

Religiosity and Intention to Whistle Blow among Malaysian Managers

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Abstract

This paper examines the relationship between religiosity and intention to whistle blow among Malaysian managers. Based on 130 responses and using a modified Glock and Starks' religiosity index, the study finds that religiosity and seriousness of wrongdoings are not significantly related to whistle blowing intention. Muslim managers prefer to resolve frauds in stages with wrongdoers being counseled and inculcating a more positive work culture rather than to whistle blow.

Keywords: Religiosity; whistle blowing intention; whistles blowing; Malaysian managers; fraud

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1.0 INTRODUCTION

Whistle blowing is a disclosure by organization members of illegal, immoral or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action" (Near *et al.*, 1985). It is an attempt to make information about wrongdoings public or to make the information reach the knowledge of the authority. Frauds could lead to losses and this has prompted calls for more ethical behavior and greater attention be paid to inculcating ethical culture in an organization. One of the policies to deter and detect fraud or wrongdoings is to encourage whistle blowing at the workplace as studies show that frauds are difficult to detect. The objective of this paper is to examine the relationship between religiosity and intention to whistle blow among Muslim managers. Prior studies have examined factors affecting whistle blowing intention such as the protection afforded to whistle blowers (Kaur, 2010), retaliation (Near *et al.*, 1996), incentives (Alexander *et al.*, 2010) organization environment (Deborah *et al.*, 2008), morality (Miceli *et al.* 1992) and religious beliefs/Christianity value (Zinnbauer *et al.*,1997). However, there appears to be limited studies relating to Islamic beliefs and whistle blowing when fraud involves people at managerial levels. Given the recent interest in whistle blowing policy as part of good corporate governance, will Malaysian managers whistle blow when encountering fraud? It is the objective of this paper to examine the relationship between ethics and whistle blowing intention among managers. Specifically the study aims to examine religiosity and whistle blowing intention, whether perceived seriousness of the fraud is related to intention to whistle blow, whether grounding in religious education affects intention to whistle blow is affected when fraud is perpetrated by someone of a managerial rank and one who ranks higher than

a manager. The study contributes to the literature on whistle blowing and religion, in particular, Islam. Grant (2002) argues that most serious whistle blowing cases involve a level of moral sensitivity that relates to religious factors. The rationale to concentrate on Islamic perspective is Malaysia acknowledges Islam as its official religion and majority of its people are Muslims. An employee is viewed as holding an important role in reporting fraud or unethical practices. As managers hold bigger responsibility and accountability, this study also contributes to the literature on managerial ethical resolutions in the context of a country described as having the highest Power Distance Index (PDI) (Sweetman, 2012).

2.0 METHODOLOGY

The respondents for this study are managers as Bhatia (2012) shows that whistle blowers with high-ranking job titles tend to be taken more seriously when reporting alleged misconducts in an organization and will face less harsh consequences. Rank in organization of potential whistleblower can influence willingness to whistle blow. Respondents were given a questionnaire which included a modified Glock and Starks' (1965) religiosity model based on four dimensions: intellectual, consequential, ritualistic and experiential and two fraud scenarios. Each religious dimension had several statements against which respondents were asked to rank their level of agreement from 1 to 5 on a Likert Scale. Respondents were asked to play the role of a manager cited in the cases given each one describing fraudulent claims case as fraudulent claims has been identified as one of the most reported fraud found in the KPMG 2009 fraud survey. The cases required respondents to rank how serious they viewed the wrongdoing and then the

action they would take including to whistle blow. The two cases differed in terms of who submitted the false claims; case 1 involved a superior and case 2 involved a manager /colleague. Religiosity was treated as independent variable and intention to whistle blow was the dependent variable. Two scenarios were attached to simulate the dilemma of whistle blower within two managerial levels, i.e. same rank (manager vs. manager) and higher rank (manager vs. head of department). Managers for this study were selected from the 200 Muslim MBA students, both part time and full time registered at the Graduate School of Management, Universiti Putra Malaysia as at 30 August 2012.

Only those holding or have held middle and top manager positions were selected yielding a sample of 130 respondents.

■3.0 RESULTS AND DISCUSSION

A total of 130 questionnaires were received and analyzed. Respondents are 51% males and 49% females. 29% are below 30 years old and 1% above 50years old. All hold managerial positions varying from executives to directors. The mean religiosity score is relatively high as shown in Table 1.

