DETERMINANTS OF EXTERNAL WHISTLEBLOWING INTENTIONS: EVIDENCE FROM THE SIME DARBY BERHAD STAFF

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ABSTRACT: Incidences of organisational wrongdoings, such as fraud and corruption in Western giant multinational companies like Enron, WorldCom, Anderson, and Tyco, are increasingly becoming issues of concern. This phenomenon has provided impetus for scholarly studies on whistleblowing, and particularly, the need to explore the reasons behind such problems. This study examines whether the variables such as organizational commitment and status of wrongdoers have significant influenced towards external whistleblowing intentions among Sime Darby staff. This quantitative study focuses on Sime Darby staff by using a hypothesis testing study and utilizing questionnaires to collect the data from the respondents. The empirical study shows that both organizational commitment and status of wrongdoer variables have significant influenced towards external whistleblowing among Sime Darby staff. This study is vital as it supplements the information to the existing body of knowledge on whistleblowing issues in Malaysia.

Keywords: Status of wrongdoer, Organizational Commitment, Sime Darby Berhad, External Whistleblowing intentions.

INTRODUCTION

This study examines the predictors of external whistleblowing intentions in Sime Darby Berhad. Whistleblowing intentions can be defined as "an individual's probability of actually engaging in whistleblowing behaviour" (Chiu, 2002). In other words, this study examined if an individual in the organisation would report the organisational wrongdoings to the enforcement agencies. Therefore, Sime Darby staff whistleblowing intention had been the dependent variable.

Meanwhile, Kaptein (2011), and Weiss (2006) define external whistleblowing as reporting misconduct to the person outside the organisation, such as the media, a government agency, a nongovernmental organisation, or a professional organisation, who have the power to halt or rectify the misconduct. In the Malaysian context, the enforcement agencies such as Police, MACC, Customs, Road Transport Department, and Immigration are the parties that receive reports of wrongdoings from potential whistleblowers. There are several factors that influence workers to whistleblow which include organizational commitment and status of wrongdoer (Ari, Rizka, and Payamta, 2017). Hence, the present study employs two independents variables which are organizational commitment and status of wrongdoer. Meanwhile, external whistleblowing intentions have been utilized as a dependent variable of the study.

LITERATURE REVIEW

Organizational Commitment

Organisational commitment is defined as "the degree at which an individual accepts and internalizes the goals and values of an organisation and plays an effective role to achieve these goals and values" (Farooq et al., 2011, p. 154). Meanwhile, according to Wang and Oh (2011), organisational commitment shows an individual's willingness to stay working in the organisation in which they are attached. Studies carried out by Sims and Keenan (1998), Mesmer-Magnus and Viswesvaran (2005), and Ciftci and Beduk (2017) found that there is no relationship between organizational commitment and whistleblowing intention among workers. Meanwhile, Street (1995) and Manjughi and Fasihizadeh (2012), studies found that there was a direct relationship between the level of organisational commitment and the likelihood of a person to get involved in whistleblowing. Individuals with strong organisational commitment would likely act to protect the firm by identifying and remedying situations that may harm the firm's reputation and one of the means is through reporting behaviour (Taylor, 2007).

Somers and Casal (1994), in their empirical study that examined the direct relationship between organisational commitment and the willingness of management accountants to blow the whistle found that the organisational commitment affects the likelihood of a person who observed organisational wrongdoing to blow the whistle internally. In addition, a study done by Wang and Oh (2011) found that organisational commitment significantly influences the individuals' willingness to report bad news in software projects. Somers and Casal (1994) added that an organisational commitment increases the likelihood of whistleblowing as whistleblowers that are characterised as reformers wish to put their organisation back on course. In other words, the individuals who are organisationally committed are likely to blow the whistle with the hope that the wrongdoings in the organisation can be stopped and rectified.

Taylor and Curtis (2007) proposed that greater commitment to the firm would relate positively to reporting intentions. However, the findings in their study found that the multivariate analysis of this hypothesis was only marginally significant. According to Brief and Motowidlo (1986), individuals who appeared to be high on organisational commitment were more likely to show behaviours that is similar with prosocial behaviour than are those who are not high in organisational commitment (Brief & Motowidlo, 1986). According to Kaptein (2011), the more committed the employees are to the organisation, the more they support the ethics of the organisation, and vice versa.

