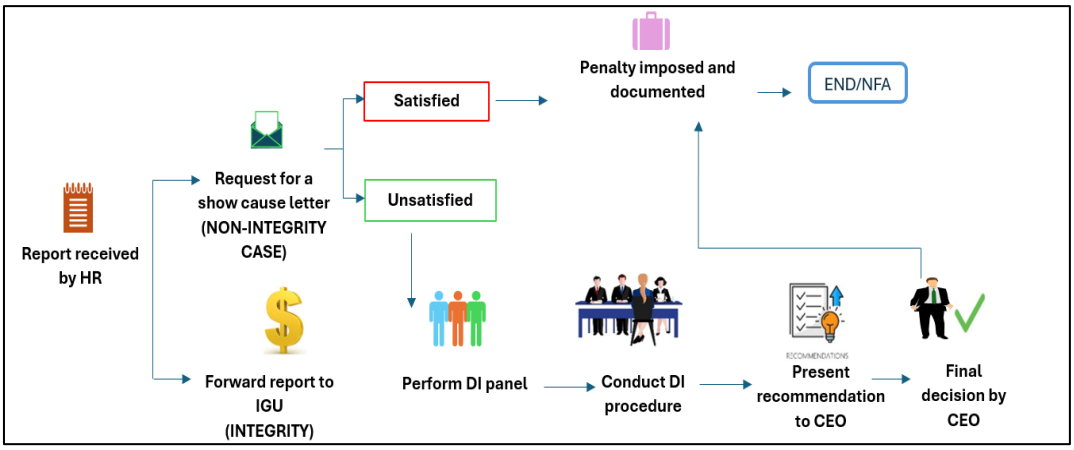


Figure 5.18 Disciplinary Process of MGB

As shown in Figure 5.18, upon receiving the report from the HR hotline, HR will filter to confirm whether the issues must be forwarded to the IGU or remain in HR for further actions. In the case of MGB, it is common for the HR department to receive multiple types of reports or complaints, including integrity-based disclosures. While the HR is responsible for addressing employee personnel, administrative, or operational matters, any concerns regarding integrity issues are primarily handled by the IGU. The segregation of duties ensures that integrity issues are investigated by the department most qualified to deal with them. Once the investigation by IGU is completed, a report on the investigation will be passed to HR for further disciplinary process.

If the explanations provided in the show-cause letter are judged appropriate, HR may provide a reminder to the offender to comply closely with corporate standards. At the same time, the show cause letter will be filed in the employees' personal folder. If the explanation proves unsatisfactory, HR will initiate the Domestic Inquiry (DI) for additional investigation. Throughout the DI, all evidence and testimonies are meticulously scrutinised. Following the completion of the DI, HR assembles a report detailing the findings and the proposed disciplinary measures. This report is subsequently submitted to the Chief Executive Officer (CEO), who finalises the final decision concerning the disciplinary actions to be enforced, ensuring that all procedures maintain the integrity and values of MGB.

All finalised decisions from the disciplinary procedures will be documented for reference. If the offenders are dissatisfied with the penalty imposed, they may request an appeal. However, if such a situation occurs, it will involve the BOD and top management from the KBI. The following section discusses the consequences of integrity non-compliance activities.

5.3.4.2 Consequences of Integrity Violation

As a common practice, the penalty imposed on any integrity non-compliant activity is determined based on the severity of the integrity threat. In the case of MGB, if the integrity noncompliant activities involve money, the offenders are subject to dismissal. As highlighted by the General Managers of Human Resource (MGB06):

> *"Punishment is, of course, necessary for anyone who violates procedures or breaches integrity. Actions will be taken, ranging from minor penalties to termination of employment."*

In terms of integrity and corruption issues, MGB is obligated to comply with the regulations set forth by the MACC Act. As such, MGB encourages its employees to make a prompt report if they are exposed to the risk of corruption, to avoid huge loss of money and the probability of being terminated. Table 5.5 outlines the potential misconduct, and the corresponding penalties imposed.

Table 5.5
Category of Misconduct and Disciplinary Action in MGB

Misconduct/Violation	Penalty Imposed
Frequent absenteeism	Verbal warnings or written notices
Dress code violation	Verbal warnings or written notices
Conflict of interest/ misused of assets	Suspension
Bribery/fraud/embezzlement	Suspension during investigation, possible termination (subject to MACC Act)

Based on Table 5.5, if the offences are classified as minor policy violations, such as frequent absenteeism and dress code violation, they will be given verbal warnings or written notices. Nevertheless, repetition of the same offences could lead to severe disciplinary actions, including suspension and termination. For integrity non-compliance, such as conflict of interest and misuse of assets, the offenders are subject to suspension. Meanwhile, the least punishment for bribery, fraud, and embezzlement is suspension during investigation procedures. In most cases, these corruption allegations lead to permanent terminations of employment.

5.3.5 Integrity Training and Education Practice

The fifth CIP is integrity training and education. MGB consistently educates its employees by organising or participating in integrity seminars, briefings, talks, and other educational programs. The initiative to be involved in these programs enhances awareness, understanding, and personal realisation of the importance of integrity. Good cooperation and support from management facilitate the IGU, as the key organiser of integrity programs, to actively design the necessary integrity education programs, not only to inform staff about the company's policies and expectations but also to deepen their appreciation for why these measures are crucial. As the findings indicate, two (2) major components of integrity training and education practice were identified: (1) collaboration and (2) integrity promotion and education (Figure 5.19).

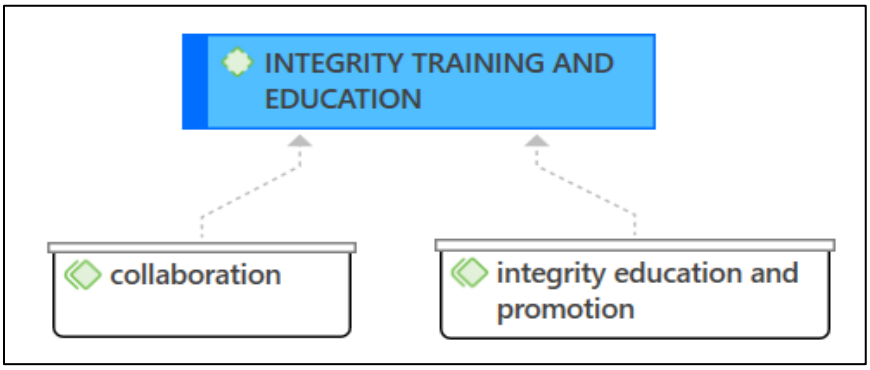


Figure 5.19 Component of Integrity Training and Education in MGB

5.3.5.1 Integrity Collaboration

MGB has engaged in several collaborations to improve its integrity practices as it provides MGB with current updates on integrity best practices. This collaboration provides more opportunities for knowledge and skill-sharing. Considering integrity as a dynamic issue, MGB has strengthened its collaborative programs with the purpose of sharing best practices and knowledge. Table 5.6 highlights the organisations with which MGB collaborates.

Table 5.6
Collaboration of MGB

Organisation	**Collaborative activities/programs**
Malaysian Anti-Corruption Commission (MACC)	- Visits to MACC headquarters in Putrajaya - Briefings on integrity strengthening and anti-corruption controls. - Direct Q&A sessions with MACC officers.
Perbadanan Perpustakaan Awam Selangor	- Provision of library spaces to accommodate more participants for integrity programs.
KBI (Holding Company)	- Participation in KBI Integrity Sport Day. - Attendance at vendors integrity briefings. - Participation in various integrity programs organised by KBI such as seminar on OACP development.

According to Table 5.6, these collaborations primarily focus on engagements with the Malaysian Anti-Corruption Commission (MACC). Through this collaboration, MGB visited MACC headquarters to provide a better understanding of the operational mechanisms and best practices suggested by the anti-corruption body. In addition, MACC officers will provide a briefing during the visit, related to integrity strengthening and anti-corruption controls. This briefing allows MGB employees to gain a direct understanding of integrity through questions that can be asked directly to the officers.

MGB also collaborates with Perbadanan Perpustakaan Awam Selangor to provide accommodations for integrity programs organised by the company. MGB has a constraint to organise large events due to restricted space availability. With the collaboration, MGB can invite more participants to join the integrity programs. Furthermore, such collaboration extends the effort of MGB to promote integrity beyond the corporate border. The alternative to involve the public library in the collaboration indirectly enhances public awareness and participation in anti-corruption efforts.

The last collaboration that MGB has developed is with its holding company, KBI. MGB develops a collaborative atmosphere with KBI by engaging in activities such as KBI Integrity Sport Day and vendors integrity briefing. Since MGB is a subsidiary, the company is invited to participate in most of the integrity programs organised by KBI, including a seminar on OACP development. These internal collaborations are essential as they strengthen teamwork and commitment among employees. More importantly, the collaboration between MGB and KBI facilitates the reinforcement of integrity compliance initiatives.

Despite numerous collaborative engagements, MGB has no formal benchmarking with any company in the industry. The company plans to consider benchmarking as part of their integrity improvement strategies in the future. To date, the company has focused more on strengthening internal understanding through integrity promotion and education programs, which will be discussed further in the next section.

5.3.5.2 Integrity Promotion and Education Programs

CIPs are relatively new in the context of MGB since the company's IGU was just established in 2021. Hence, MGB's integrity programs predominantly focus on promoting and educating its employees about integrity. In 2022, MGB organised a contest, creating an integrity logo and slogan. This innovative approach attracts employees' engagement and facilitates MGB in promoting integrity. The winning slogan was used for the company's official communication, demonstrating integrity as part of MGB's corporate identity. Besides the contest, MGB promotes integrity by participating in the integrity sport day which is organised by KBI. Despite the normal sports matches, the word integrity has been chosen, showing to employees that integrity is a significant and valuable principle to be upheld within the company culture. As commented by the assistant manager of audit (MGB04):

> *"Recently, KBI and its subsidiary companies organized a sports event called the "Integrity Games." They took the term "integrity" and added the concept of sports to it. While the activities were typical sporting events, they became more meaningful, people aware when it was branded as the "Integrity Games".*

For education purposes, MGB employs visual aids such as posters and short videos sourced from the MACC's website to educate and remind staff about the importance of integrity. The posters and videos are shared by the senior manager of integrity unit via employees' email. The poster sometimes is also placed around MGB's reception desk and shared digitally to maintain high levels of awareness and reinforce the company's commitment to integrity compliance. Informal reminders related to integrity is often shared by the officer of IGU will share it via WhatsApp.

Besides integrity poster, reminder and video sharing, MGB enhances its integrity education through periodic briefings provided by MACC, ensuring that all employees stay updated on best practices and the latest developments in anti-corruption measures. IGU invites MACC for annual integrity talk and sharing sessions, where all its vendors, developers and contractors are also required to attend.

Other than education enhancement for employees, the continuous training is also provided to equip IGU members with knowledge and skills related to integrity. The staff is sent for integrity training organised by the Malaysian Anti-Corruption Academy (MACA) and the Institute of Integrity Malaysia (IIM). More importantly, both head and the senior assistant of IGU have completed their two-year certified training program for integrity officers, entitled them to be Certified Integrity Officer (CeIO). This training equips them with the necessary knowledge and skills to effectively lead and advocate for the company's integrity initiatives.

5.4 Case Finding: Research Question 2 – The Motivating Factors of CIPs

This section explains the finding of the second research question, “why do GOCs adopts CIPs?”. Based on the interviews conducted with the general manager, head of department and assistant managers of MGB, it is identified that three main components of institutional mechanism have encouraged the company to adopt CIPs. Figure 5.20 shows that the reasons of CIPs adoption by MGB are (1) government enforcement and (2) norms.

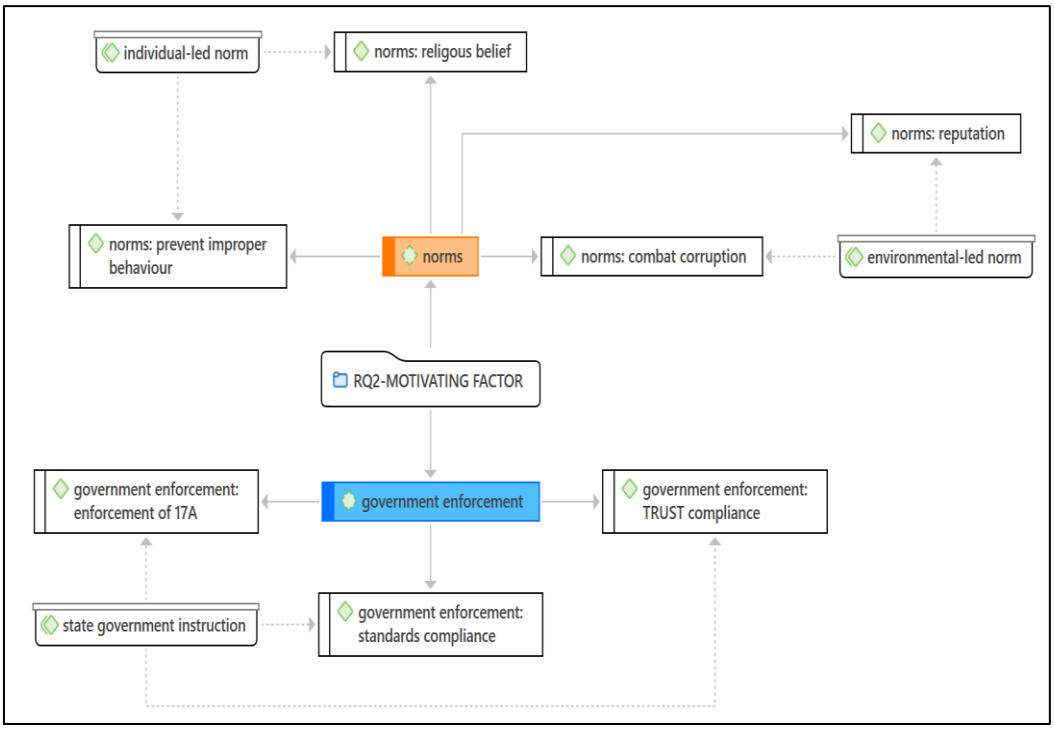


Figure 5.20 Component of Motivating Factors of CIPs at MGB

5.4.1 Government Enforcement

As shown in Figure 5.20, the first factor that motivates MGB to adopt CIPs is government enforcement. The findings identify that the status of MGB as a subsidiary to a state local government has heavily influenced the decision of the company, including CIPs adoption.

5.4.1.1 State Government Instruction

As a subsidiary company of a state holding company, the operations and activities of MGB do not solely depend on the decisions of its top management. Certain final decisions must be referred to and approved by the holding company. Therefore, the company must comply with the state government's instructions to avoid penalties. If the state government adopts regulations and policies introduced by the federal government, MGB is automatically required to comply with them as well. Adherence to state instruction is required, as if the subsidiary is involved in any integrity issue, it creates a crisis that tarnishes the reputation of the subsidiary and that of the holding company. The introduction of Section 17A of the MACC Act 2009 has triggered the state government to emphasise integrity enhancement over all its subsidiaries and

associates. The Assistant Manager of IGU (MGB02) commented:

> *"Firstly, there was a recommendation from the state government which requires all its subsidiaries to implement a process related to integrity, this is for the operation's improvement purposes. Second, our state government has informed the subsidiaries, particularly about Section 17A, which involves all board members and relevant officers. Because they know, if there is any integrity issues related to this company, it will affect everyone associates to us."*

Besides, the management of MGB is encouraged to actively involve in promoting CIPs as this company does fall under the government commercial organisation, thus subject to any government regulations. The company is responsible for implementing adequate procedures to prevent its associates from committing any act of corruption. MGB's commitment to integrity practices is an indicator and assurance that the company has undertaken the necessary measures to prevent corruption risk. The assistant manager of Risk Management Unit (MGB03) stated:

> *"The seniors also asked about the necessity of implementing the AOCP. They have to understand that our organisation is registered under the Companies Act. So, according to the Malaysian Anti-Corruption Commission (MACC), we are still considered public servants since we are a subsidiary of the state government. Consequently, we are obligated to implement the AOCP to ensure compliance with the TRUST framework."*

The instruction from the state government to be active in integrity practices is also related to the anticipation that future requirements for tendering and bidding processes will be more complex. Focusing on a transparent tender process might require the company to equip itself with proper procedures that could enhance integrity compliance. The early preparation of MGB by strengthening its integrity practices provides additional value for future achievements. The assistant manager of Risk Management Unit (MGB03) commented:

> *"In fact, the government will ensure that only those with OACP can participate in government tenders. I see that MGB has the potential to bid for these tenders. If the government requires companies to have OACP to enter, I believe it will be beneficial for MGB's development."*

Compliance with state government instructions not only strengthens the integrity and ethical standards within MGB but also maintains a harmonious relationship with its parent company. At the same time, adhering to these integrity practices aligns MGB's operations with the expectations and regulations set forth by the federal and state governments, thus ensuring transparency and accountability.

5.4.2 Norm

In addition to instruction and enforcement from the government, MGB perceives that norms are another vital element that motivates the company to adopt CIPs. Despite meeting industry standards and societal expectations, individual awareness of the importance of integrity could also lead to professional encouragement for MGB to adopt CIPs.

