

TABLE OF CONTENTS

	Page
ABSTRACT	4
CHAPTER 1	5
INTRODUCTION	5
1.0 RESEARCH BACKGROUND	5
1.1 DEFINITION OF WHISTLEBLOWING.....	8
1.2 PROBLEM STATEMENT.....	12
1.3 OBJECTIVES	13
1.4 RESEARCH QUESTIONS	14
1.5 SUMMARY OF THE HYPOTHESES	15
1.6 SIGNIFICANCE OF THE STUDY	16
CHAPTER 2	17
LITERATURE REVIEW.....	17
2.0 INTRODUCTION.....	17
2.1 THE NATURE OF WRONGDOING	17
2.2 WHISTLEBLOWER	19
2.3 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT.....	20
2.31 DEMOGRAPHIC VARIABLES AND WHISTLEBLOWING.....	25

2.32 INCENTIVE REWARDS AND WHISTLEBLOWING	27
2.33 RETALIATION AND WHISTLEBLOWING	28
2.34 EMPLOYEE LOYALTY AND TRUST AT WORKPLACE	30
2.35 PERCEIVED SERIOUSNESS OF WRONGDOINGS	32
2.4 THEORETICAL MODEL	33
2.5 PROPOSED THEORETICAL CONCEPTUAL FRAMEWORK	34
CHAPTER 3	36
RESEARCH METHODOLOGY	36
3.0 RESEARCH METHODOLOGY	36
3.1 RESEARCH APPROACH	37
3.2 THE SAMPLE	37
3.3 THE QUESTIONNAIRES	38
3.4 MEASUREMENT	39
3.5 DATA COLLECTION	42
3.6 DATA PROCESSING AND ANALYSIS	43
3.61 INDEPENDENT SAMPLE T-TEST	43
3.62 ONE- WAY ANOVA	44
3.63 PEARSON CORRELATION COEFFICIENT	44
CHAPTER 4	47
DISCUSSION OF RESULTS	47
4.1 DESCRIPTIVE STATISTICS	47

4.2	DEMOGRAPHIC CHARACTERISTICS ANALYSIS	51
4.3	CRONBACH ALPHA VALUE	53
4.4	INDEPENDENT SAMPLE T-TEST RESULTS	54
4.5	ANOVA.....	55
4.6	PEARSON CORRELATION.....	57
4.7	ANALYSIS OF RESULTS	63
4.8	LIMITATIONS	66
CHAPTER 5		69
RECOMMENDATION AND CONCLUSION		69
5.1	RECOMMENDATION	69
5.2	CONCLUSION.....	72
REFERENCES		76
APPENDICES		84

ABSTRACT

The Government of Malaysia has adopted a transparency system to promote higher corporate governance for Malaysian companies with passing of the Whistleblower Protection Act 2010 in year 2010 by parliament to educate employees for whistleblowing as part of the best practices of good corporate governance. Whistleblowing is referring to the behavior or personality that is characterized not only by intent but also by action when employees are confronted with organizational wrongdoings. Due to the increase in the number of whistleblower claims, company especially the public listed firms may want to find out the problem association and to investigate the relationship in order to ensure their employees' ethnic and whistleblowing policy encourage early internal reporting of potential wrongdoing. To promote internal reporting, employees might lacks of the knowledge for the concept of whistleblowing such as the procedures, retaliation fears, perceived needs for enhanced credibility and the commitment to an ethic, all these must be addressed correctly as the processes in employee whistleblowing and the protection appears to be an important value in controversial whistleblowing decisions. Therefore, the objectives of this research are to find out the employees' perception towards whistleblowing, to find out the relationship between the workplace environment and the incentives and rewards, and retaliations, the relationship of the consequences of whistleblowing and the perceived seriousness of the illegal or unlawful practices in the organization. This research aims to determine how employees perceive wrongdoings or any unlawful activities that occur in the workplace. Hypotheses are developed in order to correspond to the research questions.

CHAPTER 1

INTRODUCTION

1.0 RESEARCH BACKGROUND

The Government of Malaysia has made a good decision to adopt a transparency system to promote higher corporate governance for Malaysian companies with passing of the Whistleblower Protection Act 2010 in year 2010 by parliament. Since then, all companies in Malaysia especially those listed companies in Bursa Malaysia are encouraged to adopt this whistleblowing policy as part of their efforts to ensure a good corporate governance to uphold the investor confidence for a long term investment prospect in Malaysia. The company culture and structure are basically contribute to the action of prevention of corporate wrongdoing or any illegal practices that may raise the concern of the stakeholders and shareholders according to Kaplan & Schultz, 2007. Therefore, the Whistleblowing Act that implemented in Malaysia align with corporate practices is an appropriate practice to uphold good corporate governance for all organization.