Brief, and Motowidlo (1986, p. 714) have mentioned that organisational commitment: "...concerns behavioural patterns that are related closely to prosocial behaviour directed towards the organisation. According to Mowday et al. (1982), organisational commitment consists of (a) a strong belief in and acceptance of the organisation goals and values, (b) a willingness to exert considerable effort on behalf of the organisation, and (c) a strong desire to maintain membership in the organisation (p. 27). These components of organisational commitment indicate dispositions toward prosocial behaviour. The organisationally committed individuals "are willing to give something of themselves in order to contribute to the organisation's wellbeing" (p. 27)".

In other words, individuals who appear to have high organisational commitment are committed to prosocial behaviour as they are really concerned about the wellbeing of others in the organisation. Besides that, Miceli, Near, and Schwenk (1991) found that an employee who is committed to his or her organisation has a positive relationship with both internal and external whistleblowing. Westin (1981) found that most of the whistleblowers consider themselves as having commitments towards the organisation and try to use internal whistleblowing. However, if they are retaliated by the wrongdoer(s), they would prefer to blow the whistle to the external parties to stop the wrongful act in the organisation. Therefore, the following sub-hypothesis was offered:

Hypothesis 1:

Sime Darby Berhad staff with higher organisational commitment is more likely to blow the whistle externally.

2.1.2 The Status of Wrongdoers

Most of the studies conducted by Dozier and Miceli (1985), Gundlach et al., (2003), and Ryan, and Oestreich (1991) found that employees are less likely to blow the whistle if the wrongdoers possessed a high status level in an organisation. According to Dozier, and Miceli (1985), and Gundlach et al.,

(2003), employees in an organisation will less likely blow the whistle if they saw the wrongdoers have high level status or position in the organisation, such as the Chief Financial Officer and Chief Executive Officer. This is because, they perceived that the act of reporting the wrongdoings committed by the high level status of workers will adversely affect them, such as retaliation. This is supported by Fragale et al., (n.d.), who stated that the employees might have less probability to report wrongdoings committed by the high status workers in the organisation. This happens because they fear of being retaliated and punished by the wrongdoers who have high status level or position in the organisation.

According to Gundlach et al., (2003), employees with lower level status in the organisation, for example clerks, believed that they do not have enough power to change or stop the wrongdoings committed by higher status workers. Therefore, it is difficult for the organisation to stop wrongdoings, especially if the organisation depends on the wrongdoer for its resources. In this situation, the wrongdoer will be able to punish or retaliate against the whistleblower (Chung et al., 2004). In addition, Ryan and Oestreich (1991) contend that higher status workers have greater opportunities and resources to punish and take revenge against whistleblowers who reveal the wrongdoings committed by them. For this reason, the whistleblowers, who have lower status in the organisation, are less likely to blow the whistle as they fear retaliation.

From the above statements, it is believed that the higher the status of wrongdoers in an organisation, the less likely the potential of employees to blow the whistle. This is because they believed that the high status level wrongdoers in the organisation have the power to retaliate them. Furthermore, the lower status workers feel that they lack the power to stop the wrongdoings. In addition, it is difficult to stop the wrongdoings committed by the wrongdoers who possess high status level in the organisation if the organisation is heavily dependent on them for survival of the organisation. According to Miceli, and Near (1992), before the observer of wrongdoings blows the whistle, he or she will evaluate if the wrongdoer has higher status in the organisation and has the ability to take revenge against them. If the wrongdoer has both elements, the observer of wrongdoings is less likely to blow the whistle. Miceli, Near, and Schwenk (1991) agreed that the observer of wrongdoings is less likely to blow the whistle externally if they realize that the wrongdoer's status or position in the organisation is high as he or she has the potential to retaliate against the whistleblower.

Hypothesis 2:

The higher the status of wrongdoers in the organisational hierarchy, the lesser the intention among Sime Darby Berhad staff to blow the whistle externally.

3.1 RESEARCH METHODOLOGY

The present study employs purposive sampling technique whereby only staff who are working at Sime Darby Berhad's headquarter in Kuala Lumpur become the respondents of the study. The population of the study amounted to 419 staff and the sample size is 200 staff. Inevitably, only 120 samples were usable for data analysis of the study.

The organisational commitment variables in the study were measured by using Mowday's (1979) instruments. In this section, the respondents had been given the organisational commitment statements and they were also given an opportunity to decide if they agreed with those statements. A five-point scale was used in this section, ranging from "Strongly Disagree" to "Strongly Agree". Besides that, another five-point scale was used in order to assess the status of wrongdoer in the study. The respondents were also given four vignettes and they were needed to evaluate if the wrongdoers were powerful (having higher level position) in the organisation. The scales were ranged from "Not at All Powerful" to "Very Powerful".