5.4.2.1 Environmental-led Norm

From the MGB's perspective, the initiative to adopt CIPs is highly driven by the responsibility and obligation towards its stakeholders. Being perceived as a company that committed to practising integrity helps MGB build trust and strengthen relationships with its clients, partners, and employees. In other words, the willingness of MGB to maintain their CIPs is associated with moral obligation. The reputation gained from the adoption of CIPs is ultimately important for the company's sustainability. The statement from Assistant Manager of IGU (MGB02) depicts that:

> *"The first reason is enforcement. The second reason is that, as a subsidiary of the state government, it will reflect our commitment to good governance practices to external parties or stakeholders […] currently, issues related to integrity are being questioned. So, when we implement this, it has a significant impact, especially in terms of image, legal aspects, and finance."*

Since MGB is a real estate company that often handles huge investments and is frequently exposed to the risk of bribery, the adoption of CIPs increases potential investors' confidence in contributing their funds to the company's project. The commitment to promote integrity, as shown by CIPs, assures potential investors that the company operates ethically and is committed to maintaining a clean and honest business

environment. Furthermore, MGB is aware that the lack of reputable, trustworthy, and stable companies is a challenge to gain more investors. The Head of Strategic Investment and Project (MGB05) mentioned:

> *"The most prominent reason is image or reputation. Because, if company's image is poor, it is unlikely that your company can attract investors".*

As emphasised by the Assistant Manager of IGU (MGB02):

> *"We know that, from so many resources, a company that implements integrity-related policies will enhance its own operational processes. So, why don't we do the same thing?".*

Apart from that, MGB's decision to actively promote its CIPs is influenced by the perception that companies' images and reputations should be visible because people believe what they can explicitly see. Thus, MGB emphasises that by showcasing these practices, the company communicates its dedication to ethical standards openly. The Assistant Manager of Risk Management Unit (MGB03) commented:

> *"It is good if our stakeholders can see we have all these integrity practices. For instance, when they search our website, they can see that our company is actively combating corruption as we put there, "zero bribery". They will understand that our company is clean.*

MGB recognises that fulfilling external expectations and obtaining a good reputation is a strong factor in encouraging the organisation to adopt CIPs, as it contributes to the stability of supplies and support. Apart from maintaining its credibility as a clean company, MGB's decision to adopt CIPs is mutually exclusive with the reputation of its holding company. The BOD's advice to consistently uphold moral values signals that a harmonious relationship also relies on the credibility of MGB to remain ethical.

5.4.2.2 Individual-led Norm

Individual belief and assumption that integrity is necessary to improve the business operation and performance encourages MGB to participate in CIPs. The strong internal awareness of individuals has led to MGB's decision to promote and adopt CIPs.

The employees' commitment goes beyond the moral obligation, motivating the company to maintain integrity due to the believe that it enhances MGB's accountability. When the members of an organisation embrace the values of integrity, CIPs are no longer seen as a necessity but as a foundational value that drives their actions and decisions. As commented by the executive of Public Relation unit (MGB07):

> *"I think the ultimate reason is us, ourselves. We know how important of integrity right? It is a good thing, where everyone will agree to do it. Integrity tells us not doing harmful things, corruption, bribery all those kinds of things. Otherwise, it makes your company problematic".*

More importantly, integrity is recognised as a key indicator of other good practices, as those with high moral value will act diligently in fulfilling their responsibility within MGB. Employees perceive integrity as the sole driver, which implies a deep commitment to ethical governance. This is because upholding integrity provides additional value to the organisation by reducing conflicts associated with ethical non-compliance. Therefore, holding onto a shared belief that integrity is beneficial for all aspects of an organisation has driven MGB to continuously adopt CIPs. This is understood from the statement of Head of IGU (MGB01):

> *"What really motivates us is ensuring that all our companies and employees work with integrity and avoid any hanky-panky. That's our only motivation. This way, there's no mismanagement of company funds, costs can be saved, and there's no room for fraud or misconduct."*

Interestingly, the reason of CIPs adoption is also related to the elements of ethnicity, which are indirectly linked to religiosity. Since MGB is comprised entirely of Malay Muslim employees, the tendency to uphold integrity in their operations is perceived as prominent due to their faith. They believe that integrity encourages employees to do good things, even if they are not seen or observed. MGB believes that awareness of integrity will reduce the occurrence of unethical activities, as employees have the courage to do the right thing regardless of the consequences. As mentioned by the IGU's head department (MGB01):

> *"Another reason is that our company is entirely Malay, Muslim. Otherwise, we will be questioned in the afterlife. So, when we do our work with integrity, it becomes like an act of worship, benefiting both the company and our*

faith".

Therefore, it can be concluded that the CIPs adoption in MGB is not only derived by extrinsic motivation, but also intrinsic motivations. The desire to gain social acceptance and industry approval will be easier to achieve if they are supported by consistent commitment derived from individual awareness.

5.5 Case Finding: Research Question 3 – The Critical Success Factor of CIPs

This section discusses the second research question, "What are the critical success factors that contribute to the success of CIPs in the selected GOCs?". Based on the findings illustrated in Figure 5.21, the success of CIPs in MGB relies on four factors: (1) ethical leadership, (2) commitment, (3) communication, and (4) culture.

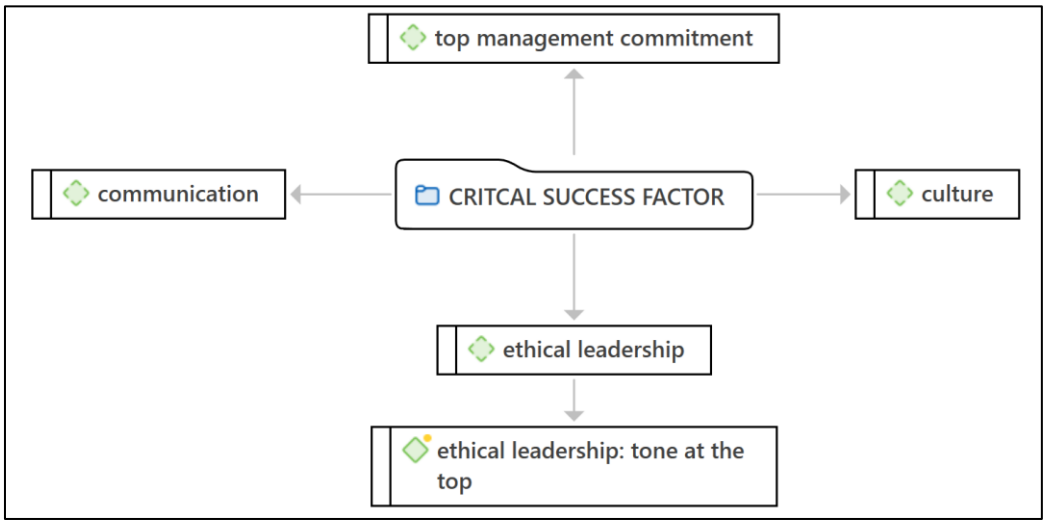


Figure 5.21 Critical Success Factor (CSF) of CIPs in MGB

5.5.1 Ethical Leadership

Respondents highlighted that the success of CIPs relies on the characters of leaders who always be the exemplary in any decisions they made. Their actions must reflect what they say. In other words, the respondents agreed that tone at the tope is a crucial ethical leadership characteristic that could leads the company to better performance, by improving integrity compliance.

5.5.1.1 Tone at The Top

As shown in Figure 5.21, ethical leadership is recognised as one of the most critical elements that support the success of CIPs in MGB. Based on the interviews with MGB staff, tone at the top was repeatedly mentioned as a significant criterion that individuals should possess to be defined as ethical leaders. MGB perceives ethical leadership as creating an integrity culture which makes employees feel supported and empowered to promote compliance with ethics and moral values.

MGB identifies attitudes, behaviours, and values demonstrated by top management, which set the standard for the entire organisation, as a key factor that influences the success of CIPs within the organisation. When leaders prioritise ethical standards, demonstrate transparent decision-making, and actively engage in promoting a culture of integrity, they set a powerful example for the entire organisation. This is because the behaviour of top management regarding integrity and ethical conduct significantly influences the actions and attitudes of MGB's employees. Their actions and decisions are seen as a direction and informal guideline to be followed by all MGB employees. A strong, positive tone at the top is critical in fostering a culture of accountability, transparency, and ethical behaviour, thereby reducing the risk of misconduct and enhancing integrity compliance. This emphasises the idea that effective integrity practices begin with leadership and cascade down through MGB's layers of management. For instance, MGB relies significantly not only on their own management but also on its parent company. The Head of IGU department (MGB01) commented:

> *"In simple terms, it all comes down to the tone at the top. Everything must start with senior management. Even if we have excellent policies, they are useless without the support of top management. For instance, if we have procurement policies but the Board of Directors insists on awarding contracts to their relatives, those policies become irrelevant. Similarly, if the chairman abuses their power, it undermines the entire system".*

The success of CIPs is also associated with the tone at the top concept, as the consistency of top management in demonstrating transparency and integrity creates a strong foundation for a cohesive and positive organisational identity. This, in turn, shapes the behaviours and attitudes of employees at all levels, fostering a sense of shared purpose and values upheld by MGB. For instance, when MGB employees realise

that the company is highly committed to integrity, it becomes easier for them to adapt to the working style and unconsciously work towards high ethical standards. This was explained by the Senior Manager of the Audit Unit (MGB04).

> *"In my opinion, having a strong sense of identity is essential, and tone from the top is equally important. As our elders often say, "Like father, like son." If the top management has integrity and sets a good example, even if someone is inclined to misbehave, they will not have the heart to do wrong if their boss is righteous".*

The enthusiasm shown by the top management of MGB in ensuring the success of CIPs has continued through the establishment of the IGU in 2021 which is aligned with the government's direction. Despite no specific date given to commence the establishment of the unit, MGB has taken immediate initiative to set up the IGU. This action demonstrates the proactive nature of MGB top management's decision to strengthen integrity and create an environment in which employees feel accountable and motivated to uphold these values. As a result, the tone at the top not only shapes the company's identity but also ensures the effective implementation of CIPs.

5.5.2 Top Management Commitment

Management commitment plays an important role in integrity success as it shapes the behaviour of an organisation (Johari et al., 2021). In an interview with the Head of IGU, it was mentioned that management commitment, which is demonstrated through their full support, is a key factor for the success of CIPs at MGB. He stated, "I think the key factor is support from top management, especially the CEO. When we come out with integrity policies and activities, he always supports us. When the company's CEO visibly and actively supports integrity practices, it signals to all employees that integrity must be upheld and prioritised. This situation eventually builds a circle of people that emphasises moral quality in their actions.

MGB's top management's initial commitment to ensure the success of their CIPs is exemplified by their active participation in anti-corruption initiatives. For instance, MGB and their subsidiaries demonstrated their dedication by taking the Anti-Corruption Pledge (IBR) in 2020 which was led by the company's Acting Chief Executive Officer. The participation of MGB employees and their top management in

this event highlights company-wide commitment to these principles. This proactive approach aligns with MGB's ongoing efforts to embed a culture of integrity and transparency, thereby significantly contributing to the overall success of their CIPs. This company has planned to do this pledge once every three years, which indicates that the company's effort to continuously combat corruption is not merely an ad hoc event.

At the same time, MGB's management commitment can be seen through improvement in the IGU structure, which leads to the success of CIPs in terms of internal enforcement and implementation. Although the establishment of IGU is made in accordance with the Prime Minister's directive, the top management of MGB has begun to improve prior to the setup of the unit. The integration of integrity, audit, risk and governance enhances the focus on integrity compliance and the direction of MGB in strengthening its ethical culture. Commented by Assistant Manager of Risk Management Unit (MGB03):

> *"For me, the factor of success relies more on people. Because prior to this, everyone is complaisant with those practices. However, when we have IGU, the process of embedding integrity in this company becomes smoother and easier".*

In addition, the commitment of top management to ensure the success of CIPs is shown through budget approvals, particularly for organising integrity-related activities. MGB management has approved various budgets for integrity initiatives, including logo and slogan contests, integrity sports events, collaborations with external agencies, and visits to the Malaysian Anti-Corruption Commission (MACC). Approval from management to conduct such activities allows integrity information to be spread through formal and informal channels. Therefore, CIPs are easier to implement as the understanding of integrity is already delivered.

Apart from budget approval, MGB's management is also committed to ensuring that the members of the organisation are updated and supplied with recent information regarding integrity policies and standards. In terms of education and training, the management of MGB is open to any opportunities that could help employees increase their awareness of their responsibilities to support integrity compliance. The invitation of external speakers from the MACC to address Section 17A of the MACC Act 2009 on integrity shows their commitment to creating awareness of integrity compliance. These expert speakers provided valuable insights and practical guidance, reinforcing

the importance of integrity within the company. Additionally, management has shown support by granting employees permission to participate in integrity talks organised by external agencies. For instance, MGB sent its representative to attend an integrity course organised by the Melaka Institute of Management and Integrity (ISPIM) to share and obtain a new approach for integrity enhancement. This not only broadens their understanding but also encourages the adoption of best practices by industry leaders which could accelerate the achievement of CIPs. Commented by the Assistant Manager of IGU (MGB02):

> *"For me, the most important aspect is the commitment of the management. When management pays attention to integrity, including human resources, budget, and other facilities, it becomes easier to practice and enforce integrity. Therefore, with the management's commitment, other staff members will be more cooperative".*

MGB notes that top management commitment is essential for the success of CIPs, as their influential and powerful decisions could strengthen the integrity compliance and governance framework. Their dedication to maintain CIPs as part of the integrity enhancement alternatives ensures MGB's long-term sustainability and strategic competitiveness can be achieved.

5.5.3 Communication

The third component of the CSF is communication. MGB applies diversified communication mediums to ensure that awareness of integrity practices reaches all employees. Realising the changes in technology, MGB utilises a variety of channels such as emails, bulletin boards, team meetings, and recorded videos obtained from MACC to accommodate employees with different accessible sources to ensure they are effectively informed and engaged with all updates on integrity. This strategy increases the impact of CIPs, as it not only broadens the reach of integrity messaging but also reinforces the value of ethical behaviour across a variety of touchpoints. This is because communication delivers messages that create awareness. The head of IGU (MGB01) highlighted:

"Regarding communication, we may have previously seen it as trivial, but when we start to raise awareness, it becomes clear that it's actually quite significant. For example, take the issue of accepting gifts; this matter is partly regulated by the Malaysian Anti-Corruption Commission (MACC) due to its potential links to corruption. Therefore, when we explain this and ensure information is effectively communicated, people become more aware of the implications, leading to a clear understanding that such practices are not allowed".

As a subsidiary, some information and decisions of MGB often come from its holding company. As it is delivered from top management, it can be said that MGB is more into top-down communication approach. In the context of CIPs within the company, most updates and information are initially communicated by middle and top management to lower-level employees. For instance, the preparation of the OACP and gift policy were mainly developed by the IGU and approved by the BOD prior to the dissemination of those policies to all levels of employees. In addition, the announcement of new regulations, policies, and changes in regulatory requirements is communicated using a top-down approach. This approach is relevant to be adopted in ensuring the success of CIPs as it reduces the likelihood of misunderstanding and maintains consistency in the information being delivered. The employees are also satisfied since the information from top management is perceived as more reliable and clearer. This situation increases employee confidence in the organisation's CIPs and influences their commitment to the integrity practices.

Apart from reliable and consistent information delivery, top-down communication is helpful in reinforcing the commitment of MGB to uphold and prioritise moral principles. This is because instructions and information from top management are often perceived as strict directives which pressure adherence to the company's policies and guidelines. As such, the employees are triggered to treat communication seriously and ensure that the directions given are immediately implemented. This consequence eventually leads to the effectiveness and efficiency of CIPs adoption. This can be illustrated by the statement of the head of the IGU (MGB01):

"So, once we identify risks of corruption, we will then proceed to develop an OACP. According to a directive from KBI outlined in a memo, we are required to complete the OACP by November because there is a planned launch involving KBI and all its subsidiaries. KBI will lead this initiative

and has instructed all subsidiaries to adhere to this timeline, which is why it's crucial for us to have everything prepared before November this year".

Prior to the pandemic, MGB used face-to-face meetings to communicate important information that should not be publicly discussed. This directive communication seems more effective due to high level of focus and engagement. Immediate feedback and a highly focused environment are preferable to virtual meetings, which are currently adopted by the company. Nevertheless, low mobility that leads to cost and time savings has encouraged MGB to use online meetings as an option to face-to-face meetings.

5.5.4 Culture

The last factor that MGB relies on to ensure the success of CIPs is the cooperative culture. Considering the size of MGB, cooperation between departments facilitates the escalation of integrity information through the organisation, ensuring that critical updates reach every level of employees. Even though there are only four employees of the IGU, the efficiency and effectiveness of their work are not affected because of strong teamwork. For instance, the assistant manager of risk management and audit will also be involved in the organisation of integrity programs, assisting IGU members in the arrangement of the programs. Meanwhile, the integrity and risk unit also assists in audit progress by accelerating the investigation or any audit-related process. As commented on by the Audit Assistant Manager (MGB04):

"I'm under audit, and usually, if it's risk management, there's just one person and we assist each other. If he's free, he will assist me, and if I'm free, I will assist him. But most of the time, he's the one who assists me because the audit process is quite lengthy. The teamwork is part of the culture I can say".

The human resource department also helps with the participation of MGB staff and accommodation preparation. Other departments, such as Public Relations, play a crucial role in promoting integrity by actively raising awareness among employees. This includes incorporating core values on the company's website and ensuring active participation in various integrity programs. As commented on by the executive of public relations (MGB07):

"Talking about culture, we support whatever program organised by IGU. We in charge company's internal affairs, so of course we help IGU in terms of displaying core values to our company's website, even recently we created core value wall in the company. So, we indirectly support integrity."

Nevertheless, as part of the cultural common problems, MGB also encounters reluctance from some employees. Senior employees find it difficult to accept changes or transformations in practices or systems as they are comfortable with the existing ways of working. Therefore, active cooperation from management and support-level employees is needed to convince reluctant employees to accept changes and support the adoption of CIPs. With collaboration from other units within MGB, integrity-related information can be disseminated widely and consistently, increasing awareness and compliance with integrity practices.