Based on the article in *the star* (2010), in the Whistleblower Protection Act to come into force next week, the Whistleblower Protection Act is formed to protect those employees disclose information on wrongdoings and they will be encouraged and required to assist for the investigations. Malaysia companies should need a proper whistleblowing procedure for their employees' guidelines in order to encourage detect any potential wrongdoings in an early stage to protect their stakeholders and shareholders interest. There have many earlier studies about whistleblowing from many other countries to conduct research on whistleblowing as researchers viewed there are needs to go in-depth of the various aspects that influence the results of whistleblowing. This is one of the reasons that why I have chosen this topic for my final year project.

The purpose of my research is to identify characteristics of Malaysian firms subject to

whistleblowing allegations, examine the economic consequences of such allegations, and thus reveal the role of employee whistleblowers in uncovering corporate financial misdeeds. This topic of whistleblowing have been conducted in the 1980s (Near & Miceli, 2008), and it has been came into discussion widely with the collapse of some of the American corporate firms such as Enron, WorldCom, Tyco and others due to acts of corporate wrongdoings or illegal practices. These malpractices or wrongdoings arguments have seen an increase in this study in many countries as researchers are keen to understand the various aspects on this whistleblowing matter. Because the incidence of whistleblowing has been increasing (Vinten, 1994), the phenomenon is seen as increasingly important. There are some example of collapse of Malaysian corporations due to poor corporate governance such as the collapse of Kenmark and Silver bird group financial fraudulent.

According to Kaplan & Schult (2007), that whistleblowing is an internal organizational structure that is fundamentally important for preventing and deterring corporate wrongdoing and questionable acts. Whistleblowing may be harnessed to the good of organisations (Vinten, 1992, p. 27) and organisations that foster whistleblowing will be able to improve their effectiveness and efficiency (Kaplan & Schultz, 2007). Near and Miceli (1995) found that employees who discover corporate wrongdoings will not disclose their observations to anyone in the absence of a sound internal reporting channel. This has clearly reveals that there are factors that could encourage and influence the working Malaysian to engage in whistleblowing in the workplace. What factors that could influence the behavior, characteristic and personality of an individual for whistleblowing will be discussed in this research. How employees perception on whistleblowing practices and how they perceived wrongdoing involving various unspecified unlawful activities will be studied in order to find out the differences and relationship among factors of whistleblowing.

Basically, there are two types of whistleblowing – internal and external reporting of

wrongdoings according to Dworkin & Baucus, 1998; Park & Blenkinsopp, 2009. If the wrongdoing is reported to parties within the organization, the whistleblowing is considered as internal, whereas the wrongdoing is reported to parties outside of the organization, then the whistleblowing is considered as external. Ethically, internal whistleblowing is preferred compared to external whistleblowing as external whistleblowing can cause serious damage effect to the organization if compared to the internal whistleblowing (Park & Blenkinsopp, 2009). In Malaysia, employees are still considered very fresh in dealing whistleblowing process relates to their obligation, they may not familiar with the internal or external parties for reporting any illegal practices. Hence, appropriate education needs to be conducted to raise their awareness and knowledge in order to improve the corporate governance practices in the organization.

Employee who acts as the whistleblower possibly will raise the illegal or improper practices conducted by someone in the company to their superior or management. The illegal or improper practices can then be identified as presented in Table 1. Employees may lack of experience and knowledge in highlighting such illegitimate activities to the company as they may fear from the consequences of whistleblowing. The consequences of the whistleblowing may result dismissal or termination of employment from the organization. Whistleblowers may face sanctions from their company as well as their co-colleagues for their act as majority of employees in a company perceived that whistleblowing as an action against or offend the interest of the organization (Beard, 2007).

This study is aim to find out the employee perception over whistleblowing in their workplace in the Malaysian firms. The consequences of whistleblowing will be discussed, explored and studied if there are any relationships with employee perceptions. The employees will include the company external parties such as supplier, vendor, contractor and customers. However, in this research, I will only address to specific internal employees to find out the company own employees' (excludes the external parties)

perceptions towards whistleblowing in their workplace.