Table 1 Descriptive statistic of religiosity and intention to whist blow

	N	Mean	Std. Deviation
Religiosity	130	3.85	0.435
Intention to whistle blow on higher rank	130	3.18	0.785
Intention to whistle blow on similar rank	130	3.22	0.635

The mean of intention to whistle blow among the higher rank and similar rank wrongdoers is significantly close i.e 3.18 and 3.22 respectively. Correlation analysis was used to identify

the relationship between religiosity and intention to whistle blow on both higher rank and similar rank wrongdoers.

Table 2 Pearson correlation analysis of religiosity and intention to whistle blow

	Intention to whistle blow (higher rank)	Intention to whistle blow (similar rank)
Religiosity	.414	.590

Table 2 present the p-value of religiosity and intention to whistle blow (higher rank) which was not significant i.e. 0.414, it indicates that religiosity and intention to whistle blow have no relationship when the wrongdoer's rank is higher p-value of religiosity and intention to whistle blow (similar rank) also not

significant which it indicates that religiosity and intention to whistle blow still have no relationship even with the similar rank wrongdoer. Chi-square test was carried out to identify the dependency of educational background and intention to whistle blow.

Table 3 Chi-square test of education background and intention to whistle blow

	Intention to whistle blow (higher rank)	Intention to whistle blow (similar rank)
Educational background	.324	.046*

Note *p < 0.05

The result in table3 shows that chi square value of the education background and intention to whistle blow toward the higher rank wrongdoer was not significant (p-value 0.324). It indicates that for the higher rank wrongdoer, education background and intention to whistle blow are independent. On the other hand, for the similar rank wrongdoers, the chi square

value was significant at 5% (p-value 0.046). It indicates that for the similar rank wrongdoers, education background and intention to whistle blow are dependent. The results of the seriousness of wrongdoing and intention to whistle blow are shown in Table 4.

Table 4 Pearson correlation analysis of intention to whistle blow and seriousness of wrongdoing

	Seriousness of wrongdoing(higher rank)	Seriousness of wrongdoing(similar rank)
Intention to whistle blow (higher rank)	.527	
Intention to whistle blow (similar rank)		.150

Table 4 presents the p-value of correlation analysis for both scenarios which was not significant i.e. 0.527 for seriousness of wrongdoing (higher rank) and 0.150 for seriousness of wrongdoing (similar rank). It indicates that there is no relationship between seriousness of wrongdoing and the intention to whistle blow.

5.0 DISCUSSION

Overall results show that although respondents score a relatively high religiosity index, it is not significantly related to intention to whistle blow, whether the fraud is perpetrated by someone of the same rank as the respondent (as manager) or someone of a higher rank compared to a manager respondent. A possible reason for the insignificant relationship between religiosity and intention to whistle blow could be due to principle in Islam that promotes softer and positive ways in handling wrong doings (mungkar) issues. Based on the Prophet's (s.w.s) injunction that one must do good and forbidding 'mungkar' is to do it in discreet manner to preserve the honor and the feelings of the wrongdoers. Malaysian managers who are religious choose to whistle blow as a last resort and prefer to counsel the wrongdoers been considered as a proper way in resolving the issues illustrated in the questionnaire.

The relationship between seriousness of wrongdoing and intention to whistle blow is also found to be insignificant. It contradicts prior study that had reported a positive association between seriousness of fraud with intention to whistle blow (Curtis, 2006). Differences in religious perspectives could be the possible underlying reason.

The analysis of association between education background and intention to whistle blow show mixed results. When the wrong doer is of a rank higher than the manager himself/herself, the relationship is not significant suggesting that managers are less likely to whistle blow if they see their superior committing fraud. It is believed that due to high power distance index among Malaysian, subordinates see their superiors as not capable of doing anything wrong despite knowing it is not right based on the education background received by the respondents. On the other hand, the second scenario proved that education background and intention to whistle blow are dependent if the rank of wrongdoer had been reduced to similar rank. It is believed, the strong pillar in values and ethics which been developed at school will motivate the managers to whistle blow when the degree of power of the wrongdoers been reduced.

6.0 CONCLUSION

This paper reports on whistle blowing intention among Malaysian managers who are Muslim. Based on responses to two cases on fraudulent claims the study finds that religiosity and seriousness of wrong doings are not significantly related to intention to whistle blow. However when the fraud involves a manager, intention to whistle blow is significant but when the perpetrator is ranked higher than a manager the intention to whistle blow is not significant. Respondents prefer to address a wrongdoing in gradual stages. This means that in the Malaysian environment, ties among organization members are strong and actions which may produce negative consequences are less likely to be taken. Malaysian managers appear to be more forgiving and therefore more tolerant of fraud.

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