5.6 Case Finding: Research Question 4 – CIPs and Value Creation

This section discusses the answer to research question four, which investigates "How do CIPs create value for GOCs?" In this study, the values of CIPs refer to economic, environmental, social, and governance (EESG). The following discussion focuses on the values created by practicing the five (5) integrity practices discussed in the first research question: whistleblowing, internal control, core value, disciplinary and reward system, and integrity training and education. Table 5.7 summarises how these CIPs create value in terms of financial, environmental, social, and governance (EESG) aspects within the context of MGB.

Table 5.7
MGB's Value Creation of CIPs

CIPs	VALUE CREATION MEASURES			
	Economy	Environmental	Social	Governance
	Cost saving	**Compliance to environmental standards**	**Stakeholder trust and confidence**	**Improve transparency and accountability**
Whistleblowing	reduce cost as people have a proper system to report misconduct, whereby early preventive action can be taken	improve development activities through compliance with environment due to fear misconduct being reported	improve company's reputation when public believe the operations are conducted transparently	improve transparency and accountability by establishing open reporting channel and having sense of being observed
Internal control	reduce cost through the detection of excessive use of resources or unnecessary duplication of tasks	improve work efficiency by reducing risk related to ecological impact as the development activities align with environmental regulation	increase stakeholders' confidence when the operation conducts are in line with the standards	improve transparency and fairness through standards compliance and audit, thus reduces cronyism issues
Core value	increase profit and financial performance stability by obtaining reputation for integrity	create awareness to complying with environmental standards	strengthen trust between community and stakeholders due to high transparency in operation	build strong governance structure through cultivation of integrity as culture
Disciplinary action	reduce cost related to non-compliance activity through strict enforcement	improve work performance by minimise environmental issue	create trust between employees and management which leads to good engagement	Increase accountability with the reflection of adverse consequences for integrity non-compliance
Training and education	reduce cost through high integrity awareness that reduce the possibility of integrity non-compliance	Increase awareness to reduce source waste as the operation is conducted with integrity	build higher reputation as a result of better performance that derived by integrity awareness	improve governance compliance as a result of the awareness of integrity violation detrimental cause

(Source: Author)

5.6.1 CIPs and Economic Value

As shown in Table 5.7, the adoption of CIPs has significantly contributed to the enhancement of MGB's value in terms of economic, environmental, social, and governance aspects. The first element of value creation highlighted by the company is economic or financial value. Based on the information obtained from the interviews, MGB believes that CIPs help the company improve its financial performance by sustaining good quality services and implementing more effective cost-saving controls.

5.6.1.1 Cost Savings

The main economic contribution of CIPs to MGB is cost savings. Through the implementation of whistleblowing, MGB take early preventive action on any possibility of unethical or fraudulent practices within the company. Complaints received act as an early warning system that captures the company's attention to consider the effectiveness of its internal controls. By uncovering the opportunity for fraud during the whistleblowing investigation process, MGB can highlight the need for management to strengthen internal control, allowing for a more comprehensive internal audit and risk management, specifically corruption risk management (CRM). For instance, there was a case in which MGB received a complaint regarding the unpaid Employee Provident Fund (EPF) contribution commission. In the early stage, the complaint indicates a likelihood of embezzlement. However, subsequent investigations revealed that the real issue was a deficiency in the payment system. Therefore, with the assistance of whistleblowing, MGB improves its internal control, thus minimising any potential losses due to operational inefficiency.

In addition, whistle-blowing contributes to cost savings as it reduces the time taken and other resource utilisation that is usually incurred during the internal audit process. With the assistance of whistleblowing, MGB will be directed to specific risks that should be the focus of audits. As mentioned by the assistant manager of audit unit (MGB04):

> *"So when there's whistleblowing, it means there is some information that we might not know. When we conduct an audit and there's collusion, they cover it up, so when we ask questions, it doesn't become an issue. But if there's*

whistleblowing, then when we conduct the audit or investigation, we can target it, so it (audit) process will not be so lengthy."

As for internal control practices, the combination of risk management, internal audit and control activities contribute to cost savings by ensuring the company's operational activities are handled at minimum risks and align with established standard operating procedures (SOPs). For instance, the requests for proposals (RFP) processes requires at least three (3) quotations, as stated in the tendering SOP, to ensure MGB can select the most cost-effective option. This request was established by risk management team, with the purpose of mitigating risk. At the same time, the role of the internal audit and other control activities is to ensure that the decisions taken on the tender comply with the stated requirement, thereby preventing losses arising from procurement fraud.

Apart from that, internal audits may detect excessive use of resources or unnecessary costs that can be eliminated. For instance, dealing with numerous developers and contractors exposes MGB to hidden collusion between those parties. When contractors or developers collude, the price of materials, supplies, and even services can be higher than the bidding price, as all of them agree to a certain artificial mark-up, leading to a higher cost for MGB. Internal audits are responsible for detecting such situations, reporting to risk management team to come out with corruption mitigating plan. Later, a further review of the SOP will be conducted to ensure that there is no conflict of interest between the parties involved. As a result, MGB can secure high-quality supplies and services at the best cost. The role of audit in mitigating costs is explained by the Head of IGU (MGB01):

"Auditing is important to identify any leakages and risk will come out with mitigating plan. [...]SOP outlines that what we are doing aligns with standard company practices. If the individual awarded the job happens to be an acquaintance but offers a competitive price that reduces the company's costs, no one can accuse us of favoritism or cronyism because the tender process has been properly conducted."

The above statement is supported by the assistant manager of integrity (MGB02):

"From economic perspective, we anticipate what will happen in the future and prepare an action plan. So that if it occurs, the impact on the company

is minimized. For example, without taking any action, the company might face a loss of one million. However, with the action plan in place, while we might still incur a loss because risks cannot be eliminated, the loss could be reduced."

In addition to whistleblowing and internal control, the imposition of disciplinary action for integrity offences also contributes to the cost savings of MGB. The penalty or punishment imposed prevents the occurrence of unethical activities since the employees or associates of MGB might be intimidated by the consequences of their actions. They will be more cautious with the outcome of their decision. As such, the implementation of disciplinary action creates accountability and prevents the tendency to engage in corruption. Moreover, through the strict enforcement of penalties against integrity violations, MGB can ensure more efficient use of resources and avoid leakages, such as unnecessary expenses or financial losses due to misconduct. As commented by the assistant manager of the risk unit (MGB03):

"I believe punishment system is necessary for this company because if any misconduct occurs, action must be taken. If no action is taken, the same issue might happen again."

As whistleblowing, internal control, and disciplinary action significantly improve financial performance by reducing operational and administrative costs, core values, and integrity training are less pronounced in terms of economic contribution in MGB. Nevertheless, establishing integrity core values forms a strong foundation and understanding of the importance of integrity, thus reducing the risk of irregularities and corruption that can cause significant financial losses. Similarly, integrity education programs, such as integrity briefings and workshops, help increase employees' awareness and understanding of the importance of integrity in every aspect of their work. By having a deeper understanding, MGB employees will be more inclined to make ethical and responsible decisions that are in line with the integrity principles upheld by MGB.

Overall, the analysis of the interviews responses clearly shows that CIPs are used as mechanism strengthens MGB's 'adequate procedures'. The initiative of MGB to adopt CIPs demonstrates the commitment of the company in strengthening its adequate procedures with the aims to prevent any charges related to corporate legal

violations.

5.6.2 CIPs and Environmental Value

The adoption of CIPs also brings value in terms of maintaining ecosystem and environmental sustainability. Since MGB is involved in the real property industry, the company is associated with housing and commercial development projects and land acquisition. These project developments are related to strict environmental compliance and regulatory requirements. Thus, CIPs is perceived as a significant alternative for MGB to ensure strong adherence to environmental standards.

5.6.2.1 Environmental Standards Compliance

The adoption of CIPs allows MGB to strengthen its compliance with the safeguarding of environmental policies and regulations. The establishment of whistleblowing channels provides a platform for employees and stakeholders of MGB to report any wrongdoing or suspicious activities that may involve violations of environmental protection laws, such as construction without complying with green area regulations or land misuse. By allowing these issues to be reported and addressed promptly, whistle-blowing systems assist MGB in taking corrective action, which ultimately leads to the enhancement of environmental standards compliance.

In addition, risk management, internal audit and control activities contribute to the environmental standard compliance through effective risk mitigation plans and strict regulation reviews and observations. As part of control activities, clear policies outlining the rules for pre- and post-development activities guide cooperation between MGB, developers, and contractors, ensuring ethical compliance and adherence to environmental laws. When MGB's potential developers request for land, they must sign a provided agreement that contains the clause of Environmental Impact Assessment (EIA). The EIA is essential for identifying, evaluating, and mitigating potential environmental problems before development begins. The procedure is required to ensure that the development operations carried out by the developers or contractors align with environmental laws and regulations, preventing any possibility of MGB being accountable for any environmental damage. This is highlighted by the general

manager of human resources (MGB06):

> *"I think it's about compliance. If you look at the agreement, it already mentions following the law. For example, if they apply for land and it involves clearing a forest, which isn't allowed, our agreement already states that things like the Environmental Impact Assessment (EIA) need to be considered. So, if the project requires an EIA report, then it has to be done."*

At the same time, checks and balances procedures will be audited the internal audit to ensure that all development activities under the responsibility of MGB are conducted meticulously. In the case of MGB, environmental issues arise when internal audits can detect any negligence or irregularities in the selection of materials procedures or compliance with development regulations that may not be noticed by the company's upper management.

The final area of internal control that contributes to environmental value is risk assessment. MGB uses the EIA to identify and assess potential risks that could harm the environment during project development. Prior to the approval of any housing or commercial development project by the BOD, the risk committee will present a detailed assessment of the potential risks associated with the projects. This presentation opens up for better risk mitigation plans which assist MGB in minimising its potential losses due to non-compliance with environmental regulations. In addition, risk proactive measures, such as the use of eco-friendly materials and periodical observation, are considered part of MGB's efforts to sustain higher compliance with environmental laws. This practice was explained by the head of the IGU (MGB01):

> *"Environmental concerns are sometimes included in agreements as well. For instance, when we plan a project and prepare the proposal to be presented to the Board of Directors (BOD), we include a risk review. In this review, we highlight specific risks, such as if there's a land-mining activity in Precinct Jaya. When they present to the BOD, we incorporate environmental risks into the review to understand their planned actions. This is crucial to mitigate any risks related to the environment effectively."*

Other CIPs carried out by MGB also contribute to environmental values. Through the establishment of core values, disciplinary actions, and integrity education programs, MGB has created constant reminders and awareness of the importance of

being ethical. Constant reminders prevent unethical intentions, while awareness builds self-moral values. The practices of these three components of CIPs significantly affect individual psychology. When they have strong psychological commitment, it will be easier for MGB to shape a culture that values integrity, which indirectly provides environmental values to the company.

For instance, by upholding integrity and sustainability as core values, MGB trains its employees to maintain integrity even without supervision. Disciplinary action enforces strict consequences for breaches of the integrity principle, underscoring the company's commitment to promoting integrity compliance. Through ongoing education programs focused on integrity, MGB empowers its employees with the knowledge and skills necessary to make ethical decisions. These CIPs assist MGB in ensuring that its operations always align with environmental compliance, as the integrity principle directs the company to prioritise ecological balance. Therefore, MGB can enhances environmental compliance since integrity and environmental sustainability used to come hand in hand.

5.6.3 CIPs and Social Value

In addition to economic and environmental value, MGB strongly believes that CIPs play a crucial role in presenting a good reputation which leads to strong trust and confidence among stakeholders.

5.6.3.1 Stakeholders' Trust and Confidence

The establishment of a whistleblowing system indicates MGB's commitment to ensuring the engagement of its stakeholders as part of the evaluation of the company's operations and services. When those stakeholders are provided with appropriate channels to report misconduct or unethical behaviour, it creates the perception that MGB is open to public complaints. The provision of these channels generates a sense of comfort for the employees and stakeholders of MGB to communicate their concerns about any misconduct. A good perception of whistleblowing as a reporting mechanism leads to better interaction between MGB and its stakeholders, thus creating a good reputation for the company.

Reputation can also be built when stakeholders believe that MGB has comprehensive internal control through SOPs, and consistent audit reviews. SOPs provide MGB with clear guidelines on how tasks should be performed. When MGB activities are handled with clear procedures, its potential developers, contractors or any other stakeholders feel confident and secured to deal with the company because they followed the approved procedures, where it limits the possibility of corruption occurrence. For instance, there are eight (8) procedures prior to an open tender. Among these procedures are request for proposals (RFP) and request for information (RFI). RFP and RFI are crucial for developers and interested bidders to ensure fair evaluation and selection since the expected criteria of a project were highlighted clearly by MGB. Therefore, the stakeholders, including potential developers and bidders, are confident that the selection process is based on merit rather than favouritism or conflict of interest.

In addition, the confidence and trust of stakeholders increase because they can access several policies on the company's website. The policies make their plans to deal with MGB more predictable, as they are provided with details of compliance, risks and process conduct. As mentioned by Assistant Manager of Risk Unit (MGB03):

> *"For me, having SOPs is more about the benefits to our reputation. It shows that we've put these procedures and policies in place, right? Stakeholders feel more confident dealing with our company, and vendors who want to collaborate with us or participate in our business already know there are clear guidelines to follow."*

MGB is aware that if there are no clear SOPs and policies, its potential vendors or developers may doubt the fairness and transparency of the process undertaken, making them hesitate to participate with the company. Thus, SOPs and policies sustain the company's reputation and legitimacy. As commented by the General Manager of HR (MGB06):

> *"If we don't create these SOPs, our vendors might feel uneasy about joining in. They'll wonder, will I actually have a fair chance? Is this program transparent? Is this tender process legit? But when we put it on the website, promote governance, and make it clear, it builds trust. The credibility and confidence level will be there."*

Stakeholders' confidence and trust are also influenced by a good reputation

which is usually shown in audit reports. In the case of MGB, the success of internal audit in ensuring SOPs compliance and work efficiency leads to good reputation. Since MGB has always been involved in corporate social responsibility (CSR) or political-based activities, internal audits are responsible for ensuring that funds allocated to CSR activities are used effectively and responsibly. By auditing CSR initiatives, MGB's internal auditors will verify that the resources dedicated to these programs are managed according to established controls and are directed towards their intended purposes. Since audits are conducted and clean audit reports are produced, stakeholders believe that MGB has a good reputation for managing its integrity non-compliance activities. Apart from that, transparent disciplinary procedures and well-justified of non-compliant consequences enhance perception of the management fairness. Employees feel motivated to cooperate with management in reporting any malpractices, as their report will be treated without biasness.

Other than whistleblowing and internal control practices, MGB's initiative to create and promote core values gives a good perception that the company is committed to practising ethical behaviours. MGB's effort to display its core values as a soft reminder attracts a good impression among its stakeholders, as they believe MGB is strengthening its integrity, shared values, and ethical cultures. Similarly, the involvement of the public in integrity activities organised by MGB allows for a better reputation of the company's commitment to combating integrity non-compliance issues. The integrity educational program increases the reputation of MGB, resulting in higher confidence of stakeholders in the credibility of MGB in sustaining integrity.

5.6.4 CIPS and Governance Value

From a governance perspective, CIPs improve governance compliance by strengthening business operation transparency and accountability. MGB's effort to embed ethical culture through the adoption of CIPs helps align all its operations and standards.

5.6.4.1 Improve Transparency andAccountability

CIPs create a transparent and accountable working culture. Specifically,

establishing a whistleblowing system enhances transparency and accountability by establishing a clear and accessible channel for reporting unethical or illegal activities within MGB. The function of whistleblowers as a company's eyes and ears enhances MGB accountability by promptly identifying and reporting unethical practices or policy violations. Employees exercise greater caution in their decision-making and are aware that their actions can be reported.

According to the SOPs of the company's whistleblowing procedures, the investigation procedures involve the integrity committee and top management from MGB and its holding company, KBI. The involvement of KBI demonstrates that the company practices a higher level of segregation of duties to minimise conflict of interest. With the KBI's involvement and well-defined SOPs for whistleblowing in place, there is a better balance of power within MGB's top management, particularly in addressing corruption cases that involve senior executives. As highlighted by the head of the integrity unit (MGB01):

> *"Now, we're not too worried because any misconduct at the subsidiaries will be reported directly to our whistleblowing channel or KBI and this is more independent. So, any issues at the subsidiaries will go straight to KBI, and the KBI committee will investigate This means if KBI steps in to investigate, we can't stop them."*

More importantly, with the existence of SOPs, which are part of the internal control components, all work processes and operations of MGB are governed by approved guidelines that ensure that actions and decisions remain consistent, regardless of any influence or pressure. As MGB involves with land development projects, the company has developed SOPs for project approval. All developers' applications must undergo an open tender process, where the proposals are thoroughly evaluated to ensure equal opportunities and prevent conflict of interest in selecting developer or contractors.