Table 1	
Classification	Types of Wrongdoings / Actions against interest of the company
Stealing	Stealing of company cash, stealing of company property and belongings, accepting bribes, receiving commission from suppliers without company approval, use of own authority for personal gain, unfair advantages to contractor, and employee abuse of authority for own interest.
Waste	Waste of company resources by conducting improper practices, waste by a poorly managed project, and waste of organizational funds for unproductive events.
Mismanagement	Cover-up of poor performance and making false projections of performance. Influence public with false news and untrue information.
Safety Problems	Unsafe of non-compliant products and Unsafe working conditions.
Sexual Harassment	Unwelcome sexual advances/requests for sexual favors and verbal/physical contact of sexual nature.
Unfair Discrimination	Discrimination based on race, sex, religion, etc.
Legal Violations	Violation of law, Illegal practices, etc.
Source: Near et al. (2004), Siddhartha and Ankit (2010)	

1.1 DEFINITION OF WHISTLEBLOWING

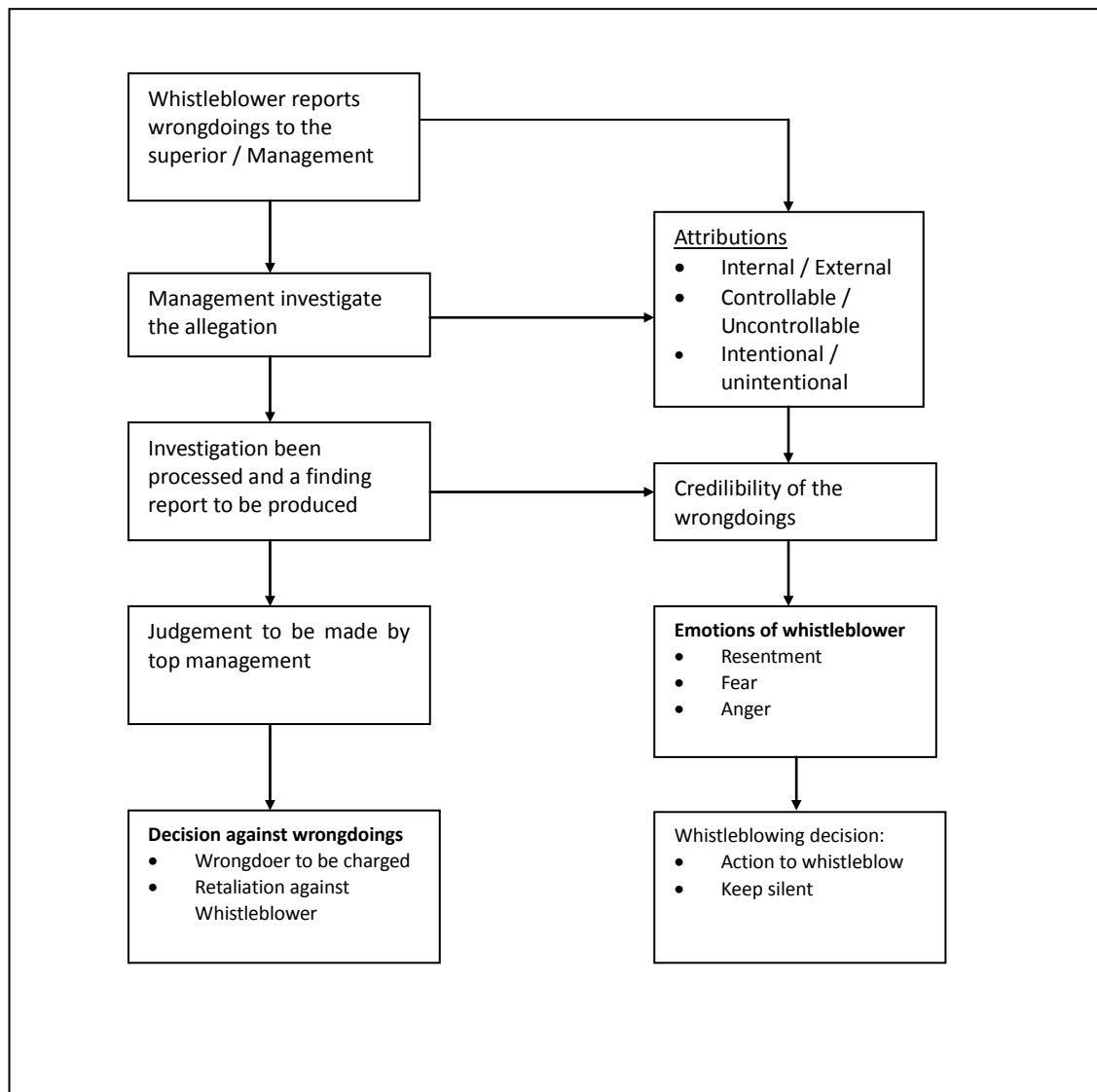
Whistleblowing is referring to the behavior or personality that is characterized not only by intent but also by action when employees are confronted with organizational wrongdoing (Bateman & Crant, 1993). Whistleblowing involves an individual with some level of unique or inside knowledge using public communication to bring attention to some perceived wrongdoings, problems and illegitimate activities (Johannesen, 1996; Seeger, 1997; Vinten, 1994). There are four elements to be involved for an act of whistleblowing to happen which are the whistleblower, the act of wrongdoing that is being reported, there are somebody probably the own employee in the organization is committing the wrongdoing and the party who is receiving the complaints of wrongdoing