Whistleblowing intention refers to an individual's likelihood of actually engaging in whistleblowing (Chiu, 2002). Hunt, and Vitell (1986) suggested that an individual's intention to perform certain behaviour can be measured by asking the likelihood of the person to perform that behaviour. This study employed a five-point Likert scale, which was designed from "less likely" to "very likely". This measurement is similar with the study done by Syahrul (2011), Ayers, and Kaplan (2005), and Kaplan and Schultz (2007). The respondents were given four different scenarios (vignettes) and they were asked about their level of likelihood to engage in the external whistleblowing behaviour.

4.1 FINDINGS

Table 4.1 below shows that both independent variables are significantly influenced the employees' external whistleblowing intentions as the P value is less than 0.1. Specifically, the workers who are very committed working in Sime Darby will be more likely to blow the whistle externally as they believed that by blowing the whistle, it will help the organization to rectify their problems. Besides that, table 4.1 also shows that status of wrongdoer also has a significant influenced towards external whistleblowing intention. In other words, the respondents would still blow the whistle externally even though the wrongdoer is a production manager in the organization.

Table 4.1: Regression Results for Organizational Commitment and Status of Wrongdoers towards External Whistleblowing Intentions

	B	Std. Error	β	t	Sig.
Organisational Commitment	.434	.239	.186	**1.819**	**.072**
Status of Wrongdoer	.308	.125	.227	**2.471**	**.015**

Notes: *** p < 0.01, ** p < 0.05, and * p < 0.10.

5.1 DISCUSSION
5.1.1 ORGANIZATIONAL COMMITMENT

Individuals who show high organisational commitment are more likely to display behaviour consistent with prosocial behaviour than those who are not high in organisational commitment (Miceli, & Near, 1992; Street, 1995). It is believed that a person who has a prosocial behaviour is more likely to help the management to deter wrongful act in the organisation. They are more appreciated and willing to stay with the organisation for a long period of time. Therefore, they are more likely to report wrongful act to the authorities with the hope that such acts can be stopped immediately. This is supported by Mesmer-Magnus, and Viswesvaran (2005), who stressed that individuals who are very committed with the organisation are more likely to stay in the organisation and are prone to report wrongful acts to authorities.

Based on the descriptive findings, a majority of employees were committed to the organisation. That is the reason why they were more likely to blow the whistle if they were confronted with wrongdoings. This is because, the employees wanted to rectify problems in the organisation, as well as to provide benefits for others within and outside the organisation. There are several benefits of blowing the whistle. By disclosing wrongdoing in an organisation, whistleblowers can avert harm, protect human rights, help to save lives, and safeguard the rule of law (Transparency International, 2010). Whistleblowers provide benefits for others within the organisation. For example, it may prevent the organisation from having substantial loss, for example, embezzlement. Hence, it will ensure that the company would enjoy more profits, and at the same time, the workers would be able to enjoy bonus or increase in salary. In addition, whistleblowing also provides benefits for people outside the organisations, for example, the customers. The act of whistleblowing is able to prevent the customers from consuming hazardous products.

5.1.2 STATUS OF WRONGDOER

Although the status of wrongdoer variable had influenced whistleblowing intention in the previous studies, such as Dozier, and Miceli (1985); Gundlach et al., (2003), and Ryan, and Oestreich (1991), such findings are not in line with this study. In general, the status of wrongdoer in this study did not significantly influence external whistleblowing intentions. Specifically, the multiple regression analysis showed that the relationship between the status of the wrongdoer and whistleblowing

intentions only happened in Vignette 2. This is because, the wrongdoer in Vignette 2 held a lower organisational position (Production Manager), as compared to Vignette 3 (CEO) and Vignette 4 (CFO). In other words, the staff in Sime Darby would only blow the whistle to the enforcement agencies only when the wrongdoer possesses a lower management level in the organisation. The finding is in line with the result found by a study carried out by Winardi (2013), in which, a civil servant considers the status of the wrongdoer as a factor before deciding whether he or she will report the act of corruption. Cortina & Magley (2003) argued that workers in higher positions have more power than workers with lower positions and wrongdoers in high positions can use their position to create retaliatory actions. In other words, the greater the power distance between the wrongdoer and the whistle-blower, the more the whistle-blower may suffer from retaliation. Fear of retaliation itself can prevent a potential whistleblower from reporting wrongdoing. Conversely, if they discover wrongdoing committed by a co-worker or a subordinate, they will be more likely to report the wrongdoing.

6.1 CONCLUSION

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