In addition, MGB applied a request for information (RFI) before proceeding with an open tender. RFI is a procedure in which an MGB gathers information from potential developers by highlighting several criteria. By implementing RFI, MGB ensures that no potential developers have an undue advantage since the desired information is openly communicated. Therefore, the SOPs and policies developed by MGB enhance transparency by reducing opportunities for manipulation that lead to

corruption. By referring to SOPs and polices, employees and external stakeholders of MGB are provided with clear instructions on how the task should be performed. This is discussed by the head of the IGU (MGB01), who stated that:

> *"So, we just want to make sure there's no manipulation happening, that's why we include anti-corruption policies and all those SOP. […] they're aware of the implications if they choose to do something unethical. If these policies and SOPs weren't in place, then people could just do whatever they want."*

As SOPs and policies provide guidelines, MGB conducts internal audit to ensure the guidelines are complied. Through the systematic investigation during routine audit and special audit, MGB may identify and address any discrepancies, fraud, or corrupt practices, which usually begins with non-compliance of SOPs. For instance, when MGB's internal auditor found the discrepancy in rental collection caused by lack of compliance, the issue was documented and reported to management and relevant stakeholders, ensuring that corrective actions are taken and accountable. Therefore, internal audit improves transparency by ensuring all the procedures, guidelines which used to come along with investigation of operational process is crucial to uncover any misconduct, thus increase transparency of MGB in handling its operations. As commented by the assistant manager of audit unit (MGB04):

> *"Audit is definitely strengthening governance. Because, governance means, something (guidelines) is already there, and we must follow the guidelines So, when we do audit, we can ensure the guidelines are followed, without any compromise."*

In term of risk management, MGB communicates the potential risks may arise from the company's operation and the risk mitigation plan to relevant departments. Therefore, risk management is crucial in improving transparency as it allows effective prevention and mitigation measures to be implemented before problems occur in MGB. With clear documentation and open communication about these risk management initiatives and measures, MGB demonstrates a strong commitment to good and responsible governance practices.

As internal control strengthens transparency, disciplinary action contributes to accountability. Since MGB has communicated in the company's code of conduct and

what consequences the offenders will encounter, the employees' unethical intention can be controlled even though it is not fully mitigated. Disciplinary action motivates MGB employees to adhere more to ethical standards in order to avoid any penalties that could be imposed due to non-compliance behaviours. When employees understand that all their actions are governed by certain regulations and that any breach of integrity principles causes unfavourable consequences, they will be more responsible in their task, creating higher accountability.

MGB's alternative to strengthen integrity through core values and educational programs increases transparency and accountability by creating awareness. The promotion of core values and participation in integrity programs enriches their understanding of integrity, thus supporting the effort of MGB to be more transparent and accountable. For instance, education programs clarify what behaviours are prohibited, thus transforming employees' understanding and comprehension of practices once considered normal but are no longer acceptable. Consequently, governance compliance improved. As mentioned by the assistant manager of the Integrity Unit (MGB03),

> *"Integrity programs are important for raising staff awareness. In the past, we might have thought certain practices were normal, but with awareness, we realise they're not acceptable anymore. For example, issues related to gifts, because it always involves elements of corruption as mentioned by the MACC. By providing clear explanations, employees become more aware and understand what's not allowed".*

Therefore, from governance perspective, CIPs assists MGB to improve transparency and accountability of its operations, leading to higher governance compliance and lower probability of policies violations.

5.7 Case Finding: Research Question 5 – The Role of Integrity Unit

This section answers the fifth research question, "How does integrity department/unit contribute to enhancing corporate integrity compliance in the GOCs?". The answers focus on the explanation of the establishment of the Integrity and Governance Unit (IGU) and the roles of the unit to sustain integrity compliance within MGB.

5.7.1 Establishment of IGU

IGU was officially established at MGB on 1 April 2021 in accordance with the instructions from its holding company, KBI, which followed the Prime Minister's Directive 2018. The initiatives to develop IGU are mainly encouraged by the announcement of the Section 17A MACC Act 2009, where the unit is considered an adequate procedure for all government-related companies, including GOCs. Before the official establishment of the Integrity Governance Unit (IGU), MGB had no specific department responsible for handling integrity and governance matters. All matters related to integrity were handled by a section from the Human Resource Department. Most of the focus related to integrity was assigned to the Audit Unit. However, the Audit Unit was dissolved in 2013. Following the dissolution, integrity issues began to spread due to non-compliance with the audit system. Considering the negative impact of this situation, as well as government instruction, the idea of establishing the IGU was proposed to the Board of Directors of MGB around 2020, following the establishment of the IGU at the KBI.

IGU consists of three core units: integrity, governance, audit, and risk. Since MGB is a state corporation, the management has decided that there is no need to separate these three units. Each unit had only one senior manager. A smaller unit allows for more consolidated control mechanisms, making the governance process more efficient and cohesive, resulting in better internal control. Related to the case of MGB, with the establishment of IGU, any activities and workflow related to integrity have been performed more systematically as the company has a specific unit with a clearly defined scope of responsibilities.

As a requirement of the MACC, the head of the IGU must be a certified integrity officer (CEOI), who has been certified after undergoing the CEIO program organised by the Malaysian Anti-Corruption Academy (MACA). During the interview, the head of the IGU at MGB had just completed the programme and waited for certification. Simultaneously, the senior manager of the IGU waited for the same qualification. Currently, all four core functions of IGU— complaint management, detection and verification, and integrity enhancement and governance—are the responsibility of the senior manager and the head of IGU.

5.7.2 Key Function of the Integrity and Governance Unit

Referring to the Guideline for Management of Integrity and Governance Unit, issued by MACC, there are four core function that must be carried out by IGU (refer to 5.7.1). However, the approach to carry out these functions can vary according to the context of the organisatione. In addition, the size and nature of business can also make the role of IGU distinct between organisations. Specifically, for MGB, the IGU has few significant functions that are crucial to ensure that the integrity compliance can be maintained. These functions are discussed below.

5.7.2.1 Receiver and Investigator of The Whistleblowing Report

As a state corporation, the size of the IGU in MGB is considered small where the members of IGU at MGB are the head and the assistant manager. Both of them are responsible for all the reports or complaints delivered through whistleblowing channels. They are given the full access to the system and also granted the authority to handle face-to-face report made by whistleblower. The head of IGU said, *"whistleblowing is definitely under the responsibility of this unit"*. It indicates that one of the primary roles of the Integrity Governance Unit (IGU) is to serve as the receiver and investigator of misconduct disclosures that are reported through whistleblowing channels.

Upon receiving the report, IGU must ensure that the report has a strong basis for further investigation. At the same time, the report should clearly justify that it is relevant to be handled by IGU. Otherwise, the investigation process must be passed on to the human resource department. Once the investigation is complete, the IGU compiles a detailed report summarising the findings, which is then presented to the integrity committee of MGB and its holding company. In addition to reporting, the IGU also plays a vital role in presenting their findings in various formats, such as written reports, presentations, or formal briefings, to ensure transparency and facilitate informed decision-making by senior management. This report is also crucial as it forms the basis for any subsequent actions and ensures that the committee is fully informed about the situation.

Apart from that, if there are any issues related to the whistleblowing system, IGU could serve as an expert who needs to provide suggestions and recommendations,

whenever necessary. Usually, the recommendation is given prior to the final decision made on by the BOD whether the reported case should be handled internally or lodged with the authoritative bodies. With the approval of BOD, IGU will decide whether the issue reported in the whistleblowing channel should be passed to human resource department, The Royal Malaysia Police (PDRM) or Malaysian Anti-Corruption Commission (MACC).

Dealing with the investigation and reviewing process of whistleblowing reports, IGU assists MGB to be more transparent and reliable in preventing unethical behaviour. The effectiveness of the whistleblowing system leads to a fair treatment of the reports received signalling to all MGB members that transparency is valued and integrity is the top priority of the company. Besides that, when the whistleblowing system is properly managed, the preventive action can be promptly imposed with effective remedy thus demonstrating that the company is committed to upholding integrity as a culture of the organisation. This situation encourages a more honest and ethical working environment.

5.7.2.2 Facilitator of Integrity Program and Strategic Planning

IGU is the backbone of all integrity development and strategies at MGB. As mentioned by the Assistant Manager of Audit Unit (MGB4), *"We are indeed the focal point for integrity, meaning that anything related to integrity here is definitely supported by the integrity unit. So, everything has to come from us"*. This statement clarifies the role of IGU as a hub for integrity within MGB. As the focal point for all matters related to integrity, the IGU is responsible for facilitating integrity training and education programs. This responsibility requires IGU to plan and organise integrity and educational programs as a strategy to ensure all the members of MGB are updated with the current integrity information.

This unit initiates the programs and prepares the working papers for the CEO's approval, deals with external speakers, provides the necessary materials and promotes the program. Nevertheless, due to the lack of manpower, assistance from the human resource department is seek, particularly when it comes to the arrangement of the place and the number of attendees. Among the internal programs organised and facilitated were MGB Integrity Day, a visit to the MACC Headquarters and the integrity logo and

slogan competition. If there is a joint program with its holding company such as an integrity talk or integrity briefing with vendors, IGU participates by sending its employees or vendor to attend the program.

Besides that, IGU actively educates MGB's members through sharing updates, policies, initiatives or any relevant information related to integrity. As part of educational outreach, IGU has taken an alternative to have a monthly integrity short video and poster sharing. Those sources are taken from MACC's website and are shared with employees via a link in an email, making it easily accessible and encouraging engagement from all parts of the company.

The credibility of IGU is undoubtedly important in developing policies and plans that relevant to integrity. IGU is the leader in the development of the Organisational Anti-Corruption Plan (OACP) of MGB. This unit has led the discussion with its holding company and subsidiaries as well as other departments within MGB to provide a comprehensive plan in managing risks, governance weaknesses, integrity and corruption of the company. Apart from that, IGU is also involved in the development of five (5) out of six policies, which are whistleblowing, conflict of interest, anti-bribery, limited authority and gift policy. The IGU has appointed a leader for the development of whistleblowing, anti-bribery and gift policy.

Serve as facilitator to integrity training and educational programs, IGU has contributed to enhancing integrity compliance within the company in terms of creating awareness. Sharing integrity videos and poster greatly improves the company's adherence to integrity compliance as it providing continuous reminder on the importance of upholding moral values. This is essential for preventing unethical behaviour and cultivating a culture of openness and responsibility. By implementing these initiatives, the organisation not only imparts knowledge to its staff but also reinforces its comprehensive compliance structure, thereby reducing risks and improving its standing.

5.7.2.3 Advisor of Integrity and Rule Compliance

The purpose of the IGU establishment is to create an excellent work culture by embracing the value of integrity and ethics (Guideline for IGU Management, 2019). To ensure that the objective is achieved, MGB members must have a clear understanding

of the directions and actions related to compliance with integrity. Therefore, the IGU plays a significant role as the main reference and advisor on integrity matters. Any uncertainty will be promptly referred to the IGU for proper clarification. Mentioned by the Head of Strategic Investment (MGB05):

> *"When there is an integrity department, like in my case, I have to admit that I don't have all the laws, policies, and procedures memorized. But the good thing about having an integrity department is that whenever I want to do something, I can refer to them. I'll ask the integrity department."*

As a centre of integrity in MGB, IGU has collaborated closely with the MACC. The MACC provides the IGU with all relevant information and the latest developments pertaining to integrity. As such, the members of MGB have strong trust and confidence in the credibility of this unit in giving reliable advice. The complexity in certain cases requires strong judgment and justification from authorities. As such, the existence of IGU assists in problem-solving related to uncertain decisions related to integrity and rule compliance.

For instance, there are some arguments about the permission to play golf among the management of MGB with clients or contractors. Public servants are not prohibited from playing golf, but these activities must be pursued as hobbies without involving stakeholders such as contractors. In this case, IGU was referred to come out with a solution as there was a grey area. This situation depicts the significant role of IGU in giving advice on the referred matter. In recent years, the issue of receiving gifts also requires a few recommendations from IGU. To solve this matter, the IGU promptly forwarded the issue to the MACC for further clarification and justification.

This role is crucial to enhance integrity compliance, since some integrity problem occurs not because of intentional misconduct, but because of lack of clarity and understanding about what is permissible and what is not. By providing clear information and advice, IGU helps employees and its stakeholders to understand what constitutes ethical behavior and what actions may violate integrity. At the same time, the role as advisor helps MGB to identify potential risks and areas where misconduct might occur. By proactively addressing these risks and advising on preventive measures, they reduce the likelihood of unethical behaviour or rule violations.

5.7.2.4 Integrity Liaison of The Company

The last function played by IGU in the context of integrity enhancement at MGB is as a liaison of the company. The IGU proactively builds its network with outside organisations to ensure that MGB stays in line with the most recent best practices in managing its integrity initiatives. Recent engagement with Perpustakaan Awam Negeri Selangor and before that with MACC demonstrate the effort of the company to broaden its integrity networking. MGB realises that this networking offers better access to expert briefings, anti-corruption training resources, and social reputation. As commented by the head of IGU (MGB01):

> *"If we work with Perpustakaan Awam Negeri Selangorwill really help us a lot. It is win win situation. We able to increase awareness not only for our employees but also among public. Indirectly, it helps us to fulfil our societal responsibility. The public get information about integrity, at the same time, we could also save accommodation cost."*

Therefore, serving as a liaison for MGB strengthens the company's access to current integrity information and updates on regulatory, standards, or policy development. In the long term, this engagement enhances MGB's ability to enhance and improve integrity compliance across the organisation.

5.7.3 Challenges to Promote Integrity

Despite being recognised as a valuable component for sustainability, integrity is difficult to be maintained. This is due to several internal and external factors faced by MGB while promoting integrity. Although these challenges do not substantially affect the level of integrity compliance, they hinder the efficiency of the company in improving the effectiveness of integrity practice.

5.7.3.1 Internal Factor – Human and Financial Factor

Internally, the challenge comes from employees who have been in the company for a long time and possess significant tenure. This group of employees are reluctant to any changes as they are comfortable with the old version of the work process. For

instance, they refuse to follow certain procedures related to the collection of rentals, eventhough it is required by the internal auditor. Such reluctant behaviour distracts certain administrative activities that affect audit reports. They claimed that the procedures were not necessary as they had enough experience in handling the same matters. This kind of excuse is used to justify their actions, especially to a new staff member who might have less working experience.

Besides the tenure issue, the small number of employees discourages the effective reporting of misconduct activities. This is also identified as one of the reasons why whistleblowing channels in MGB is not actively utilised by the employees. This is because, low number of employees has high visibility of their actions. Thus, it is a challenging to maintain their anonymity if the make any report or disclosure on their colleagues' misbehaviour. They are afraid of the retaliation once they are notified as a whist blower.

Other than human factors, the financial constrain also affect the strategies of IGU to proactively promote integrity. The management has given their commitment to ensure that the integrity activities are supported, but the financial allocation might be a bit tight. For instance, the company postponed its plan to create a pop screen on the company's website that reminds visitors of whistleblowing channels due to the insufficient budget. Simultaneously, the company still uses a manual database for risk assessment, as the cost of installing a risk management system is considered high for its budget.

5.7.3.2 External Factor – Political Influence

External challenges come from the political influence that could hinder the effectiveness of the integrity practice that the company is implementing. As MGB is a state government subsidiary, most of the management's decisions are influenced by political interests. The most significant impact from this situation is the perspective among employees that laws and rules are not effective for those who possess political power.

The perception that individuals who hold political power are immune to the law can have negative implications for employees, as they may feel that there is no need to maintain integrity as long as they are able to lobby the relevant parties. Moreover, this

situation makes it difficult for the IGU to provide appropriate justification when dealing with similar issues involving non-political individuals.

5.8 Summary of the Chapter

This chapter presents the findings of the second case company, MGB to answer all five (5) research questions. Based on the findings, five (5) practices of corporate integrity were outlined by the company, including integrity training and education. In terms of CIPs' motivating factors, MGB highlighted that government enforcement and norms significantly influence the company's decision to be consistent in practising integrity. Imitation does not influence the decision to adopt CIPs due to the status of MGB as subsidiary to a state government organisation. CSF revealed that four components determine the sustainability of CIPs. These CSF were identified as ethical leadership, top management commitment, communication, and culture. CIPs can create economic, environmental, social, and governance value within MGB. The findings also confirmed that the IGU of MGB played a significant role in enhancing integrity compliance despite several challenges arising from human and financial constraints.

CHAPTER 6
DISCUSSION ON FINDINGS

6.1 Introduction

This chapter discusses the achievement of each research objective, based on the findings presented in Chapters 4 and 5. The chapter focuses on the similarities and differences identified between the two companies, SSB and MGB, clarifying the current practices that involve two different levels of governance and maturity. This discussion leads to the conclusion and comprehension of the findings.

6.2 Discussion on Research Objective 1

The findings of this study are consistent with Yahya et al.'s (2020) claim that federal and state companies may be distinct in certain integrity practices. Pertaining to the findings for the first research objective, both companies adopt considerably similar practices; they were designed based on the MACC guidelines and standards. However, due to the difference in governance and maturity, several attributes were identified to be distinctive in both companies. Table 6.1 summarises the major similarities and differences in the CIPs undertaken by both case companies.

Table 6.1
Comparison of CIPs for SSB and MGB

Integrity Practices	Similarities	Differences
Whistleblowing	• Both companies provide multiple channels of whistleblowing, traditionally and technology-based nature. • No rewards provided for the whistleblowers. • Management and investigation of complaints are based on guidelines from MACC.	• In SSB, the report made through whistleblowing system is totally controlled by the Head of IGU (internal reporting) while whistleblowing system in MGB can also be channelled to its holding company's IGU, making it dual oversight, providing better check and balance.
Internal control	• Both companies have developed sufficient internal control mechanisms, particularly related to corruption risk management (CRM) to fulfil the adequate procedures.	• SSB relies more on integrated-computerised database system, meanwhile MGB still use the traditional Microsoft Excel approach. • The supply of external expert is highly emphasised in SSB.
Core values	• Integrity has been selected as their core values and upheld as the pillar of their sustainability objective.	• SSB implements their core value practices through mandatory training programs, under culture transformation program. • MGB has just established its core value for the first time and relatively a new concept for the company.
Disciplinary system	• Both companies have enforced strict consequences for violation of integrity policies and ethical standards.	• The process of determining the final decisions/penalty for MGB is longer as it requires approval from its holding company while SSB is more effective in finalising the punishments.
Integrity training and education	• Training and education are significant practices of integrity in both companies. • Collaboration with MACC serves as the main partnership for MGB and SSB.	• SSB demonstrates higher intensity and frequency of training sessions, with better arrangement of education program and benchmarking visits whereas MGB's circle of collaboration is smaller and depends on its holding company.