from the whistleblower (Near and Miceli, 1985 and 1996; Dworkin and Near, 1997; and Rocha and Kliener, 2005). The act of the whistleblowing is not meant to damage the organization but it is to facilitate an investigation to be carried out in order to provide a better understanding of the true situation if the act is against the code of conduct and value of the organization (Miceli and Near, 1988). The whistleblowers have some unique characteristics that differentiate them from other employees as they may have certain degree of knowledge of the wrongdoing but have chosen to ignore it without report it to the concerned authorities as the whistleblower has own perceptions about the company as they may concern about the corporate image and reputation of the company. There are employees possess high level of loyalty towards their firms in which they may not wish to reveal any improper practices by their firm that they would like to keep silent for it.

Whistleblowing is behavior that is characterized not only by intent but also by action when employees are confronted with organizational wrongdoing (Bateman & Crant, 1993). Based on Near & Miceli, 1985, p.4, whistleblowing has been defined as: “the disclosure by organization members (former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action”. There are three things are required for whistleblowing to occur in organizations: wrongdoer(s) who commit the alleged wrongdoing; whistleblower(s) who observe the wrongdoing, define it as such and report it; and recipient(s) of the report of wrongdoing (Near & Miceli, 1996). Whistleblowing involves an individual with some level of unique or inside knowledge using public communication to bring attention to some perceived wrongdoing or problem (Johannesen, 1996; Segeer, 1997; Vinten, 1994). According to Bruns, Jackson & Zhang (2012) that the term “whistleblowing” can be used to refer to a variety of types of reporting by employees of the observed misconduct of others. This can be refer to some of the most common types of activities such as personal misbehavior like sexual harassment, discrimination, substance abuse and others. The common improper practices, mismanagement or wrongdoing usually will involve amount or monetary value which causes financially damage to the organization.

The definition acknowledged that whistleblowing about organizational wrongdoings can either be made or reported internally or externally and its main purpose is to rectify corporate wrongdoings and malpractices effectively. Though there are arguments contending that internal reporting of whistleblowing does not qualify as whistleblowing (see Courtemanche, 1988; Jubb, 1999), Dworkin and Baucus (1998) stated that to social scientists whistleblowing does includes internal and external reporting channels. The Whistleblowing decision and process can be illustrated by model below (Figure 1).

According to Vershoor, 2010 that “Whistleblowing is an open disclosure about significant wrongdoing made by a concerned citizen totally or predominantly motivated by notions of public interest, who has perceived the wrongdoing in a particular role and initiates the disclosure of her or his own free will, to a person or agency capable of investigating the complaint and facilitating the correction of wrongdoing.”

Figure 1 : The model of Whistleblowing process

Source (Gundlach, Douglas & Martinko, 2003)

1.2 PROBLEM STATEMENT

Due to the increase in the number of whistleblower claims, company especially the public listed firms may want to find out the problem association and to investigate the relationship in order to ensure their employees' ethnic and whistleblowing policy encourage early internal reporting of potential wrongdoing. To promote internal reporting, employees might lacks of the knowledge for the concept of whistleblowing such as the procedures, retaliation fears, perceived needs for enhanced credibility and the commitment to an ethic, all these must be addressed correctly as the processes in employee whistleblowing and the protection appears to be an important value in controversial whistleblowing decisions. According to Jensen 1987, Miceli & Near 1992, Redding 1985 and Seeger 1997 that the process to communicate the whistleblowing is very critical to an organization if they want to seek for a solution to control and monitor the situation of an illegitimate or unlawful activities that occur which may threaten the organization.

The problem concerned would be the barriers to whistleblowing. Employees have different viewpoints on whistleblowing. They concern about the retaliation which can be vary from minor harassment at the workplace to a severe consequences. Typically, if an employee has blown the whistle, the pressure will be increasingly placed on them to rescind their statement and refrain from further disclosures. Most employees' major concern is to be terminated of their employment. One of the objectives in this research is to find out the relationship between the employee perception and the seriousness of the wrongdoing associated with the corporate governance practices in Malaysian firms.

