

## **WHETHER TO BLOW THE WHISTLE?: THE EFFECTS OF ORGANISATIONAL COMMITMENT AND STATUS OF WRONGDOER ON EXTERNAL WHISTLEBLOWING INTENTION AMONG SIME DARBY STAFF**

Mohd Rozaimy Ridzuan<sup>1</sup>, Noor Amira Syazwani Abd Rahman<sup>2</sup>, and Nur Hidayatul Nabihah Binti Manas<sup>3</sup>

<sup>1</sup>Faculty of Administrative Science & Policy Studies, Universiti Teknologi MARA (UiTM), Malaysia

rozaimy@uitm.edu.my

<sup>2</sup>Faculty of Administrative Science & Policy Studies, Universiti Teknologi MARA (UiTM), Malaysia

amirarahman@uitm.edu.my

<sup>3</sup>Department of Accountancy and Business, Tunku Abdul Rahman University College, Pahang, Malaysia

hidayahtul@tarc.edu.my

### **ABSTRACT**

Incidences of organisational malpractices in Western conglomerates like Enron, WorldCom, and Tyco, are evolving into discussion topics among people in the world. This phenomenon has provided impetus for scholarly studies on whistleblowing, and particularly, the need to explore the reasons behind such problems. This study is embarked to examine 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.

### **1.1 INTRODUCTION**

This study probes whether the variables such as organizational commitment and status of wrongdoer influence external whistleblowing intentions among Sime Darby staffs. 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. Meanwhile, Kaptein (2011) defined external whistleblowing as an

individual act to inform external parties such as enforcement agencies and Media about the occurrence of malpractices in the organization. In Malaysia, enforcement agencies refers to government bodies such as Malaysian Anti-Corruption Commission (MACC), Polis Diraja Malaysia (PDRM), Road Transport Department, Immigration Department and so on.

## 2.1 LITERATURE REVIEW

### 2.1.1 Organizational Commitment

Organisational commitment refers to “the extent at which an individual incarnates the goals and values of an organisation and exerts productive role to obtain these goals and values” (Farooq et al., 2011, p. 154). Meanwhile, according to Wang and Oh (2011), organisational commitment means an individual’s loyalty to stay working in the organisation. Street (1995), in his theoretical study, found that there was a straightforward association between the level of organisational commitment and individual’s intention to blow the whistle. According to Taylor (2007), a person who possess strong organizational commitment may report the malpractice behaviour to the authority since the act is able to stop the organization from further harm. Somers and Casal (1994) and Taylor and Curtis (2007) in their studies found that organizational commitment has a significant influenced towards individual’s intention to whistleblow. Besides that, Wang and Oh (2011) found that employees who possess strong organizational commitment are willing to report the occurrence of wrongdoings in software projects.

Somers and Casal (1994) postulated the employees who possess strong organizational commitment willing to whistleblow because he or she wants to put their organisation back on course as he or she hopes that the wrongdoings in the organisation can be stopped immediately. Besides that, Brief and Motowidlo (1986) mentioned that a person who possess strong organizational commitment are more likely to act similar like prosocial behaviour by reporting the wrongdoings to the authority than those who are not strong in organizational commitment. According to Mowday et al. (1982), organisational commitment comprises of (a) a strong belief in and acceptance of the organisation goals and values, (b) a willingness to great endeavor on behalf of the organisation, and (c) a solid passion to sustain membership in the organisation (p.27). All elements of organisational commitment show dispositions toward prosocial behaviour. 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. Meanwhile, Kaptein (2011) believed that a person may support the ethical principles in the organization if he or she possess strong organizational commitment. According to Westin (1981), a person who has strong organizational commitment will try to whistleblow to external parties if they are being retaliated by the wrongdoer(s). Therefore, the following sub-hypothesis was offered:

Hypothesis 1:

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

### 2.1.2 The Status of Wrongdoers

Several studies carried out by Gundlach et al., (2003), Ryan, and Oestreich (1991) and Dozier, and Miceli (1985) found that the subordinates will be less prone to report the wrongdoings committed by the person who possessed high position in an organization such as the Chief Financial Officer and Chief Executive Officer. Fragale et al. (n.d) mentioned that this situation happened because the employees believed that these type of officers will retaliate and punish them. Gundlach et al. (2003) explained that the subordinates such as clerks refuse to whistleblow as they think that they have lack of power to halt the wrongdoings committed by higher position works. This situation may hinder the organization to stop malpractices especially when the workers depends on the wrongdoer for resources. In addition, it is very challenging to halt the wrongdoings devoted by the wrongdoers who possess high status level in the organisation if the organisation is heavily dependent on them for survival of the organisation. In this case, the wrongdoer who possess high ranking position may retaliate the whistleblower by not paying salary, bonuses and so on (Chung et al., 2004). It can be supported by Ryan, and Oestreich (1991) who contend that higher position workers have greater chances and resources to punish and revenge against lower position workers.

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 power to retaliate them. According to Miceli, and Near (1992), before a person whistleblow, he or she will examine if the wrongdoer has higher status in the organisation and has the ability to revenge against them. According to Miceli, Near and Schwenk (1991), the observer of wrongdoing will be less likely to whistleblow if he or she found that the wrongdoer possess both elements.

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

This study utilizes purposive sampling technique as only those staff who are working at Sime Darby Berhad's headquarter in Kuala Lumpur become the respondents of the study. The population of the study is 419 staff and the sample size is 200 staff. However, only 120 samples were usable for data analysis. This study adopt items from Mowday's (1979). In the first section, the respondents were given statements related to the organisational commitment and they need to decide if the statements belong to them. The questions represented by a five point scale, which is from "Strongly Disagree" to "Strongly Agree", Besides that, the five point scale also was used to assess the status of wrongdoer in the study. 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 (Scenarios) and they need to evaluate if the wrongdoers in the vignettes possess higher level position. The scales were ranged from "Not at All Powerful" to "Very Powerful".

Besides that, Hunt, and Vitell (1986) highlighted that people can measure an individual's intention to commit certain act by asking him or her the probability of the person to actually perform the 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 stop the wrongdoings. 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	$\beta$	t	Sig.
<b>Organisational Commitment</b>	.434	.239	.186	<b>1.819</b>	<b>.072</b>
<b>Status of Wrongdoer</b>	.308	.125	.227	<b>2.471</b>	<b>.015</b>

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

#### 5.1 DISCUSSION

##### 5.1.1 ORGANIZATIONAL COMMITMENT

A person who possess strong organizational commitment will be more likely to display prosocial behaviour than those who are not high in organisational commitment (Miceli, & Near, 1992; Street, 1995). It is assumed that a person who has a prosocial behaviour is more likely to help the organization to stop malpractices 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. Mesmer-Magnus, and Viswesvaran (2005) stressed that individuals who are very committed with the organisation are more likely to stay in the organisation and are inclined to report wrongful acts to authorities.

The descriptive findings depicts that a majority of employees were committed to the organisation and they were more likely to whistleblow if they were confronted with wrongful acts. 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**

Dozier, and Miceli (1985); Gundlach et al., (2003), and Ryan, and Oestreich (1991) in their studies found that status of wrongdoer does not influence whistleblowing intention among staff. 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. 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.

## **6.1 CONCLUSION**

This study found that a majority of employees were committed to the organisation and they were more prone to whistleblow externally if they were encountered with wrongful acts. 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. The act of whistleblow offers several benefits such as reduce organizational harm, save people lives and uphold the rule of law (Transparency International, 2010). Besides that, 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.