As shown in Table 6.1, SSB and MGB agreed that whistleblowing is a crucial integrity practice as it perceived as an open channel that facilitates early identification of unethical behaviour or suspicious activities, similar to the discovery of Friedrich and Quick (2024) and Shonhadji and Maulini (2021). Improvement of the whistleblowing practice can be seen in terms of the provision of multiple whistleblowing channels, establishment of whistleblowing policies, and development of whistleblower protection to create a culture that support whistleblowing practice, as suggested by Rajeevan (2020). For instance, SSB introduced an application that integrates a whistleblowing button to facilitate more efficient complaint submission. Complaint management, which includes investigation procedures, becomes more transparent and standardised with the introduction of the core function implementations of IGU by MACC in 2022.

The establishment of the information evaluation committee (IEC) (known as ICC in MGB) indicates an improvement in investigation procedures transparency. The IEC plays a major role in validating the basis of complaints prior to further investigation, preliminary investigation, and notification of whistleblowers until the final decision by the BOD. All these procedures are parallel with Friedrich and Quick (2024), who proposed that investigations must be handled transparently to ensure the effectiveness of whistleblowing. These procedures also align with the suggestion of Sajari et al. (2023), who contended that such complaints should not be reported to the head of the IGU when there is a suspicion of conflict of interest or possibility of bias during the investigation. Nevertheless, the utilisation of whistleblowing system as a reporting mechanism in both companies is still weak due to prevailing collectivist culture.

In terms of rewards, SSB and MGB agree that financial incentives should not be given to whistleblowers, fearing that they may issue a report for financial gain rather than moral interest. Consistent with Al-Tawil (2024), both companies believe that offering financial rewards to whistleblower distracts their moral imperative, where the report should be done for the sake of justice and organisational interest. The SSB's concern is whether the identity of the whistleblower is leaked when they receive the rewards, leading to retaliation and other forms of discrimination. This result appears to contradict Teichmann and Falker (2020) and Hamoudah et al. (2021), who concluded that financial incentives can be immensely beneficial in combating corruption and in promoting ethical behaviour. The different points of view may be caused by the distinct

types of organisations. Government anti-corruption agencies perceive financial rewards as a good alternative to obtaining public cooperation in addressing corruption. On the other hand, commercial organisations such as SSB and MGB prioritise reputation, where rewards and incentives could lead to opportunistic behaviour.

Despite the broad similarity of whistleblowing practices in both companies, the study found a notable difference in the flexibility of making whistleblowing complaints. MGB applies dual oversight to manage the reports received by the whistleblowing channels, as the complaints can also be channelled to the chairman of the Integrity Complaint Committee (ICC) of its holding company, KBI. Such practice provides MGB stakeholders with higher flexibility to report any unethical activities related to the company and offer transparency and check-and-balance procedures. In contrast, all the whistleblowing reports of SSB delivered via email were controlled by the Head of IGU. No secondary party could cross this procedure, and the transparency of whistleblowing management fully relies on the audit of ISO 37001 conducted by SIRIM.

In terms of internal control practice, recent practices show drastic improvement in the development and review of standard operating procedures (SOPs) and policies as a result of the implementation of the Section 17A MACC Act 2009. However, the implementation of internal controls shows several distinctions, particularly in technology-based systems and accreditation from external experts. SSB is far more advanced than MGB in terms of computerised and technology-based systems. For instance, SSB has created applications for corruption risk-management systems (CRM), SSB risk-management systems (SRMS), and integrity systems. Every piece of information was updated into the system.

In contrast, MGB relies on Microsoft Excel and traditional database to keep any updates on risk management or integrity matters. In addition, SSB is supplied with a better assessment in terms of control and monitoring because the company has been certified with numerous ISO standards. With these certifications, the company is provided with periodic evaluations conducted by qualified, accredited certification bodies. For example, when SSB is qualified with ISO37001, Anti-bribery Management System, the company will be audited by SIRIM once every two years. An external audit provides more transparent and objective feedback on the internal control performance of the SSB.

Meanwhile, MGB has not yet been certified with any ISO related to anti-corruption or integrity enhancement certification. The difference in terms of technology and certification is apparent and expected since SSB is provided with higher federal government funds to support its operation, whereas MGB relies only on allocation from the state government. Apart from that, the coverage of operations and areas of service also leads to the advancement of the SSB's internal control compared to the MGB.

These findings further demonstrate that core value has received much attention as a component of CIPs. Although core values are commonly seen as implicit principles without formal measurement and regulatory compliance, SSB and MGB have developed a few alternatives to cultivate core values into practice. Holding integrity as a core value is imperative because integrity comes with the values of responsibility, sincerity, consistency, compliance, and awareness (Zahari et al., 2022). However, SSB is more aggressive than MGB in promoting and cultivating core values. Consistent with Smit (2021), recent SSB practices indicate that transformational programs facilitate the process of integrity cultivation. With the idea of a transformational program, the company has come out with multiple plans to integrate integrity into the culture and lifestyle of its members and stakeholders. The activities carried out by SSB aligned with the idea of Tajuddin et al. (2018), where organisations must integrate the integrity agenda in their core business to drive for change and cultural transformation, which not only benefits organisations but also contributes to the community.

On the contrary, core value is perceived as a new alternative to promote an integrity culture within MGB. Members of MGB are inattentive to the existence of the company's core value and perceive it as a corporate rhetoric. A possible reason for this is that MGB established its core value in 2020. In other words, the company is in the planning and strategic stages of promoting core values.

In terms of disciplinary action practices, both companies have similar processes in handling integrity noncompliance activities. Aligned with Jaisingh and Sreekala (2024), both companies go through a similar process, which is initiated by identifying the issues, gathering relevant information, requesting a show cause letter, conducting domestic inquiries (if necessary), and probably ending with a warning letter or dismissal. Despite the similarity in the crucial disciplinary process, the governance structure and final decision authority of the MGB and SSB show a few apparent differences. First, SSB, as a larger organisation, demonstrates higher transparency and

a better governance structure compared to MGB. SSB has proper documentation and SOP related to disciplinary action, such as references to the authority policy. Second, MGB requires a longer period before determining the final decision due to the complexity of its administration. The status as a subsidiary requires MGB to consider the involvement of its holding company, KBI, in finalising the decisions.

As an emerging theme from the findings, integrity training and education were emphasised as crucial CIP for both companies, as they understood that corruption knowledge is the most challenging task in strengthening integrity. No longer dependent on internal resources, SSB and MGB invite external expertise through collaboration and industrial linkage to share the foundation of integrity principles and the application of moral values, consistent with the ethical strategies of Andersson and Larue (2022) to seek comprehensive integrity training and education. Advances in technology have allowed them to conduct workshops and training via a virtual or online medium. The decision of SSB and MGB to prioritise education as part of CIP is parallel with Piazolo and Foster (2019), as they claimed that only education can ensure consistency of integrity compliance. Prabowo et al. (2018) also found that to eliminate corruption knowledge is to replace it with integrity and governance knowledge. The contribution of continuous training and education to compliance sustainability makes it a remarkable practice which is beyond the objectives of the transformational program.

SSB, as a federal GOC, demonstrates a higher intensity of integrity training sessions and education programs. Further collaborations and integrity benchmarking visits reflect the maturity of SSB in the development of CIPs. The company obtains greater benefits from a broader network of collaborators and more frequent integrity programmes. In contrast, MGB, a state-level GOC, has a smaller circle of collaboration and has not yet engaged in any integrity benchmark visits. The difference in organisational focus and source constraints could contribute to such a situation. MGB focuses more on the development of best practices than benchmarking, as the company is relatively new with CIPs.

The CIPs of the case companies show significant improvements after the introduction of Section 17A MACC Act 2009, which emphasises the concept of corporate liability. The most obvious improvement that takes place in both companies is the development of SOPs and policies, which indirectly influence the effectiveness of internal control, whistleblowing, disciplinary systems, and integrity training. The

presence of complete SOPs and policies ensures that the companies perform adequate procedures to justify any integrity noncompliance allegations.

In addition, the emphasis given to integrity training and education reflects the organisations' commitment to internalising ethical values and enhancing employees' awareness of integrity-related responsibilities. This development is closely aligned with the introduction of the TRUST principles and adequate procedures by the Malaysian Anti-Corruption Commission (MACC), which serve as practical guidelines for organisations to operationalise anti-corruption measures.

In conclusion, these five (5) CIPs demonstrate how SSB and MGB conduct business operations that align with the expectations of their stakeholders, thereby supporting the concept of legitimacy theory. From the perspective of legitimacy theory, the increasing emphasis on whistleblowing, internal control, core values, disciplinary action and integrity training can be interpreted as a strategic effort by organisations to align their operations with societal expectations and regulatory norms. By adopting the TRUST principles and implementing adequate procedures, organisations are not merely complying with legal requirements but are also signalling their commitment to ethical conduct and transparency. Despite both companies combine value and principle-base, the overall findings show that the federal GOC focuses more on systems and controls to improve CIPs, meanwhile the state GOC place more emphasis on develop awareness and culture of CIPs. By incorporating these practices, SSB and MGB improved their ethical and regulatory legitimacy, demonstrating alignment with national anti-corruption initiatives and societal expectations for transparent governance.

6.3 Discussion on Research Objective 2

This section discusses the achievement of the second research objective, which investigates the motivating factors of corporate integrity practice (CIPs) adoption. In line with the research framework (Figure 2.3), SSB's adoption of CIPs was shaped by government enforcement, norms, and imitation, while MGB was motivated only by the government enforcement and norms.

According to this study's findings, government enforcement, which represents the coercive element, is the most influential factor motivating the adoption of CIPs by SSB and MGB. The responses given by the interviewees indicate that the active participation of companies in CIPs is mainly driven by the introduction of the corporate

liability concept through the enforcement of Section 17A MACC Act 2009. The legal implications, including financial penalties and reputational risks, encourage SSB and MGB to adopt CIPs as a strategy for reducing integrity non-compliance incidents. The threat of a fine of at least ten times the value of the bribe or RM 1 million, imprisonment for up to 20 years, or both motivates both companies' management to efficiently strategise integrity enhancement initiatives (Kuris et al., 2023). The decision to adopt CIPs helps companies prevent penalties that tarnish their legitimate performance. This finding aligns with those of Alvarez et al. (2023) and Munir Manini (2019), who identified coercive elements as the most dominant factor influencing compliance with established standards.

In addition, the recognition of SSB and MGB as government-owned companies (GOCs) makes them entangle with CIPs. GOCs are publicly accountable and operate under close government scrutiny, which causes them to be more inclined to adopt and implement government-initiated policies (Barreiro-Gen et al., 2023). The adoption is seen as a strategic response to avoid regulatory consequences and to maintain legitimacy in the eyes of their stakeholders. In addition, the government's influence as a financial provider increases the adherence of GOCs to actively support instructions from the government. As highlighted by Yahya et al. (2020), entities that link to the government are influenced by governmental influence in their strategic and operational decisions. Therefore, any failure to support integrity enhancement may lead to a shortage of supply resources, including the termination of the contract and revocation of the operational licence.

Other than government enforcement, SSB's and MGB's decisions to adopt CIPs are also influenced by internal and external normative elements. In the case of SSB, collaborations with several entities, including local universities, global food and beverage companies, and state government bodies, require the company to sustain its reputation. By adopting CIPs, the company shows its commitment to upholding ethical standards and demonstrates responsible conduct that aligns with societal expectations. More importantly, the function of SSB as a national sewerage company gives it greater pressure to comply with environmental standards due to its direct impact on public health. Since both companies are involved in the government's environmentally sensitive industry, public requests for a balanced ecosystem must be given priority over financial benefits. Promoting integrity through CIPs allows for better operational

conduct, which eventually leads to greater legitimacy.

Besides environmentally led norms, the other factor that encourages case companies to adopt CIPs is individual-led norms. Interestingly, these individual-led norms appear to be a significant internal factor that is also related to the ethnic elements in the decision to adopt CIPs. Given that the majority of employees in both companies are Malays, their strong religious values which are embedded in Islamic teaching, may also contribute to their high self-awareness of integrity practices. The faith that integrity is part of worship motivates employees to handle their work with high accountability, even without observation (Liyanapathirana & Akroyd, 2022).

The final factor in CIPs adoption is imitation. Imitation appears to be the least discussed factor despite being part of the conceptual framework. This finding suggests that peers' imitation is perceived as a motivating factor for CIPs adoption by SSB but not MGB. In other words, while SSB acknowledges that imitating what a competitor does has influenced its decision to adopt CIPs, MGB disagrees with the perception that the intention to mimic competitors' strategies is the motivating factor.

For SSB, competitors' imitation is relevant due to broader operational coverage and more visibility, which are likely to face higher expectations of having similar integrity practices with other large national entities (Ghazwani et al., 2025; Prasad & Tanase, 2021). Thus, it is relevant for the company to mimic the approach of its successful competitors to maintain its reputation and sustainability. In contrast, MGB, as a state GOC with smaller operational coverage, may not face the same level of pressure. Its priorities are more state-politically driven activities, which make competition irrelevant to the adoption of CIPs.

These findings support the idea that the case companies' decision to adopt CIPs was influenced by institutional pressures, which are explained by the isomorphic components of (1) coercive (government enforcement), (2) normative (environmental and self-led norms), and (3) mimetic (imitation). Although imitation is perceived as the least influential factor, it is still relevant in the context of large corporations and highly competitive industries.

In a recent study, "A Critical Exploration of Corporate Greenwashing Through Ethical Dilemmas in Global Supply Chains" which was publish in 2025 implies that greenwashing can also be considered a potential motivating factor for the adoption of Corporate Integrity Practices (CIPs). Organisations may adopt visible integrity

initiatives, policies, or disclosures as a means to project an image of ethical conduct and sustainability, even when such practices are not fully embedded in their operations (Martins et al, 2023). In this sense, greenwashing reflects a symbolic response to institutional pressures, especially normative and mimetic forces, where firms seek to align with industry trends and societal expectations to maintain legitimacy and reputation.

However, this study does not explicitly consider greenwashing as a motivating factor, as the focus is placed on the substantive implementation of CIPs rather than their potential use as symbolic or impression management tools.

6.4 Discussion on Research Objective 3

This section discusses the findings of the third research objective, which focuses on the critical success factors (CSFs) of corporate integrity practices (CIPs) in the selected GOCs. Both companies suggest that ethical leadership contributes to the success of CIPs, as the leaders have the power to influence and shape their subordinates' behaviour by committing to ethical decisions. This is consistent with Ullah et al. (2021) and Wan Husain et al. (2025), who agreed ethical leaders, leading by examples and high engagement are essential to improve corporate ethical performance. Despite this agreement, SSB emphasises role modelling and interpersonal engagement, whereas MGB highlights hierarchical influence and seniority as a strategy to embody moral values within these organisations. However, these findings contradict with Atan et al. (2017) and Hamoudah et al. (2021) who found that ethical leadership is not a significant predictor that influence followers' integrity, unless the style fits the culture. Overall, the finding of this study confirms that corporate integrity may influenced by the role of leaders, but the effectiveness of it also highly relies on the cultural aspect rather than individual commitment.

The culture of seniority in MGB leads to a more top-down approach to communication and promotion of CIPs. Moreover, MGB's status as a state-level subsidiary controlled by its holding company may also cause heavy reliance on the directions from the top management. Meanwhile, as a larger operation that holds the status of a national sewerage company and operates at the federal government level, SSB promotes a more distributed and participatory approach as part of its ethical leadership style.

Building upon the principle of ethical leadership, commitment arises as another critical success factor in the implementation of CIPs. Both companies agree that top management commitment is a pivotal factor in the success of CIPs. This finding supports Johari et al. (2021), who mentioned that managerial support influences employees' integrity behaviour. Nevertheless, difference was noted in terms of the participation of organisation members in demonstrating their commitment. SSB involves not only top management but also the supporting staff.

By contrast, MGB's commitment is highly reliant on top management decisions. The company requires strong support and direction from top management to encourage the involvement of bottom-level employees in integrity initiatives. In other words, staff participation in integrity compliance is reactive through consistent reminders from top management, rather than driving them collaboratively. The comprehensiveness of SSB's commitment indicates that the company has a greater maturity in managing integrity initiatives. Meanwhile, MGB has demonstrated a continuous level of commitment since its Integrity and Governance Unit (IGU) was recently established, showing that the effort has focused more on top management initiatives.

In addition, the smaller size of MGB leads to shorter communication lines and less complex structure. Under such condition, commitment tends to be more leader-driver rather than collectively enacted. Strong dependence on top management instructions makes managerial team as a key gatekeeper of integrity enforcement in MGB. Aligning with the studies of Newton et al. (2024) and Vento et al. (2016), top management commitment is a critical enabler to the successful practices' implementation, particularly in crucial decisions.

The third success factor is communication. Both companies agreed that integrity information must be effectively communicated and shared to ensure that the employees understand the companies' expectations regarding the implementation of CIPs. SSB and MGB perceive that communication in the context of CIPs is not only about disseminating policies or standards but also about bridging the government directive and organisations' operations. Therefore, the communication approaches of both companies are top-down. This approach aligns with the study of Garcia-Carbonell et al. (2018), which relates appropriate communication to the consistency of the information delivered, particularly for regulatory requirements.

One of the initiatives taken by SSB and MGB to ensure that information is

delivered on time is using multiple platforms. This initiative is crucial, because communication reduces uncertainty and builds confidence during the transformation period, as suggested by Chirwa and Boikanyo (2022) and Abas et al. (2020). After the pandemic, both companies were comfortable with the virtual communication platforms. SSB has shown greater utilisation of digital communication tools to communicate with offices throughout Malaysia. However, face-to-face meetings are preferred as a more effective communication medium. Interestingly, the MGB has fewer communication barriers across management levels because all departments are on the same floor, thus enhancing its efficiency in disseminating information.