Research will need to be carried out on employees' point of views against the whistleblowing and the consequences of whistleblowing. If employees are placed under severe pressure to force them to resign from their job or they will need to force to accept for a dismissal of employment, this is then the main root cause that guidelines and policy

is not enough clear and transparent to ensure the good corporate governance. But, effective whistleblowing with proper guidelines is a key component of the strategy to challenge inappropriate behavior or individual personality at all levels in the organization. Whistleblowing is an instrument that been practiced by many countries throughout the world in support of good governance and a manifestation of a more open and transparent organizational climate. The issues now would be how to determine and judge for a successful whistleblowing in term of a healthy organizational culture is when the concerns on an illegitimate practice is raised internally with confidence about the internal procedures and then this concern is properly handled by the organization, then investigated and addressed the issue promptly. This research also intends to create awareness among the employees in Malaysia corporations in order to urge the potential whistleblower for compliance processes by not offending and violating their professional status. However, there are significant of pressure from the corporation that given by the employer to the whistleblower as whether the corporation is able to accept and tolerate the wrongdoings if the employee reveals its unlawful practices in the organization. It is also a question to evaluate whether the corporation could judge and treat fairly on the reported illegal practices in the organization that reported by its employee. This is also one of the reasons as to why a survey may need to be conducted to find out the employee perception towards their company working environment or culture in dealing with the whistle-blowing policy with the Whistle-blowing Act guidelines.

1.3 OBJECTIVES

Then main purpose of this research is to find out the employee's perception towards whistleblowing in relationship to the predetermined factors. This research aims to determine how employees perceive wrongdoings or any unlawful activities that occur in the workplace. In order to further pursue to find out the significant level of the relationship between the employees' perception and the predetermined factors in whistleblowing for wrongdoings in the workplace, the following objectives have been identified for promoting positive impact meaningful value to the research.

1. To identify the demographics factors that influence working Malaysian to engage in whistleblowing in workplace.
2. To determine the relationship between predetermined factors such as incentive rewards, retaliations influence the decision to whistle-blow, employee loyalty and the perceived seriousness of wrongdoings towards employee perceptions of making decision in whistleblowing.

1.4 RESEARCH QUESTIONS

This study will be using an exploratory factor analysis as there will be a sufficient empirical evidence or theoretical justification to form formal hypotheses. Exploratory factor analysis is used in the early stage of the research to gather information about the interrelationship among the variables of this study. The research questions shall be as follows:

1. Are there any relationship between the employees' perception and the employees' demographic factors such as age, gender and tenure in the organization in Malaysia?
 2. Are there any impacts of the incentives and rewards scheme on the employee's intention for whistleblowing or influence employee's intention to blow the whistle in their organization?
 3. Are there any relationship between the retaliation effect and the working environment for whistleblowing by an employee?
 4. Is the loyalty and trust of employee impacts on the consequences of whistleblowing?
- The Independent variable is the employee's loyalty and the dependent variable is the

consequences of whistleblowing.

5. Are there any relationship between the perceived seriousness of wrongdoings by an employee and the consequences of whistleblowing?

1.5 SUMMARY OF THE HYPOTHESES

The hypotheses are developed as below in order to correspond to the research questions as stated above:

- a) There is positive relationship between whistleblowing and male employees towards wrongdoing in the organization;

There is higher tendency to whistle-blow if the employees are older compare to the younger one;

Employees are more likely to whistle-blow if they are working long enough in the organization and closer to end their career or retirement;

- b) There is positive relationship between whistleblowing and the incentive rewards to be offered by the organization towards reporting the illegitimate and unlawful practices , misconduct or wrongdoings.

- c) There is negative relationship between the whistleblowing and retaliations to be taken by the organization towards employees reporting of the illegal practices.

- d) There is positive relationship between the whistleblowing and employees' loyalty and trust towards the organization. The higher level of employee loyalty may lead to higher level of employee's protection towards their firm which they may choose to keep silent instead of reporting of wrongdoing to the employer.

- e) There is positive relationship between the whistleblowing and the perceived seriousness of the wrongdoing by the employees.

1.6SIGNIFICANCE OF THE STUDY

This study will provide more relevant information to the company top management, future researcher or any of the government body to identify the factors and key issue that will influence the employees regarding of reporting any of the improper or illegal practices in the corporation which could determine the level of integrity of corporate governance in a corporation. It will identify whether the demographic factors, incentive rewards, retaliations, employees' loyalty and trust, perceived seriousness of the wrongdoing by the employees will influence the individual employee's perception toward whistleblowing.

