

**EFFECTS OF PLANNED BEHAVIOR ON WHISTLEBLOWING INTENTION: EVIDENCE  
FROM MALAYSIAN'S POLICE DEPARTMENT**



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## **4. Report**

### **4.1 Proposed Executive Summary**

The Theory of Planned Behaviour is used as an underlying model to investigate whistleblowing intention and document that attitude and subjective norms affect whistleblowing intention. Conversely, perceived behavioural intention does not affect whistleblowing intention. Despite a number of laws enacted to protect whistle-blowers in an attempt to prevent financial malfeasance and scandals, most organizations have yet to implement whistleblowing as a policy. Without sufficient protections, whistle-blowers are vulnerable to retaliation and legal trouble. In general, we have found that the implementation of whistleblowing as internal policy would exhibit organizational support, enhancing employees' attitude towards whistleblowing. Hence, it is predicted that a whistleblowing policy would encourage whistle-blowers to come forward.

### 4.3 Introduction

We examine three determinants factors of whistleblowing intention namely attitude, subjective norm and perceived behavioural control among police officers in the state of Kelantan in West Malaysia. The motivation of this study is based on two observations. First, evidences have shown that whistleblowing is an effective way of uncovered fraudulent transactions which hardly be detected during routine audit. Second, despite whistleblowing is a good internal control (PwC Global Economic Crime Survey, 2014), many are shunning from blowing the whistle. This is due to the possibility of severe reprisal by employers for disclosing the incriminated information of them (Tan and Ong, 2011).

Whistle-blowing is the disclosure by members of an organization (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to people or organizations that may be able to effect action (Near and Miceli, 1995). To date, abundances of legislations throughout the world have granted protection to whistle blowers. For example, the Report of Committee of Sponsoring Organizations of the Treadway Commission in the U.S (COSO, 1992), Sarbanes-Oxley Act (2002) and Association of Fraud Examiners' Fraud Examiners Manual (2005

Malaysia is not spared either; the parliament from time to time introduces legal protection for whistle blowers. Such protection is to counter malpractices and fraud in companies. The Companies Act 1965 (Act 125) pioneers in granting the protection follows by Capital Markets and Services Act 2007 (Act 671). Meanwhile, the latest protection is enacted in the Whistle Blower Protection Act 2010 (WPA, 2010).

Despite the fact, whistleblowing offers a better and faster solution to detect and deter fraudulent transactions, the percentage of whistleblowing is in the declining trend (PwC Global Economic Crime Survey, 2014). The survey of Malaysian Corruption Barometer (MCB) indicates a reduction of 28% in the frequency of whistleblowing from 79% in 2013 to 51% in 2014. MCB is a survey carries out in 13 Malaysian's states on the public's experiences and views on corruption and their willingness to combat the issue. Likewise, the result of KPMG fraud survey records a similar trend, of which the incident reduces from 25% in 2009 to 21% in 2013.

Ironically, many refuse to blow the whistle because it harms many parties, especially the whistle blower who may suffer reprisal (Near and Miceli, 1995). Employers on the other hand believe that employees should uphold the fiduciary duty of loyalty towards their employers. Any disclosure of the employers may tantamount to a breach of this duty. In pursuit to this, the employers would not hesitate to take actions against whistle blowers such as harassment, isolation, expulsion and even worst, infringement of Official Secret Acts (OSA) 1972 or breach of any other laws.

Without protections, whistle blowers are at the risk of management retaliation. If this persists, wrongdoings remained hidden until they are too late for recovery actions. Due to this, it is therefore imperative that employees are granted autonomy to exercise their conscience as well as sufficient protection for reporting wrongdoings. Eventually, to assure employees that the employer supports whistleblowing, the latter should document such protection in the policy and thus making it legitimate.

We believe that the whistleblowing policy would trigger employees' intention to blow the whistle. Identifying and understanding the determinant factors of whistleblowing intention would offer valuable insights in designing a comprehensive and holistic whistleblowing policy. The factors of whistleblowing intention have become a debatable issue.