Culture is another critical success factor for CIPs. For SSB and MGB, some of the cultural challenges arise from employees' resistance to new policies and standards related to integrity. Thus, both companies cultivate a cooperative culture to overcome resistance issues, which leads to the success of CIPs. This finding is similar to Hamoudah et al. (2021) and Altamuro et al. (2022) who found culture was a significant predictor of reduced integrity violations. The collaborative work culture applied by SSB and MGB demonstrates a collaborative work culture in which departments assist the initiatives of the Integrity and Governance Unit (IGU). The willingness to cooperate demonstrates the success of integrity compliance enhancement if it is seen as a collective organisational value rather than an obligation of IGU. The finding of this study confirms that despite individual commitment and strong ethical characteristic, cumulative efforts is a prominent cultural characteristic of sustainable excellent performance.

This finding implies that integrity improvement efforts should target the entire organisations, not only on leaders' behaviour, as highlighted by Hamoudah et al. (2021). Cultivating such a culture facilitates the process of uniting individual objectives towards common objectives, as suggested by Shea et al. (2023) and O'Reilly et al. (2014). Active engagement from other departments demonstrates a cooperative culture in which all departments or units within the organisation share the responsibility of strengthening integrity compliance, directly or indirectly.

Nevertheless, there are noticeable differences in how companies embrace culture. SSB shows an established and organised culture that prioritises both internal and external cooperation, as well as digital innovation. This culture fosters ongoing education, facilitating the company's surmounting of the initial opposition to

technological transformation and ultimately reinforcing its digital integrity framework. This illustrates Smith and Drudy's (2022) claim that culture develops through recurrent behaviours, progressively influencing individual preferences and actions. In contrast, MGB has an evolving culture in which interdepartmental collaboration facilitates IGU. However, it faces obstacles due to reluctance to change, especially among senior staff members. This indicates that although the foundation for an integrity-driven culture is present, it has not yet attained the same degree of internalisation and acceptance as shown in SSB.

6.5 Discussion on Research Objective 4

This section discusses how the CIPs carried out in the case companies create value in terms of economic, environmental, social, and governance (EESG). The overall findings align with Bao et al. (2024), who claimed that the corporate integrity influences ESG through the behavioural practices of internal stakeholders and the perceptions from external stakeholders.

In terms of economic value, the adoption of CIPs improves financial performance through cost savings and revenue increments. The development of multiple whistleblowing channels, policies, and protection of whistleblowers in both cases encourages stakeholders to lodge reports on any unethical behaviour (Shonhadji & Maulidi, 2021). By identifying issues of integrity noncompliance, both companies can take early preventive action, thus avoiding legal charges. This finding agrees with the economic perspective of whistleblowing found by Friedrich and Quick (2024), who found that organisations tend to practice whistleblowing because they believe that relief from economic damage exceeds investigation procedures. In relation to the dynamic capability theory, whistleblowing can be viewed as a sensing capability that enables organisations to detect early signs of misconduct. It also reflects seizing capability when organisations take corrective actions to address identified issues and minimise potential losses. Over time, the continuous improvement of whistleblowing systems represents transforming capability, enhancing governance and sustaining economic value.

The implementation of internal control assists both companies in improving their economic performance by reducing the likelihood of malpractice linked to embezzlement and bribery activities. This is consistent with Le et al. (2021), who found that effective internal control must involve monitoring and risk management to increase

detectable fraud opportunities. Similarly, MGB's initiative to develop gift policies and limit of authority (LOA) is to prevent any waste from conflicts of interest. These practices are vital in minimising potential legal liabilities and operational waste, consistent with Armstrong's (2020) assertion that integrity practices reduce the likelihood of standards and regulatory breaches. Nevertheless, it is noteworthy that the structure and framework of internal control in SSB are more robust than those in MGB, resulting in stronger and more comprehensive internal control mechanisms. Thus, from the perspective of dynamic capability theory, internal control reflects the seizing capability, as organisations implement structured mechanisms to manage risks and prevent misconduct. By strengthening policies such as LOA and gift controls, companies are able to respond effectively to identified integrity threats. This capability enhances operational efficiency and supports sustained economic value through better governance practices.

The overall findings on economic value show that SSB demonstrates higher impacts on both revenue generation and cost saving compared to MGB, which benefited more from cost saving. This difference was influenced by the nature of the industry. As a federal GOC operating as a national sewerage company, SSB relies on mass customers who significantly influence the company's revenue enhancement. In contrast, MGB, as a state GOC operating in real property development, deals with more contractual and procurement integrity, exposing them to higher financial risk (Piazolo & Forster, 2019).

From the perspective of environmental value, both companies found that CIPs facilitated their compliance with environmental standards. For SSB, CIPs also add value to firms in terms of effluent management and pollution control. Operating in environmentally sensitive industries, the adoption of CIPs, particularly whistleblowing, internal control, and disciplinary action, has led both organisations to strengthen compliance with the environmental standards. For instance, in the case of SSB, CIPs enhance their commitment to comply with the standards imposed by the National Water Service Commission (SPAN), Sewerage Service Department (JPP), and Department of Environment (DOE). With effective audit and risk management, SSB can improve their monitoring activities to reduce risks related to ecological impacts. This practice is consistent with Gangi et al. (2025) and Bao et al. (2024), who claimed that a strong ethical and moral approach in conducting business drives better environmental health engagement, including green innovation. Similarly, MGB shows its intuition for

environmental engagement through Environmental Impact Assessment (EIA) criteria, which are part of its tendering policy.

Embedding environmental awareness into organisational culture through core value practices and integrity education programs supports the idea of Boa et al. (2019) that integrity leads to voluntary and pro-environmental behaviour. SSB emphasises that core values are practically highlighted as an important mechanism in promoting awareness to protect environmental sustainability for future well-being. Through transformation programmes and the development of six (6) individual commitment (ICs), SSB recognises the importance of core values that integrate integrity and work ethics for environmental sustainability. The company's commitment to cultivating an integrity culture through core values is parallel with Smith and Drudy (2022), who found that culture changes not only after the transformation but also before it takes place. Core values are proactive, making it an important practice to create an integrity culture that contributes to compliance with environmental standards. However, the benefits of core value practice contradict Wijethilake and Lama (2019), who found that core value practice is just a rhetoric that aims for external stakeholders' attention.

The overall findings from the perspective of environmental value show that SSB emphasises the direct risks related to wastewater treatment and standard compliance. These CIPs can directly enhance recycling initiatives, pollution control, and effluent management. The decline in operational complaints and projects, such as gas-to-energy conversion, demonstrates how integrity-driven processes promote environmental sustainability in daily operations. When operating in property development, MGB emphasises preventive environmental compliance.

In relation to social values, CIPs lead to the enhancement of stakeholders' trust and confidence as well as brand awareness. The establishment of the Information Evaluation Committee (IEC) and Internal Investigation Committee (IIC) in both SSB and MGB ensures that all complaints received through the whistleblowing channel are evaluated and investigated fairly and impartially. The development of these committees is consistent with Peltier-Rivest (2021), who suggests that the best practice of reporting mechanisms must include independent investigation committees. In addition, the development of whistleblowing channels makes complaint management more centralised and highly protected, as all complaints are directly controlled by IGU. Such a practice improves the previous procedures in which the complaint from subordinates

must go through the head of departments (Sajari et al., 2023), exposing the complainants to retaliation risk.

With internal controls in place, the operation of SSB and MGB is perceived to be properly monitored, thus reducing the probability of non-compliant activities. The recent alternative for both companies to develop a gift policy indicates the commitment of companies to enhance their transparency and simultaneously reduce conflicts of interest. The gift policy has not received substantial attention in previous studies on internal control within Government-Owned Companies (GOCs), despite its relevance in mitigating conflicts of interest and promoting ethical conduct.

Another component of CIPs that significantly boosts stakeholder trust is integrity training and education. Since integrity education is linked with the public, this practice results in a good reputation for the sustainability of the companies' legitimacy. Collaboration with the MACC and other relevant anti-corruption agencies is crucial to ensure that the imperative information of integrity is delivered accurately. Organising integrity briefings, seminars, and sharing sessions are similar to the suggestion of Mohammed et al. (2024), as these integrity educational initiatives comprehend integrity understanding. From the perspective of dynamic capability theory, integrity training and education reflect the transforming capability, as organisations continuously reshape their values, awareness, and ethical culture. Through collaboration with anti-corruption bodies and ongoing learning initiatives, companies embed integrity into daily practices. This transformation strengthens stakeholder trust and sustains organisational legitimacy.

Pertaining to governance values, CIPs primarily contribute to improving transparency and accountability. Serving as the eyes and ears of organisations, whistleblowing practice offers early detection that facilitates timely intervention, which benefits transparency and accountability improvement within SSB and MGB. Meanwhile, internal controls improve governance compliance by proactively identifying risk and monitoring control mechanisms. Both companies design their internal controls based on the COSO framework, but some of the policies are designed and developed according to the leader's awareness rather than regulatory requirements. For instance, SSB create a health and safety policy, which is important and relevant to their business operations, even though it is not being regulated. This is similar to the internal control practice found in Sofyani et al. (2022), where organisations tend to

come out with policies that apply to the nature of their business.

In addition to whistleblowing and internal control, disciplinary action practices act as deterrents to enhance governance compliance. The implementation of disciplinary action encourages employees to exercise greater caution and responsibility in performing their duties. Based on the case companies, the disciplinary procedures that began with a show cause letter and ended with an appeal session were similar to those discussed by Okolie and Udom (2019). Meanwhile, core value and integrity training and education reinforce strong governance compliance by developing an integrity culture created from the awareness of ethical values.

In conclusion, the CIPs implemented in SSB and MGB are consistent with the concept of dynamic capability theory, as they represent organisational abilities to sense, seize, and transform the values from integrity initiatives in response to the changes in global business demands. All five (5) CIPs are dynamic in nature, where they are continually improved and adapted to the current situations to maintain their strong competitive advantages. Therefore, the decision of SSB and MGB to adopt and implement CIPs can be seen as a strategy to sustain their value creation, specifically in the context of economic, environmental, social, and governance (EESG).

6.6 Discussion on Research Objective 5

The section integrates the findings obtained from SSB and MGB to discuss the role of the Integrity and Governance Unit (IGU) as a key player in enhancing integrity compliance.

The establishment of IGU is a significant turning point for MGB's initiatives towards integrity compliance since the unit has just been established. For SSB, it improves and strengthens existing integrity unit functions and implementations. Overall, the roles of IGU within SSB and MGB were quite similar because the functions of the IGU are clearly described in the core function implementation procedures and guidelines for the management of IGU released by the MACC. The reporting frequency of once every six months and the complaint channels are in line with Jones (2022). The direct involvement of the IGU, particularly the chief integrity officer, in the development of integrity-related policies, ethics training, and investigations, is also similar to the study by Sajari et al. (2023).

Nevertheless, distinctions in terms of capacity and structure influence the

implementation and work processes of the IGU. For a well-established IGU, SSB allows for specialisation, clearer role division, and more efficient handling of tasks because each of the IGU staff is assigned to each of the IGU core functions, which are specified into (1) complaint management, (2) investigation, (3) integrity enhancement, and (4) governance. SSB's IGU is more proactive in carrying out unit functions, while MGB's IGU is relatively new and with limited staff, hence the overlapping responsibilities. Overlapping responsibilities may affect the depth, consistency, and timeliness of implementing integrity activities. This finding proves that standardised guidelines and frameworks, do not guarantee uniform outcomes.

Overall, as just established, the functions of IGU in MGB is largely oriented towards complying with government directives and signalling organisational commitment to strengthening public trust and corporate reputation. These functions offer for higher legitimacy and competitive, thus relates to dynamic capability. The functions of the IGU are also highly dependent on instructions issued by its holding company and state government. These findings are consistent with Yahya et al. (2020), who reported no significant differences in the adoption of corporate integrity practices between state and federal statutory bodies; however, variation in organisational size and resource availability plays an important role in determining which practices should be prioritised.

Interestingly, the findings indicate that internal organisational factors, particularly tenure and seniority, play a more dominant role than external pressures in shaping the effectiveness of the Integrity and Governance Unit (IGU). While regulatory requirements may drive the establishment of IGU, the implementation is influenced by employees' readiness to accept change. In particular, long-serving or senior employees tend to be more accustomed to existing practices, which may lead to resistance towards new systems or integrity initiatives introduced by the IGU.

In the case of MGB, as a state GOC, government influence further complicates this dynamic. Although such influence is intended to strengthen compliance, it may at times limit the effectiveness of IGU initiatives, particularly when changes require alignment with higher authority or established structures. As a result, the IGU's ability to drive change may be moderated by both internal resistances linked to tenure and external influence from the government.

Despite these limitations, the establishment of an IGU contributes to the

improvement of the integrity solutions because members of organisations have a clear and solid unit within their organisation to which any integrity matters can be referred, rather than relying on the role of integrity agencies.

6.7 Summary of the Chapter

This chapter presents a discussion of the research objectives. The discussion focuses on the differences and similarities between the two selected case companies in terms of their corporate integrity practices (CIPs) and the values generated by those practices. In terms of motivating factors for CIPs adoption, the findings indicate that government enforcement was the most influential factor, while competition was the least persuasive factor. The discussion also highlights that ethical leadership and commitment play a crucial role in ensuring the success of CIPs as both factors could lead to an ethical culture and effective communication. Finally, the study concludes that the establishment of the IGU provides structured and strategic support for enhancing integrity compliance. The following chapter draws the conclusion of the overall findings, contributions, and limitations of the study as well as recommendations for future research.

CHAPTER 7
CONCLUSION

7.1 Introduction

This chapter presents a summary and conclusion of the findings, contributions, and limitations as well as recommendations for future studies. It begins with an overview of the research problem, followed by conclusions drawn from each research question. The subsequent section highlights the study's contribution to both academic knowledge and practical applications. The chapter continues with a discussion of the limitations of the study, and the final section proposes potential directions for future research.

7.2 Research Objectives and Conclusions

Integrity is recognised as a key factor in business sustainability; it reflects the performance of organisations through value creation. However, the manner in which integrity is practiced could differ based on the context in which it is implemented (Khanal et al., 2022). This contextual variation, combined with limited research on corporate integrity practices (CIPs) and their economic, environmental, social, and governance value within Malaysian government-owned corporations (GOCs), highlights a clear need for further investigation.

Therefore, the main objective of this study is to gain a better understanding of the current CIPs and how they create value in terms of economic, environmental, social, and governance (EESG), particularly from the perspective of Malaysian government-owned companies (GOCs). This study also investigates the factors that motivate selected GOCs to adopt CIPs, and the critical factors leading to their success. Given that insight into the role of the integrity and governance unit (IGU) is not excessively discussed, this study aims to provide further details related to the role of IGU, particularly related to integrity compliance enhancement.

The use of qualitative method allowed a thorough investigation of the subject under study. Data were obtained through semi-structured interviews, supported by document reviews, and observations. These data were analysed using the Atlast.ti

software version 23. Codes derived were grouped and arranged according to subthemes and themes. Based on these findings, the following research objectives are concluded.

Research Objective 1: To Explore the Current State of Corporate Integrity Practices (CIPs) in Selected GOCs.

The findings support the assertion that corporate integrity practices (CIPs) vary across different contexts due to cultural values, organisational structure, and other contextual differences (Bao et al., 2024; Huberts, 2018). Among the five (5) CIPs, implementation procedures varied considerably in depth and thoroughness. As a mature federal-level GOC, SSB has demonstrated more advanced management of integrity practices than other organisations. The development of technology-based systems such as corruption risk management and whistleblowing systems has made their integrity practices more efficient and effective. The strength of their CIPs also lies in ISO certification, which dictates their commitment to exceed standard initiatives to enhance integrity compliance.

In contrast, MGB's corporate integrity practices remain in the developing phase as a state-level government-owned corporation. Despite several current policy developments, MGB still relies on traditional approaches to risk management and control activities. Their CIP growth is highly dependent on the hierarchical and directive approach, thus making it less efficient in the development of CIPs. However, MGB still demonstrates a proactive approach to ensuring that integrity can be cultivated as a culture by practising all integrity initiatives, as suggested by the research framework. These implementation differences are contradicted with Yahya et al. (2020), who found no distinct practices between federal and state governments. Through in-depth interviews, observations and document reviews, this study enables deeper exploration of context-specific implementation, uncover several variations in the practices that may not be detectable through survey approaches.

Despite differences of maturity of practices, both companies demonstrate a strong commitment to fulfil the principle of adequate procedures, which represented by top level commitment, risk assessment, undertake control measures, systematic review and training and communication (TRUST).

Research Objective 2: To Investigate the Motivating Factors for the Adoption of CIPs Among Selected GOCs.

Government-owned companies (GOCs) carry dual responsibilities; they are accountable for generating profit for commercialisation purposes and fulfilling public obligations (Barreiro-Gen et al., 2023; Nawawi & Salin, 2019). This duality creates uncertainty about factors that motivate GOCs to adopt CIPs.

The study identifies three key factors driving CIPs adoption: (1) government enforcement, (2) norms, and (3) imitation. This finding supports the notion that institutional factors influence GOCs' decisions to promote integrity through CIPs. Government enforcement, representing coercive isomorphism, emerges as the strongest motivator for integrity practices. The enforcement of Section 17A of the MACC Act 2009 adequately pressured company management to ensure adequate procedures met requirements. The environment-led and individual-led norms, representing normative isomorphism, show that societal expectations and individual awareness encourage companies to develop integrity initiatives. Competitor imitation, representing mimetic isomorphism, influenced only SSB's adoption decision, not MGB's.