The result of the study may help the company top management with in depth information and understanding the employee's attitudes and behavior toward reporting of issue of wrongdoing in the company. Therefore, the top management or the board of director will be able to take appropriate corrective action to resolve the issues in order to uphold the good corporate governance in the company which may sustainably uphold the investor confidence to continuously invest in their company for long term prospects.

Furthermore, this research will also provide a certain degree of valuable information to the government to identify the employees' attitudes and behavior toward the reporting of the wrongdoing. Therefore, government can form and revise the Whistleblowing Act from time to time as to protect the employees from being retaliated with unlawful treatment by the company. Even though there were earlier research and studies of the whistleblowing in 1980s which cited by Near & Miceli, 2008, however, the governance of some of the world big corporation was found surprisingly unjustified close down such as the collapse of Lehman Brother and Malaysia corporation such as financial fraudulent that happened in Silver bird group which had raised the awareness of the aspects of whistleblowing for practice of good corporate governance.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

In this chapter, I will explain with a more comprehensive review of the secondary data on this topic of whistleblowing. The definition of the nature of wrong doing and the whistleblower will be explained followed by the review of the relevant theoretical models. A proposed conceptual framework will be formed based on the research objectives and research questions. The hypotheses on each of the components will also be developed to be tested to review the relationship of employee's perception toward whistleblowing in workplace for Malaysian firms.

2.1 THE NATURE OF WRONGDOING

Different individual may have different definition or opinions for the types of action of nature of wrongdoing. Refer to the types of wrongdoing that provided in Chapter 1, there are different classification of wrongdoings such as Stealing, Waste, Mismanagement, Safety problem, sexual harassment, unfair discrimination and legal violations. For examples, some individual view accepting bribes or receiving commission from the suppliers should not be considered as wrongdoings because the specific business or transaction does not affect any of the company interest but they gain additional for themselves without affecting the real interest of the company. However, there are employees may be act strictly according to the company policy that accepting bribes or receiving additional commission from the suppliers will be considered as a serious wrongdoings. Company that does not state clear policy or rules and regulations is likely

to grant advantages to the employees to commit such illegal practices. According Near & Miceli (1996) that the classification of the nature of wrongdoing depends on the perception of the potential of the whistleblower. An example quoted by Near & Miceli, 1996 that while stealing paperclips may appear wrong to some employees, to others it is merely a minor distraction. Different individual may possess different opinions to judge for a wrongdoing. Observers must agree on what actually constitutes a wrongdoing before they can agree that the whistleblowing is valid or justifiable to be treated as an illegitimate activity in the organization. Different disciplines have taken different approaches (Near & Miceli, 1996). For example, the auditors would look for “materiality” to judge whether the wrongdoing is sufficiently costly to warrant pursuit (Miceli & Near, 1988). Some employees may look for other criteria such as image, reputation, environment effects to judge whether the activity could be treated as unlawful. Most observers expect the whistleblower to act on behalf of others, that is, for the benefit of some third party (Perry, 1992) but it is not always clear that this is the case. As Westin notes, “there is the danger that incompetent or inadequately performing employees will whistle-blow to avoid facing justified personnel sanctions” (Westin, 1981, pp.134-136). This means that there are employees may not possess the experience, knowledge and quality of analysis to justify a situation as wrongdoing which may not a real wrongdoing. Employee lacks of efficiency to judge may cause a havoc situation to the working environment which may negatively impact to the performance of others.

According to Bowie (1982) that whistleblowers are the requirements that “the act of whistleblowing stem from appropriate moral motives of preventing unnecessary harm to others that the whistleblower have ‘evidence that would persuade a reasonable person that the whistleblower perceive serious danger that can result from the violation’”. It also stated that the whistleblower is warned to use internal channels first, if possible, and to “act in accordance with his or her responsibilities for ‘avoiding and exposing moral violations’”. Most observers expect the whistleblower to act on behalf of others, that is, for the benefit of some third party or at least to appear to do so (Perry, 1992). According to

Miceli *et al.* (1991), the identity of the person engaged in wrongdoing may be directly relevant to the decision of whether or not to report. As regards who is affected, Miceli *et al.* (1991) suggest that observers of wrongdoing may be more likely to ignore if they do not think colleagues will be harmed.

Organizations being accused of wrongdoing would prefer that whistleblowers use internal channels to report the wrongdoing rather than external (Near, 1989). Bowie (1982) has implied that internal channel is the only moral action, unless the whistleblower expects that internal channel will result in retaliation against him. There was some early dispute among organization as to whether internal dissent could be defined as whistleblowing (Farrell & Petersen, 1982), empirical results have indicated that the basic process of whistleblowing tends to be the same in either case (Miceli & Near, 1992), although external whistleblowers may be more likely to suffer retaliation than internal whistleblowers (Dworkin & Baucus, 1995; Near, Ryan & Miceli, 1995).

