

**UNIVERSITI TEKNOLOGI MARA**

**THE EFFECTS OF GOVERNANCE  
MECHANISMS ON  
ORGANISATIONAL  
ACCOUNTABILITY OF  
MALAYSIAN STATUTORY BODIES**

**NURHIDAYAH BINTI YAHYA**

Thesis submitted in fulfillment  
of the requirements for the degree of  
**Doctor of Philosophy**  
**(Financial Criminology)**

**Accounting Research Institute**

**April 2022**

## 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 results 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.

Name of Student : Nurhidayah Binti Yahya

Student I.D. No. : 2014963755

Programme : Doctor of Philosophy (Financial Criminology) –  
AR952

Faculty : Accounting Research Institute

Thesis Title : The Effects of Governance Mechanisms on  
Organisational Accountability of Malaysian Statutory  
Bodies

Signature of Student : .....

Date : April 2022

## ABSTRACT

Various accountability issues concerning Malaysian statutory bodies had been disclosed by multiple parties in their reports, especially the Auditor General Report. These issues tarnished statutory bodies' reputations and impeded public trust and satisfaction. Hence, accountability must be upheld and achieved, contributing to economic performance and good public services. Considering this, in light of the social contract theory, governance mechanisms were observed to help organisations achieved accountability. Four variables were identified as governance mechanisms that positively impact accountability: internal control systems, corporate integrity practices, human resource management, and transformational leadership. Furthermore, according to the social contract theory, corporate integrity practices could strengthen the governance relationship on accountability, hence further acted as the moderating variable. Therefore, this study examined the relationship of all four variables with accountability and examined whether corporate integrity practices could strengthen the relationship of the internal control systems, human resource management, and transformational leadership with accountability. Primary data of questionnaire distribution was applied. Before distribution to respective respondents, pre-test and pilot tests were conducted for questionnaire validity and reliability assessment. As this study was organisational level, the questionnaires were distributed to the representative of each statutory body, who was the CEO. The questionnaires were distributed to all 291 Malaysian federal and state statutory bodies. 195 responses were successfully gathered; 194 were usable. Data were coded and analysed for descriptive analysis using SPSS, while hypotheses testing were done by adopting PLS-SEM approach using the SmartPLS software. The results found that all four variables positively and significantly affected accountability. However, the internal control systems' relationship with accountability was negative and significant for moderating effect results. On the other hand, human resource management and transformational leadership's relationship on accountability showed no effects and were not significant when interacted with corporate integrity practices. This signalled that corporate integrity practices directly contributed to further improvisation of accountability, but it did not moderate other relationships. This might be due to a solid internal control system, human resource management and transformational leadership established and implemented in statutory bodies, which did not affect their relationship towards accountability, although with corporate integrity practices interaction. As for moderation for the internal control systems might indicate that too many rules, where internal control systems regulations and corporate integrity practices to be followed, could cause tension to obey and further negatively impacted the accountability. The study's practical implication was between those four governance mechanisms, transformational leadership was found to require further improvement. Nevertheless, though interaction with corporate integrity practices was not significant and not in line with social contract theory, corporate integrity practices were crucial to be implemented and practised in statutory bodies. The study also contributed to the social contract theory where in developing countries, the findings might not be the same as in developed countries that had well-established integrity culture. Further contributions, limitations and recommendations for future studies were also discussed.

## ACKNOWLEDGEMENT

Alhamdulillah, thank you Allah for giving me the chance to embark on my PhD and complete this sweet and challenging journey successfully.

Thank you to the Ministry of Higher Education and Universiti Teknologi MARA for the opportunities and sponsorship of my studies.

My gratitude and thanks go to both my beloved supervisors, Prof Dr Jamaliah Said and Associate Prof Dr Norbalkish Zakaria. May Allah bless both of you and grant you Jannah.

Thank you to Accounting Research Institute, University Teknologi MARA and the administration for all the opportunities and supports.

Special thanks to my colleagues and friends for all the supports and prayers.

Not to forget to all organisers, coaches, trainers and speakers of the program, training, and courses I had joined for all the knowledge and input that contribute to the accomplishment of this manuscript.

Not to forget all the examiners' comments to improve the manuscript further.

Finally, thank you for all the prayers, support and unconditional love from my dearest parents and family.

Alhamdulillah. May Allah blesses all of you. InsyaAllah, may we be neighbours in Jannah with our beloved Prophet Muhammad s.a.w.

# TABLE OF CONTENTS

	<b>Page</b>
<b>CONFIRMATION BY PANEL OF EXAMINERS</b>	<b>ii</b>
<b>AUTHOR'S DECLARATION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>TABLE OF CONTENTS</b>	<b>vi</b>
<b>LIST OF TABLES</b>	<b>xiii</b>
<b>LIST OF FIGURES</b>	<b>xvi</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xviii</b>
<b>CHAPTER ONE: INTRODUCTION</b>	<b>1</b>
1.1 Preamble	1
1.2 Statement of the Problem	8
1.3 Research Questions	17
1.4 Research Objectives	18
1.5 Significance of the Study	18
1.6 Organisation of Thesis	19
<b>CHAPTER TWO: STATUTORY BODIES</b>	<b>21</b>
2.1 Malaysian Statutory Bodies	21
<b>CHAPTER THREE: LITERATURE REVIEW</b>	<b>24</b>
3.1 Introduction	24
3.2 Accountability	24
3.2.1 Definitions of Accountability	26