

UNIVERSITI TEKNOLOGI MARA

**CORPORATE ETHICAL GOVERNANCE AND
ACCOUNTABILITY:**

**MALAYSIAN EVIDENCE OF SELF-
REGULATING ETHICAL CULTURE**

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Thesis submitted in fulfilment
of the requirements for the degree of
Doctor of Philosophy

Faculty of Accountancy

December 2013

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of UNIVERSITI TEKNOLOGI MARA. It is original and is the result of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

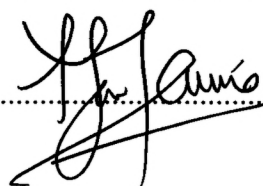
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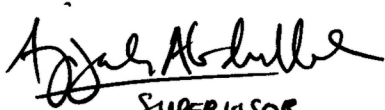
Programme : Doctor of Philosophy (AC990)

Faculty : Accountancy

Thesis Title : Corporate Ethical Governance and
Accountability : Malaysian Evidence
Self-Regulating Ethical Culture

Signature of student : 

Date : December 2013


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ABSTRACT

Technology advances, competitive rivals and new innovation have changed the business world. What is not changed is the “profit-oriented” mind. Initially, it was a small scale of “profit-oriented” but then it evolves to immense scale of “profit-oriented” as to achieve as much as possible high financial return. Evidences of businesses collapse indicate the business world is full with “greedy” and “corrupted” businessmen and practitioners. Therefore, it is recommended for the companies to embark on Corporate Ethical Governance and Accountability and to follow Applied Corporate Governance that view corporate governance not only on the aspect of structuring, operating and controlling but also with the purpose to achieve culture based on sound business ethics by concerning all stakeholders and by complying to all related regulations. The companies can carry out the utmost “best practices” of good corporate citizen through ethical culture. The main purposes of this study are to investigate the existence and practices of ethical culture dimensions and company’s spirituality in Malaysian Public Listed Companies and to examine their relationships with employees’ ethical behaviour. The ethical leadership, ethical guidelines in COCC/TACOS/EH and stakeholder balance are companies’ self-regulating dimensions of ethical culture. In addition, a new variable, company’s spirituality is incorporated to stimulate the company’s culture. Briefly these dimensions describe leaders with role model, good relationship and moral characteristics, documented ethical guidelines as a guidance of expected behaviour and stakeholders considerations in all aspects of business dealings. While company’s spirituality is the intrinsic and extrinsic values held by the company. In achieving the objectives, exploratory design method with instrument development model is applied to explore and to generalize these dimensions. Findings from secondary data, interviews and participant observation are used as the input for questionnaire instrumentation. Exploratory data analysis, factoring analysis (exploratory and confirmatory), correlation analysis and regression analysis (simple, multiple, hierarchical) provide answers for the research objectives, questions and hypotheses. Interestingly, findings in participant observation and questionnaire survey have some similarities. All three ethical culture dimensions existed and are correlated to each other. Either individually or in combination of two, they do correlate positively with employees’ ethical behaviour. All have strong relationship with employees’ ethical behaviour except for ethical guidelines in COCC/TACOS/EH with moderate relationship. Stakeholder balance is more significant as its combination with other ethical culture dimensions show high variance in predicting the employees’ ethical behaviour. Combination between ethical leadership and ethical guidelines in COCC/TACOS/EH is significant but the lowest in predicting the employees’ ethical behaviour. Only ethical leadership and stakeholder balance are significant to explain employees’ ethical behaviour when combined all three ethical culture dimensions. Though company’s spirituality does not moderate the relationship between ethical culture dimensions and employees’ ethical behaviour, it is a significant predictor of employees’ ethical behaviour at all level of combination (individual or combination of two or three ethical culture dimensions) with better predicting percentage. Thus, recognizing company’s spirituality as part of ethical culture will improve organizational culture and its ethical performance. To conclude, the measurable items of ethical culture dimensions and company’s spirituality are practical for Malaysian companies’ internal assessment and for national ethical identity. Therefore, commitment of companies towards ethical culture is necessary to enhance corporate ethical governance and accountability.

ACKNOWLEDGEMENT

بِسْمِ اللَّهِ الرَّحِيمِ الرَّحْمَنِ

In the name of Allah, Most Gracious, Most Merciful

Firstly, Alhamdulillah to ALLAH, for giving me the health, commonsensical mind, tranquillity, strength and opportunity to meet excellent and respectable people throughout the PhD journey.

This PhD study could not have been completed without the kind patience and insight provided by both of my supervisors, Prof. Madya Dr. Azizah Abdullah at University Technology MARA (Malaysia) and Prof. Dr. Hamzah Ismail at University of Technology and Science (Yaman). They have taught me the true journey of PhD research. Phd is about persevering until success happens ('istiqamah), devotion, dedication, commitment, attentiveness and enthusiasm. PhD journey is appreciating knowledge. They also motivated the dissemination of my papers in academic conferences and journals where feedback from participants and reviewers has made a significant contribution to improving my work. I am grateful for their concerns and efforts.

The financial support from KPT is acknowledged and highly appreciated. With this support, I have been able to conduct and collect my qualitative and quantitative data. I am also grateful to Institute of Graduate Studies (IPsis), Universiti Teknologi MARA and Faculty of Accountancy, University Teknologi MARA for providing workshop, seminar and conference that made it possible for me to obtain knowledge on research and computer skills for my PhD research. The faculty has invited well-known visiting professors that allowed me to get opinions and suggestions from them and therefore improved my research area.

To me dearest colleagues, Azmi, Saliza, Suria, Azlina, Lela and Ilmiah (deceased) who are helpful, concern and show sincere friendship throughout the journey. Thank you for brightening my everyday life at the university.

To my nephews and nieces, Idi, Iwan, Ira and Ima for never say no in helping me to gather the data and not to forget to those who I have interviewed and who have answered my questionnaire. Their helping hand has eased me in gathering and in analysing my PhD data. Thank you. To my sister and nephew, Kak Mah and Atan for taking care of my sick mum during my busy schedule. Thank you so much.

Special thanks to my husband, Che Rashid Sulong, for always being there for me, during happy and unpleasant time of my PhD journey. To my children Aina Nadhirah, Amirul Izhan, Nurul Hidayah, Syahrul Irfan and Nasrul Naim, thank you for understanding my situation and never nagging on anything. To my hubby and children, I wish to say *you are the joy of my life*.

Finally, I would like to dedicate this dissertation to the academics, regulators and business world and hopefully this study would provide another preference of creating a better environment in companies.

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