The different perspectives of motivating factors between these two companies rely on the nature and objectives of the organisations. The results show that the SSB perceives imitation, which is mainly derived from market competition as relevant in their decisions to adopt CIPs, whereas the MGB does not perceive competitors' imitation as a significant pressure that influences their decisions.

Research Objective 3: To Investigate the Critical Success Factors (CSFs) of CIPs in Selected GOCs.

The scarcity of studies on the critical success factor (CSF) of CIPs has led to the third research objective, i.e. to identify CSFs contributing to CIPs' achievement of their objectives. The findings indicate that the success of CIPs is contributed by four (4) critical factors: ethical leadership, commitment, communication, and culture. When all of these factors are effectively conducted within the case companies, positive CIP outcomes are achieved. Nevertheless, the extent to which each factor is present shows some dissimilarities.

SSB demonstrates that ethical leadership is strongly related to leading-by-example and leader-employee engagement. Flexibility and approachable characteristics are demonstrated by the SSB's top leaders, as they are compatible with the loose culture of the company. Conversely, MGB prefers a tone of top leadership, reflecting its hierarchical influence, which is built on a seniority culture. From a commitment perspective, this finding indicates that SSB's commitment is more holistic and collective as it involves all employees at all positions. Meanwhile, MGB is still in the integrity development phase; their commitment to CIPs is top-heavy, demonstrating the significant contribution of the top management's influence and support.

SSB also appeared to apply multidirectional flow communication, incorporating both top-down and bottom-up approaches, whereas MGB's communication is primarily top-down in nature. The recognition of SSB as a mature company in governance allows for broader communication and dialogue compared to MGB, which highly depends on authoritative control. In terms of culture, the analysis showed that both companies embrace a cooperative one. However, the cooperative culture in SSB is marked by collaboration and continuous learning, while MGB benefits from the cross-functional support received from other departments.

Research Objective 4: To Examine How CIPs Create Value in terms of Economy, Environment, Social, and Governance.

The transformation of the global trend of competition has shifted the focus of organisations to emphasise value creation across both financial and non-financial aspects (Wang et al., 2023; Said et al., 2020). However, previous studies remain inconclusive on ethics and EESG value creation, particularly in developing countries (Bao et al., 2024; Zhao et al., 2018), thus requiring further investigation of CIPs and value creation.

The findings reveal that all CIPs practices; whistleblowing, internal control, core values, disciplinary action, integrity training, and education are capable of creating value in terms of economic, environmental, social, and governance, as discussed in the proposed framework (see Figure 2.3). Early detection of possible unethical behaviour through whistleblowing and internal control minimises litigation costs. Meanwhile, core values, disciplinary action, and integrity education contribute to cost savings

through awareness of the consequences of integrity noncompliance. A cost reduction reflects higher profitability. The increment in profit aligns with Muslih and Halliawan (2021), who found that integrity and ethical services increase companies' profits by getting stakeholders' support, particularly the public and government.

The implementation of CIPs also leads SSB and MGB to greater compliance with environmental standards. The presence of open reporting channels, internal control, and disciplinary action reduces the likelihood of employees engaging in activities that may harm the environment, as continuous monitoring and enforcement mechanisms deter non-compliance. Furthermore, transformational programmes and integrity education initiatives strengthen employees' commitment to environmentally responsible behaviour in the conduct of their daily business activities. For SSB, CIPs also increase their efficiency in affluent management, pollution control, and resource utilisation.

In terms of social values, the implementation of all CIPs assists both companies in obtaining stakeholder trust and confidence. The initiative to provide whistleblowing channels depicts the commitment to cater to public complaints; audits and SOPs demonstrate the seriousness of the companies to ensure that the internal control is in place. For SSB, upholding integrity as a core value and being involved in integrity activities enhance organisations' reputation, which leads to brand awareness.

CIPs also contribute to governance values, particularly in reducing corruption and mismanagement by improving transparency and accountability. Whistleblowing internal control and disciplinary action assists governance compliance by identifying, detecting, and mitigating misconduct. Core values and integrity education enhance accountability and transparency by cultivating an integrity culture.

Research Objective 5: To Investigate the Role of The Integrity and Governance Unit (IGU) in Enhancing Corporate Integrity Compliance Within the Selected GOCs.

The role of IGU requires further investigation to link the unit with the enhancement of integrity compliance. Previous studies by Sajari et al. (2023) and Hasin et al. (2020) focused only on the individual role played by the chief integrity officer (CIO) and ethical leaders in strengthening the integrity level. This study adopted a

broader perspective by investigating the role of the unit rather than its individual role.

In both cases, IGU perform their core functions as receivers and investigators, facilitators, advisers, and liaisons for any integrity-related affairs. All functions align with the guidelines of IGU management introduced by the MACC. However, it can be perceived that IGU at SSB is well structured with a specific role, since the company just evolved from its existing integrity unit (IU) to IGU, enabling it to build a strong foundation of integrity practices. Contradicting SSB, the IGU at MGB was established in 2021; thus, it marks the beginning of a formal corporate integrity structure. Because of this gap, the SSB demonstrates higher integration and a proactive approach in promoting integrity. With broader networks, collaboration, and resources, SSBs have more opportunities to improve their integrity enhancement.

Despite limited resources and being relatively new to the establishment of IGU, MGB still demonstrates significant effort to fulfil its responsibility in strengthening integrity compliance, but the progress seems moderate. Overall, this finding agrees with the studies of Sajari et al. (2023) and Hoekstra et al. (2023) that integrity must be institutionalised and centralised to fasten the embeddedness of integrity culture.

Based on the overall findings of the research objectives, the proposed research framework was revised, as illustrated in Figure 7.1.

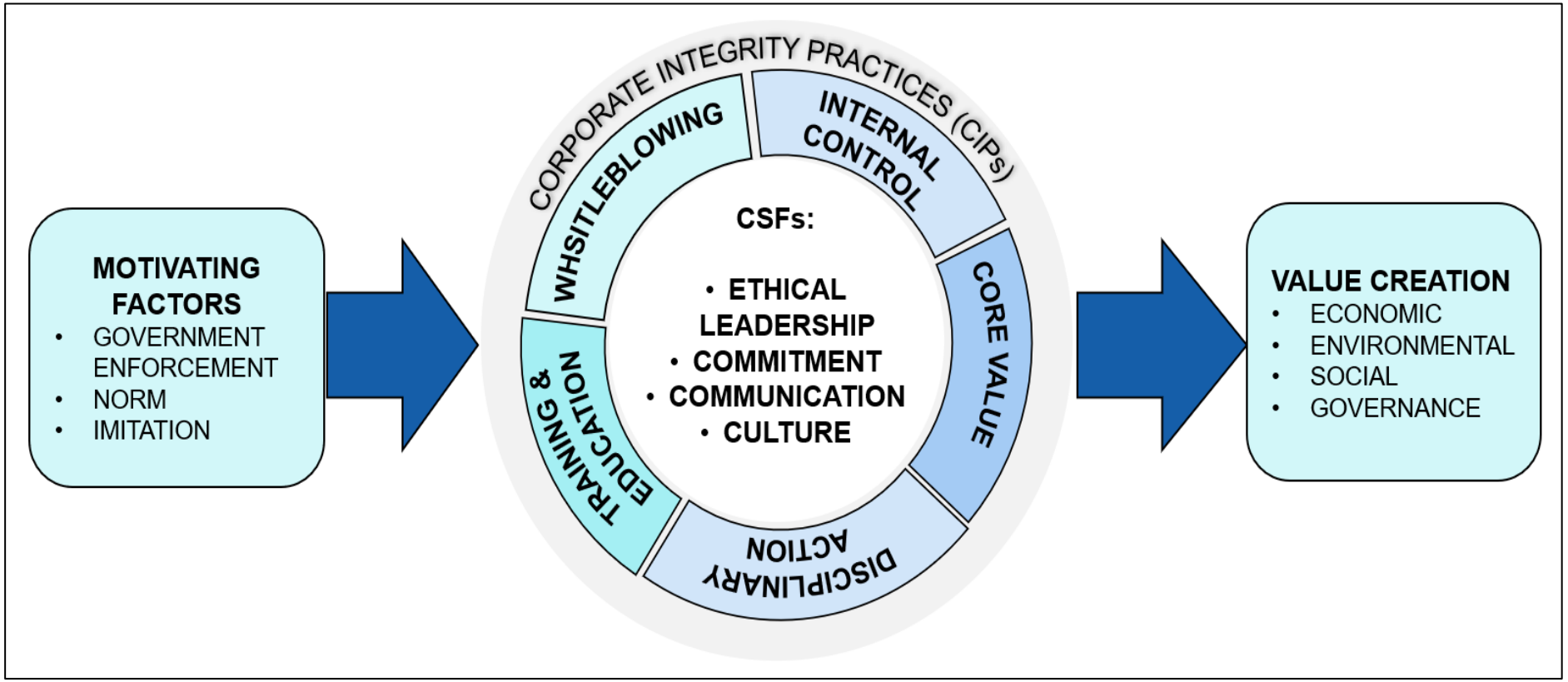


Figure 7.1 Revised Conceptual Framework

7.3 Research Contribution

Research on corporate integrity practices (CIPs) and value creation in the context of Malaysian government-owned companies (GOCs) remains limited. Moreover, the existing literature lacks a thorough examination of the motivating factors and critical success factors of CIPs adoption. Since the establishment of the Integrity and Governance Unit (IGU) is relatively new, there is a scarcity of studies associating the role of IGU with integrity compliance. This study seeks to fill these gaps by answering the research questions outlined earlier, thereby contributing to a deeper understanding of CIPs, value creation, and IGU function. This study's findings offer several contributions to the literature and practical implications, which are discussed in the following sections.

7.3.1 Contribution to the Literature

First, this study enhances the understanding of value creation through Corporate Integrity Practices (CIPs), reinforcing prior research on integrity and governance, particularly in the context of government-owned companies (GOCs). The findings provide evidence of how CIPs, specifically whistleblowing, internal control, core values, disciplinary action, and integrity training, contribute to value creation across the economic, environmental, social, and governance dimensions. Previous research on integrity practices in Malaysia has primarily focused on anti-corruption initiatives and compliance frameworks in isolation. However, this study examines CIPs collectively as a set of value-creating practices, offering research results that support the integration between corporate integrity initiatives and broader organisational value-creation strategies.

Second, although there is a growing body of research on integrity and governance compliance within Malaysian public organisations, little attention has been paid to how CIPs specifically generate tangible and intangible value in GOCs. An in-depth understanding of how different integrity practices create value provided in this study is crucial, as it highlights organisational and environmental factors that can either facilitate or hinder the success of integrity-driven value creation. This study offers

additional insight into the critical success factors that enable CIPs to move beyond mere compliance, positioning them as strategic components of sustainable governance in government-linked companies.

Third, this study contributes to the existing body of research on corporate integrity by providing empirical evidence from the Malaysian GOC context, which is currently underexplored in academic literature. Despite integrity practices have been examined in other government companies and macro-level corporations, concentrating on GOCs broaden the research scope. It also offers a more context-specific understanding on how CIPs are applied within an organisation with high scrutiny from federal and state government. The findings contribute to the literature by discovering the real practices and challenges faced by GOC, which are often overlooked in private companies.

Fourth, the existing studies on CIPs often emphasise policy-level discussions with limited empirical exploration at the organisational level. By demonstrating the link between the implementation of CIPs and the achievement of value across EESG dimensions, this study extends the discourse on integrity beyond compliance, showcasing its strategic relevance to organisational performance and sustainability.

Fifth, this study further traces the evolution of CIPs and its linkage to sustainability. Begin with the initial discussion of corporate social responsibility (CSR), ethics and governance, CIPs now has been evolved towards the sustainability discourse, including SDG and ESG. The discussion on the evolution of CIPs offers additional knowledge for future reference.

7.3.2 Contribution to Research Methodology

This study offers several contributions to research methodology in corporate integrity practices (CIPs) and value creations. Previous studies on CIPs in Malaysia have been dominated by quantitative surveys and statistical analysis, resulting in lack of depth in understanding how integrity is practiced and creating values. Using qualitative instruments—interviews, document reviews and observations, this study adds some contributions to research methodology.

First, this study provides a new exposure to corporate integrity studies in Malaysia, as it was conducted qualitatively. This methodology provides great insight

into real CIPs in the context of Malaysian GLCs. Despite numerous studies in similar area, different methodologies provide significant discrepancies. By presenting qualitative findings, this study can serve as a reference model in research environment where qualitative investigation on CIPs is considered insufficient. Interviews, document reviews and observations offer a solution for the depth and complexity of integrity practices by encompassing formal and informal procedures.

Second, the context of research in real setting shows that the decision to study a selected case companies cannot be simply made at the beginning of the research. The process involves formal and informal communication with other potential companies to select the most appropriate case companies. The preliminary visit and online discussion were handled in ensuring the unit analysis is relevant and reliable, since other potential case companies were found less suitable due to various constraints. The challenges and obstacles to obtain the companies' consent provides a valuable lesson to build good rapport with interviewees. Hence, this study fills the information gap on case studies methodologies conducted in Malaysia.

Third, this study encompasses longitudinal element as document and report were reviewed from different years. It allows this study to capture the changes and improvement in CIPs. For instance, the development of anti-corruption system in SSB and the establishment of core values in MGB shows that both companies are enhancing their integrity compliance to fulfil adequate procedures and its components. This study also offers opportunity to follow-up in validating the information shared by the interviewees, which meet the validation techniques as suggested by Yin (2018).

7.3.3 Contribution to the Theories

Besides the contributions to literature and research methodology, this study also contributes to theoretical implication. The application of Institutional, Legitimacy and Dynamic Capability Theory strengthen the understanding of why CIPs are adopted and how they can shape the operational of the GOCs to generate economic, environmental, social and governance (EESG) values.

First, align with the foundation of institutional theory, this study has evident that the external pressures, known as coercive, normative and mimetic encourage SSB and MGB to adopt CIPs. The findings are consistent with DiMaggio and Powell's (1983)

concept of isomorphism where coercive can be a dominant factor in shaping organisations' practice. The enforcement of Section 17 A, MACC Act 2018 and Prime Minister Directive 2018 illustrate the significant coercive isomorphism as a primary driver of CIPs adoption in GOCs. The influence of normative and mimetic pressures that aim for sustaining reputation and performance is also evident, particularly in the context of more mature GOCs. The findings extent the institutional theory's principle introduced by DiMaggio and Powell (1983) through the illustration how regulatory compliance and external expectation interacts in the context of Malaysian GOCs, justifying CIPs as context-dependent institutional rather than just adopted practices.

Second, this study extends legitimacy theory by describing how CIPs are actively promoted and applied to strengthen organisational legitimacy, particularly in the context of Malaysian GOCs. Legitimacy cannot be granted by simply focusing on the ideas but must be translated into the real practice. The right selection of operational method determines the success of organisational legitimacy (Dowling & Pfeffer, 1975). As GOCs operate under high public and government scrutiny, legitimacy is not guaranteed through legal compliance but must be cultivated into the organisations' consistent integrity practices.

Third, focusing on CIPs and value creations, this study contributes to dynamic capability theory by conceptualising CIPs as organisational capabilities that assist organisations to gain competitive advantage. Align with the framework of dynamic capability theory by Teece et al. (1997), the study shows that CIPs changes and its application is based on the evolution of regulatory environments and current standards. Hence, CIPs offer a strategy to strengthen the capability of organisation to sense, seize and transform the possessed advantages to remain competitive, specifically through the economic, environmental, social and governance (EESG). The integration of CIPs and EESG deepens the discussion of dynamic capability theory, in the sense of value creation within Malaysian GOCs.

7.3.4 Contribution to Practice

The findings of this study also contribute to practical improvements. First, the results of this study provide a clearer picture of how CIPs were implemented, which is useful for management to enrich their ideas and improve the effectiveness of integrity

practices. Additionally, the findings can serve as a significant benchmark for other companies to strengthen their integrity and combat integrity violations. Exposure to the real practices is crucial as integrity is invisible and can only be learnt through observation and imitation (Fuerst & Luetge, 2021). Furthermore, the explanation of CIPs indirectly covers the scope of corporate governance, which is ultimately important for all organisations. Huberts (2018) stated that governance can be built up in an effective way if the integrity is understood.

Second, from the perspective of authority bodies, understanding the implementation of corporate integrity could contribute to the development of new mechanisms for controlling corruption and other unethical behaviours. Findings on corporate integrity practices (CIPs) may serve as a platform for developing a novel integrity framework. These findings are also beneficial for managers to identify effective ways to provide high-integrity training and ethical development.

Third, the study also provides insight into the rules of the integrity unit, which is the driver of triggering compliance. Review of similarities and differences between the role of IGU in both companies and the Core Functions Implementation Procedures of IGU, released by MACC assists for future integrity evaluation and improvement. In addition, the results of this study may provide more credence to the responsible bodies to develop precise integrity assessment tools or an integrity index for Malaysian GOCs.

7.3.5 Contribution to Society

The thorough discussion of CIPs in this study results in several contributions towards society, specifically in the enhancement of understanding and awareness. First, the study provides insights into how government organisations at federal and state level ensure their compliance with integrity standards. The findings supply information of what have been done by GOCs to minimise corruption and maintains their transparency. This information is crucial to prevent misperception about the use of public fund provided to the organisations. The findings also serve as a benchmark in assessing the initiatives that have been taken by the GOCs in supporting the government program, National Anti-Corruption Strategy (NACS), which previously known as National Anti-Corruption Plan (NACP).

Second, the platform established through CIPs, particularly whistleblowing

mechanism and integrity educational programs provide opportunities for the public to engage actively in promoting accountability and transparency. With the understanding of the operations and functions of whistleblowing, public are better equipped report wrongdoings and assist in reducing integrity violations. More importantly, such engagement reinforces the objective of the national anti-corruption advocacy program, including the 'Keep Malaysia Clean' initiative.