2.2 WHISTLEBLOWER

Whistleblower is referred to employees who believe they have uncovered unlawful conduct by their employer have four choices: remain silent, resign to distance themselves from the unlawful activity, report their concerns to the employers, or go public (see Fincher, 2009). Those who take either of the last two routes are considered whistleblowers. According to Fincher (2009) that there are three types of employees who become whistleblowers: senior executives (e.g., vice presidents, company attorney), professionals (e.g., quality control technicians, training instructors, engineers and human resource managers), and hourly workers (e.g., electricians and maintenance workers). Whistleblower can also be refer to external parties as discussed earlier that those are not the employee of the organization but their supplier, vendor, customer and contractor that have business relationship. Those are also eligible to be the whistleblower if they reveal improper practices in the firm with prove and evidence.

Whistleblowers are considered either as heroes who attempts to protect the interests of the society at large against the illegal activities committed by the organizations to them or as traitors, or disloyal employees who act against the interests of the employer and the organization in order to achieve some personal gain (Hauserman, 1986; and Varelius, 2008). Whistleblowing is purely voluntary in nature, it is different in the case of internal auditors as it is part of their job description (Near and Miceli, 1985). According Fincher (2009), whistleblower can become highly emotional with severe stress as they need to confront their organization where they may be depressed and worry about their future of career with their organization. Whistleblower also worried as they normally viewed themselves as “blackballed” where they may be facing difficulty to engage new employment. “Whistleblowers have a strong sense of injustice” as cited by Fincher (2009). They perhaps may have their own perception and would use their very own opinions which related to religion as their guidelines to pursue justice to disclose wrongdoing to the employer. Some whistleblowers believed that their company would not take negative action on them for being disclose illegal practices, but, most of them disappointed that their company tends to ignore their explanation and without any evaluation for feedback on their action. This may lead to reduce in employees’ productivity, employee’s morale and work performance.

2.3 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

There were researches have shown that whistleblowing were influenced by demographic factors (Vedera, Aguilera & Caza, 2009), monetary awards or incentive (Lendez & Sliger, 2010), retaliation (Dasgupta & Kesharwani, 2010), employee loyalty at workplace (Lewis, 2011), and perceived seriousness of wrongdoings (Miceli & Near, 1992). The level of managerial and supervisory and the severity of the wrongdoing support for the whistleblower plays a part, with higher levels of support tending to shield whistleblowers and in terms of its implications for the organization seems related to retaliation as cited by

Johnson, Sellnow, Seeger, Barrett & hasbargen (2004).

Previous studies have focused largely on influencing factors such as individual factors, organizational factors and situational factors. In this research, I will find out the impact of the situational variables on the employees' whistleblowing intentions. The variables examined for the situational factors are demographic variables, incentive and reward, retaliation, employee loyalty and perceived seriousness of wrongdoings. Perceptions of whistleblower credibility and motivation are fundamental to answering ethical questions and provide the basis for larger arguments and strategies for both attacking and defending whistleblower (Seeger, 1997).

The strength of relationship is an important element to find out the costs and benefits associated with the decision to report wrongdoing (Schultz & Hooks, 1998). Previous research according to Miceli & Near (1992) shown that a variety of individual level factors are associated with the decision to report the wrongdoing which includes demographic characteristics such as age, gender and tenure to the organization. However, research on gender, age and tenure and personal morality as predictors of whistleblowing has provided inconsistent results (Near & Miceli, 1996). Even though, there were inconsistent results regarding gender, age and tenure, some research still able to show that whistleblowing is positively related to being male (Miceli & Near, 1998). Stansbury & Victor (2009) had demonstrated that short-tenured employees perceived less informal prosocial control and that informal prosocial control boosted whistleblowing. Tenure is found to be negatively related to external whistleblowing and positively associated with internal whistleblowing (Vadera, Aguilera & Caza, 2009). Generally, it have been identified that whistleblower are less familiar with the internal channel for reporting of wrongdoing but they may be more familiar with the external channel for reporting of wrongdoing as they perceived themselves lacks of authorities in their organization. Therefore, for newly joined employees, they may not concern on any illegal practices and less likely to blow the whistle in their own organization.