## REFERENCES

- Brief, A. P., & Motowidlo, S. J. (1986). Prosocial organizational behaviors. *The Academy of Management Review*, 11(4), 710-725.
- Chiu, R. K., (2002). Ethical judgement, locus of control, and whistleblowing intention: A case study of mainland Chinese MBA students. *Journal of Managerial Auditing*, 17(9). 81-587.
- Dozier, J. B., & Miceli, M. P. (1985). Potential predictors of whistle-blowing: A prosocial behavior perspective. *Academy of Management Review*, 10(4), 823-836.
- Ayers, S. & Kaplan, S. E. (2005). Wrongdoing by consultants: An examination of employees' reporting intentions. *Journal of Business Ethics*, 57(2), 121-137.
- Hunt, S. D., & Vitell, S. J. (1986). A general theory of marketing ethics. *Journal of Macromarketing*, 6(1), 5-15.
- Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224-247.
- Mesmer-Magnus, J.R. & Viswesvaran C. (2005). Whistleblowing in organizations: An examination of correlates of whistleblowing intentions, actions, and retaliation. *Journal of Business Ethics*, 62, 277-297.
- Farooq, N., Irfan, M. & Farooq, M. (2011). Measurement of the degree of organizational commitment among the faculty members of private sector universities in Peshawar City. *Interdisciplinary Journal of Contemporary Research In Business*, 3(4). 151-162.
- Fragale, A.R., Rosen, B., & Xu, C. (n.d). The higher they are, the harder they fall: The effects of wrongdoer status on observer punishment recommendations and intentionality attributions. In Press, *Organizational Behavior and Human Decision Processes*. 1-57.
- Gundlach, M. J., Douglas, S. C., & Martinko, M. J. (2003). The decision to blow the whistle: A social information processing framework. *Academy of Management Review*, 28, 107-123.
- Kaptein, M. (2011). From inaction to external whistleblowing: The influence of the ethical culture of organizations on Employee Responses to observed wrongdoing. *Journal of Business Ethics*, 98, 513-530.
- Miceli, M. P., Near, J. P. & Schwenk, C.R. (1991). Who blows the whistle and why? *Industrial and Labor Relations Review*, 45(1), 113-130.
- Miceli, M. P., & Near, J. P. (1992). *Blowing the whistle: The organizational and legal implications for companies and employees* New York: Lexington Books.
- Ryan, K. D., & Oestreich, D.K. (1991). *Driving Fear Out of the Workplace: How to Overcome the Invisible Barriers to Quality, Productivity, and Innovation*. San Francisco, CA: Jossey-Bass Publishers.

- Street, M. D. (1995). Cognitive moral development and organizational commitment: Two potential predictors of whistle-blowing. *Journal of Applied Business Research*, 11(4), 104-110.
- Somers, M. J., & Casal, J.C. (1994). Organizational commitment and whistle-blowing: A test of the reformer and the organization man hypothesis. *Group & Organization Management*, 19(3), 270-284.
- Taylor, E. Z. & Curtis, M. B. (2007). Whistleblowing in audit firms: Examining individual workplace beliefs. Retrieved on 1 February 2018 from <http://poole.ncsu.edu/documents/Taylorworkshoppaper.pdf>
- Transparency International (2010). Whistleblowing: An effective tool in the fight against corruption. Retrieved on 26 August 2018 from [http://cism.my/cismv2/uploads/articles/article/201106151722010.TI\\_\\_PolicyPosition\\_Whistleblowing\\_17\\_Nov\\_2010.pdf](http://cism.my/cismv2/uploads/articles/article/201106151722010.TI__PolicyPosition_Whistleblowing_17_Nov_2010.pdf)
- Weiss, W. J. (2006). *Business Ethics: A Stakeholder and Issues Management Approach*, 4th Edition, Thomson South-Western.
- Wang, J. & Oh, L.B. (2011). The impact of relationships and Confucian ethics on Chinese employee's whistle-blowing willingness in software project. Retrieved on 27 October 2012 from <http://www.pacis-net.org/file/2011/PACIS2011-205.pdf>