Third, the study also contributes to raising awareness among public. The findings can serve as a foundation for integrity awareness program, education and public campaign that promote moral values. Indirectly, the awareness helps to shape the society to be more principled, transparent and socially sustainable. Building a nation grounded in strong ethics and moral aligns with the statement of the eighth Malaysian prime minister: *"The effort to combat corruption requires determination from all parties ... I want a better record, ensuring that confusion and violations are reduced as much as possible."*

7.4 Limitations of the Study

This study has several methodological limitations. The case study method involved a small sample size of only two Malaysian GOCs, which limits the generalisability of findings beyond these specific organisations. Nevertheless, using a multiple-case study approach increases the potential for generalisation (Maxwell, 2022). Since the selected GOCs represent federal and state government levels, this study enables a broader understanding of CIPs across two different government levels. In addition, despite low generalisation, the findings of this case study offer in-depth, context-specific understanding of how CIPs are embedded in GOCs. Thus, while the scope remains limited, the depth of exploration provides a valuable implication for both scholars and practitioners who seeks to strengthen integrity system in similar institutional context.

Confidentiality and ethical considerations limit access to several imperative details of the business operations. This limitation applies to both documentary sources and human participants. Typically, information related to procurement and financial management is restricted from external access, as this information is considered as internal strategies. This restriction limits the depth of the analysis in certain areas.

However, this limitation is beyond the power of the researcher, as the participating organisation needs to set their boundaries for adherence to organisational standards. It is crucial to adhere to these limitations in order to maintain the ethical integrity of the study and ensures compliance with the case companies' requirement. Such justification strengthens the reliability of the research, as it shows that the findings were obtained without compromising any confidentiality or breaching ethical protocols.

The respondents of SSB were all from headquarters, except for one business service manager from the southern region. No inputs were obtained from other branches or regional offices. This may have restricted the study from capturing a more holistic view of the implementation and effectiveness of CIP across different operational levels. Nevertheless, this limitation is acceptable since only the headquarter has the integrity and governance unit (IGU). Moreover, respondents from the headquarters are the most relevant source of the information as they are directly involved in planning, formulating and monitoring CIPs across the organisations.

Both selected case companies are related to environmentally sensitive industry, which are subject to strict regulatory oversight. The analysis may not fully represent corporate integrity practices (CIPs) in less-regulated industries, thus reducing their generalisability. To cope with such limitations, this study employs triangulation through multiple data sources (interview, document reviews and observation) to strengthen the validity of the result. In addition, the case companies were carefully selected based on their active participation in promoting integrity initiatives.

7.5 Recommendations for Future Research

The findings of this study give rise to several recommendations for future research. First, future research may focus on a comparative analysis that incorporates organisations across other industries, including private enterprises, public sectors, and multinational businesses. This comparison would facilitate the identification of industry-specific obstacles and best practices in the implementation of CIPs. Such a comparative design would also highlight the unique challenges faced by GOCs in contrast to private firm, particularly the influence of political oversight and public accountability. In addition, examining organisations of different size and ownership structures could uncover how contextual factors shape the adoption of CIPs, thus

improving the generalisability of the findings.

Second, future research should consider a mixed-methods design for sustainability perspective. Integrating qualitative interviews with quantitative methods produces more thorough and robust results. A mixed-methods approach can validate themes from qualitative data and provide quantifiable insights into the prevalence and efficacy of integrity practices. Apart from that, a mixed-method approach can help to identify discrepancies between perception and actual implementation, thus offers a balanced perspective of organisational integrity. Such design allows researchers to capture the live experiences of the practitioners and measurable outcomes of the integrity programmes.

Third, future research may investigate integrity practices to assess the effectiveness of the implementation of a comprehensive corporate integrity system. Although activities such as whistleblowing, internal control, and core value promotion are vital, a comprehensive examination of how organisations embed these components within a systematic integrity framework would yield more profound insights. Examining the maturity and implementation of a corporate integrity system may provide enhanced practical recommendations for organisations seeking to improve governance and compliance. It could adopt maturity models or benchmarking framework to evaluate the progression of integrity practices or system. Additionally, longitudinal research in CIPs would reveal how CIPs evolve in the current context and adapt to changing regulatory, social and global pressures.

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APPENDICES

APPENDIX 1

Application letter

Ja'izah Binti Abdul Jabar
Faculty of Accountancy
Universiti Teknologi MARA
Cawangan Negeri Sembilan
Kampus Seremban
70300 Seremban
Negeri Sembilan

Pn Suzinor Kamaralzaman
Head of Department
Integrity and Governance Unit
No. 1, Jalan Damansara,
60000 Kuala Lumpur

Dear Pn Suzinor Kamaralzaman,

EXPLORING CORPORATE INTEGRITY PRACTICE AMONG GOVERNMENT-LINKED COMPANIES IN MALAYSIA

I am a lecturer from the Faculty of Accountancy at Universiti Teknologi MARA, Kampus Seremban, Negeri Sembilan. I am planning to pursue my PhD focusing on the implementation of corporate integrity practices towards value creation among GLCs in Malaysia.

Your company has been selected based on the good reputation and your commitment through Corporate Integrity Pledge to promote integrity at your workplace. Therefore, I would like to ask your permission to conduct a case study at your company for my research. This would involve a number of online interviews with key members of your company who are directly related to the integrity unit. However, if circumstances permit, I would really appreciate if I will be allowed to visit your company for face-to-face interviews.

For your information, I am prepared to share with your organisation details of my findings and nothing will be published without your consent. I will be pursuing my study at Universiti Teknologi MARA (UiTM) Shah Alam in September 2021 under the supervision of Associate Professor Dr Eley Suzana Kasim and Dr Norlaila Md Zin.

I hope you will feel able to agree to my request and this study will benefit us by providing a greater understanding on the integrity compliance and its impact towards value creations. Your cooperation to consider this request would be highly appreciated.

Thank you.

Yours Sincerely,

JA'IZAH ABDUL JABAR

APPENDIX 2

Interview Protocol (Pilot Study)

A. Interviewee Profile
    a. Date:
    b. Venue:
    c. Interviewee: (Name, post, department)

B. Purpose of visit
    a. The to gain initial understanding of CIPs practices implemented within the selected companies
    b. To compare the CIPs practices among the selected companies
    c. To confirm the relevance of CIPs as a focus for the research

C. Interview Questions
    a. What are the CIPs that your company has now?
    b. What is your view about those CIPs?
    c. When do you realise that CIPs are emphasised?
    d. Why does your company adopt CIPs?
    e. Who is the 'champion' for the CIPs implementation in your firm?
    f. What are the benefits and challenges of CIPs within your firm?

D. Other Remarks

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APPENDIX 3

Interview Protocol (Main Study)

Date of interview:
Time:
Venue:
Interviewer:
Interviewee:
Position of the interviewee/ department:

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1. Objective: The main objective of this study is to gain insight on the implementation of the corporate integrity system in Malaysian Government-Linked Companies (GLC) towards value creation. Specifically, this study will identify the motivating and critical success factors of corporate integrity practices adoption, current integrity practices in the GLCs and the role played by integrity unit/department of the selected GLC.

2. Clarification: Here are the clarifications on my data collection procedures.

- My study will involve a series of interviews, document reviews, observations and focus group discussions with relevant staff who involve in integrity initiatives and practices. If possible, it may necessary for some visits to your company.
- The study will not focus on any particular misconduct cases that were handled by your department. The objective of this research is more on the implementation and practices of corporate integrity carried out by your company.
- There will be no involvement of staff personal data or records needed as part of the data collection. However, general details of the staff who will be interviewed are considered as necessary for validation purposes.
- The findings of this study are accessible to my faculty members since the thesis will be available for future reference. However, I will ensure that the confidentiality is maintained by using pseudonyms instead of the actual name of the interviewees. The raw data will be kept strictly confidential, and your company's name will not be revealed in any writings or documents. All the actual names will be replaced with pseudonyms.

3. Interview questions

1. In your opinion, what are the current integrity practices in your company?
   - How does SSB develop its core values? What does SSB do to cultivate the integrity culture?
   - What are the internal controls that SSB has implemented? How does they are conducted?
   - How does SSB implement whistle blowing system? What does SSB do to promote the system?
   - What are the disciplinary actions and rewards that SSB applies? Why do you think it helps in preventing unethical behavior?

- Why do you think these practices are important to enhance integrity compliance?
2. Why do your company have decided to implement integrity practices? - How do the government enforcement, norms and competitor's imitation influence SSB to adopt CIPs?
3. In your opinion, what are the critical factors that will ensure the success of integrity practices implemented in your company? Why do you think so?
4. How does integrity compliance contribute to the value creation of your company? - How do the CIPs improve SSB's financial performance and environment? - Why do you think those CIPs are important for the reputation and sustainability of the company? - How do the practices assist SSB to improve its overall governance?
5. What are the functions of corporate integrity unit (IGU) in enhancing integrity compliance in your company? - How do you see challenges/obstacles faced by your department to maintain the compliance of integrity?

4. Closing remark

(Thanking the interviewee)

APPENDIX 4

List of interviews

Bil	Date	Company	Time	Venue	Department	Post	Remark
1	10-10-2022	Saujana	10 - 11.15 am	Damansara Height	Integrity and Governance	i. Head of Department ii. Integrity Senior Executives	Visit 1: preliminary visit to SSB- signing NDA
2	20-01-2023	Saujana	9.30 - 10.45 am	Damansara Height	Integrity and Governance	i. Head of Department	Visit 2: interview
3	13-02-2023	Saujana	10 - 11.15 am 11.10 – 12 am	Damansara	Integrity and Governance	i. Head of Department ii. Detection and Verification Executives	Visit 3: interview
4	12-03-2023	Saujana	10 – 11.15 am 11.30 - 12.15 pm	Damansara	Integrity and Governance	i. Head of Department ii. Governance Executives	Visit 4: interview, document review- flow chart of tendering and contract management
5	05-04-2023	Saujana	10 – 11.15 am	Damansara	Human Capital Development	i. Head of Department	Visit 5: interview
6	12-04-2023	Saujana	10- 11.20 am 11.30 – 1 pm	Damansara	-Internal Audit and Risk -Corporate Planning	i. Head of Department ii. Corporate Chief Officer	Visit 6: interview
7	10-05-2023	Megah	10 am – 12.30	Shah Alam	Integrity and	i. Head of Department	Visit 1: preliminary

		Gemilang	pm		Governance	ii. Assistant Manager of Integrity, Risk and Audit	visit to Megah Gemilang office-briefing and short interview
8	07-06-2023	Megah Gemilang	9.30 – 10.50 am 10.55 – 12 am 12 – 1.40 pm	Shah Alam	Integrity and Governance	i. Head of Department ii. Assistant Manager of Risk Unit iii. Assistant Manager of Integrity Unit	Visit 2: interview and document review
9	18-07-2023	Saujana	10 – 11.30 am	Damansara	Operation Integrity and Governance	i.Head of Department ii. Integrity Executive	Visit 7: interview
10	04-08-2023	Megah Gemilang	9.30 – 10.15 am 10.20- 11.20 am	Shah Alam	Human Resource Integrity and Governance New Venture, Strategic Investment and Project	i. General Manager ii. Assistant Manager of Audit Unit iii. Head of Department	Visit 3: interview
11	11-08-2023	Saujana	10 -10.40 am	Damansara	Procurement	i. Head of Department ii. Head of E-procurement Unit	Visit 8: interview
12	16-05-2024	Saujana	9.30-10.15 am	Seremban	Seremban Unit Office	i. Business Services Manager	Visit 9: interview

13	05-06-2024	Megah Gemilang	10 - 11 am	Seremban	Integrity and Governance	i. Head of Department	Online interview
14	11-06-2024	Megah Gemilang	12 - 12.45 pm	Seremban	Public Relation	i. Assistant Manager	Online interview
15	1-10-2024	Saujana	12-1.15 pm	Seremban	Integrity and Governance	i. Head of Department	Online interview-closing interview and brief discussion on recent practice improvement
16	8-10-2025	Saujana	10-12.00 pm	Damansara	Integrity and Governance	i. Head of Department ii. Governance Executive	Presentation and validation of findings

APPENDIX 5

Sample of Theme, Categories and Coding Scheme

Project: CIPs- SSB

Report created by Ja'izah Abdul Jabar on 26/4/2025

Code Report – Grouped by: Code Groups

○ CIP MOTIVATING FACTOR

● Core Value Practice
○ cultivation of core values: transformation program
○ cultivation of core values: change agent
○ cultivation of core values: communication program

● Disciplinary and reward practice
○ disciplinary process: preliminary charge
○ disciplinary process: show-cause letter
○ disciplinary process: domestic inquiry
○ disciplinary process: final warning
○ non-compliance consequences: termination
○ non-compliance consequences: payback

● Integrity Training and Education
○ collaboration: external collaboration
○ collaboration: collaborators
○ collaboration: integrity benchmark
○ integrity educational program: integrity briefing
○ integrity educational program: integrity training
○ integrity educational program: integrity attendance

● Internal Control Practice
○ risk management: risk assessment
○ risk management: risk register
○ risk management: risk matrix
○ risk management: mitigation plan
○ risk management: risk owner
○ control activities: code of conduct
○ control activities: development/review of SOP and policies
○ control activities: profiling test
○ internal audit: audit review
○ internal audit: risk-based audit
○ internal audit: audit plan

● Whistleblowing Practice
○ whistleblower protection: whistleblowing consultation
○ whistleblower protection: no rewards
○ whistleblower protection: information confidentiality

○ whistleblower protection: retaliation
○ whistleblower protection: whistleblowing policy
○ whistleblower intention: poison pen
○ whistleblower intention: personal-led complaint
○ whistleblowing channel: whistleblowing channel promotion
○ whistleblowing channel: email, website, hotline, walk in
○ whistleblowing investigation procedures: basis
○ whistleblowing investigation procedures: complaint filtration
○ whistleblowing investigation procedures: final report
○ whistleblowing investigation procedures: investigation SOP

○ CIP MOTIVATING FACTOR

● Imitation
○ knowledge sharing
○ evolution
○ adaptability
○ competition

● Government Enforcement
○ section 17A
○ government agency
○ government order
○ adequate procedure

● Norms
○ Individual-led norm: individual responsibility
○ Environmental-led norm: stakeholder requirement
○ Environmental-led norm: organisational responsibility
○ Environmental-led norm: integrity best practice
○ Environmental-led norm: reputation

○ CIP CRITICAL SUCCESS FACTOR

● Ethical leadership
○ Leading by example: emotional intelligence
○ Leading by example: exemplary
○ Leading by example: critical judgement
○ Leadership engagement: engagement

● Culture
○ awareness
○ established policies
○ supportive
○ technology transformation

● Commitment
○ Supporting staff commitment: self-evaluation
○ Supporting staff commitment: good quality staff
○ Supporting staff commitment: attending integrity briefing

○ Top management commitment: top management approval
○ Top management commitment: monitoring
○ Top management commitment: budget allocation

● Communication
○ town hall
○ bulletin
○ top to bottom
○ bottom to top
○ clear plan

○ VALUE CREATION OF CIPs

● Economic value
○ increase in revenue: consistency in bill payment
○ increase in revenue: reduce financial leakage
○ increase in revenue: financial benefit
○ cost saving: reduce lost
○ cost saving: avoid legal cost

● Governance value
○ governance compliance: trust
○ governance compliance: proper documentation
○ governance compliance: governance improvement
○ governance compliance: compliance enhancement
○ increase transparency: transparency

● Social value
○ trust: reputation
○ trust: immediate action
○ trust: transparency
○ brand awareness: recognition

● Environmental value
○ standards compliance: comply DOE standards
○ resource management: carbon management
○ resource management: recycling program
○ resource management: energy conversion

AUTHOR'S PROFILE



Ja'izah Abdul Jabar obtained her Bachelor of Accountancy from Universiti Utara Malaysia (UUM) in 2010 and later completed her Master of Accountancy at Universiti Teknologi MARA (UiTM) in 2014. Her scholarly interests include corporate integrity, organisational ethics and governance. She is the author of the textbook ACC466 Management and Financial Accounting, published in 2016, and the e-book *Perakaunan Pengurusan*, published in 2023. She currently serves as a lecturer at the Faculty of Accountancy, Universiti Teknologi MARA (UiTM), Cawangan Negeri Sembilan, Kampus Seremban. Her expertise is in Cost and Management Accounting.

LIST OF PUBLICATION:

Abdul Jabar, J., Kasim, E. S., & Md Zin, N. (2024). Corporate integrity practices: findings from a Malaysian Government-Owned Company. *International Journal of Accounting, Finance and Business (IJAFB),* 9 (58), 171-184.

Abdul Jabar, J., Md Zin, N. & Kasim, E. S. (2025). Corporate Integrity Practices Adoption in A Malaysian Government Owned Company: An Institutional Theory Perspective. *Management and Accounting Review (accepted)*

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INNOVATION COMPETITION:

Gold Award, Invention, Innovation and Design Exposition (IIDEX) 2023 for the project title "THE ETHIXPERT: ISLAMIC INTEGRITY EVALUATION"

PAPER PRESENTATION:

Abdul Jabar, J., Kasim, E. S., & Zin, N. M. (2023). Government Enforcement as a Driving Factor for Corporate Integrity Practices Implementation. *International Conference in Technology, Humanities and Management (ICTHM 2023) European Proceedings of Social and Behavioural Sciences* (pp.1-10)

Abdul Jabar, J., Kasim, E. S., & Zin, N. M. (2023). Towards Corporate Integrity Practices Excellence: Preliminary Findings in The Malaysian Public Sector. *5th International Public Sector Conference 2023 (IPSC 2023).* 10-11/10/2023