According to Lendez & Sliger (2011) that incentive and rewards may encourage the whistleblower to step forward as monetary rewards may boost up individuals confidence who report the illegal practices. Should the proper behavior be rewarded? According to Vershoor 2010 “Actions that should be taken in response to the new legislative and regulatory mandates are many and basically involve assuring the effectiveness of an organization’s ethics and compliance Whistle-blowing program.” The new potential financial rewards may greatly motivate employees to bypass reporting wrongdoing internally as required by most organizations (Vershoor, 2010). It shows that employees may be motivated by financially attractiveness as some observers believe that to counteract this tendency, rewards of financial nature should be awarded to those who follow the rules and utilize internal reporting structure. Rewards of monetary nature with not just verbal recognition by the company may encourage internal employees to raise their concern on certain wrongdoings or to share their point of views on certain improper activities that happen in their organization. Monetary rewards or incentive rewards could provide greater rewards to employees who disclose wrongdoings to their employer for justice in which will strongly structure an ethical culture and good governance of working environment. The rewards to individual could in financial form or promotion of status of position in the organization. By having such rewards scheme, this might contribute more fraudulent activities reporting and disclosure of wrongdoings within the organization. As cited by Joseph, Schultz and Karen (1998) that the benefits in term of rewards of financial or monetary, promotions and others positive recognition may contribute substantially to influence the decision of the employee to step forward as whistleblower to report the illegal practices in the organization. There are other research found that rewards influenced the observer’s tendencies to blow the whistle. However, there are also research found that the rewards of personal monetary have no impactful effects to influence the intention to whistle-blow according to Miceli and Near (1992).

Retaliation is one of the consequences of the act of whistleblowing that against the whistleblower by the organization (Dasgupta & Kesharwani, 2010). According to

Dasgupta & Kesharwani (2010) that there are several types of common retaliation such as spotlight the whistleblower where the employers will try to attack the source rather than to address the wrongdoing, manufacture a poor record where the employees may be given poor evaluation from the supervisor, employer threaten employee to keep silent with termination of service, employer isolate or humiliate the employees, Set employees up for failure with burdened with additional responsibilities, employer prosecute the employees with fault information and employer eliminate the employee jobs by not granting them any promotion opportunity. These have prevented the employee refusal to engage with the whistleblowing for unlawful conduct in their organization.

Expected reporting costs often involve prospective retaliation based on earlier research. Arnold and Ponemon (1991) reported that threatened retaliation lessens the likelihood of reporting. This means that employee may not be willing to report wrongdoing as they might afraid of the retaliation against them. A system which allows anonymous reporting would reduce expected costs since anonymity is associated with increased reporting frequency (Miceli & Near, 1992). "As the rank of the manager committing the wrongdoing increases, the expected reporting costs increase and the reporting frequency decreases" (Dozier & Miceli, 1985). This means that a highly sensitive communications may result a trustworthy prospective report recipient can be expected to decrease the reporting cost.

Whistleblowing can be regarded as an act of loyalty, organizational citizenship and prosocial behavior rather than disloyalty or deviation (Lewis, 2011). Lewis 2011 suggested that the introduction of employment protection rights for whistleblowers has implications for the way in which trust and loyalty should be viewed at the workplace. According to Randels (2001), loyalty involves a complex of passions and character traits such as commitment with outward actions springing from them. Thus, it is more readily identified by character-based ethics. Based on the Malaysia Company Act, 1965 that employees have a duty to be loyal to their employer and an obligation to safeguard their

interest. Westin (1981) reported that the majority of whistleblowing regarded themselves as loyal employees who endeavoured to use internal whistleblowing, but when they suffered from reprisal, they may use alternative external whistleblowing. This implied that an employee will have less loyalty to the organization if there is no positive outcome from internal reporting. Employee might choose to remain silent on future occasions when wrongdoing is perceived. Whistleblowing can also be viewed as a power struggle between social and actor (Near & Miceli, 1987). Employees are always concern of their family where they always obliged towards family, therefore, they would give more priority of their time to the family compare to take action to pursue justice of reporting of wrongdoing in the organization. Hence, how loyalty and trust could be defined and viewed in such environment of workplace? Loyalty could be viewed as one of the factors of influencing the behavior to blow the whistle.

Miceli and Near (1992) have identified employee concerns about the seriousness of the wrongdoing as one of the situational variables contributes to the decision to become a whistleblower. According to Lewis (2011) that organizations and individuals react to revelations of wrongdoing will depend to some extent on its nature and seriousness as well as the amount of evidence available. Values will shaped by moral perceptions and ethical reasoning if a person views it at his or her personal level (Chiu, 2002) as it was beyond the employer's control as the code of ethics and whistleblowing policy is likely to influence the employee's working attitude to the wrongdoing. The code of ethics and policy by the company are always acted as a guideline to the employees and is subjected to the employees to follow the discipline based on their own mindset, personality and behavior. The personality value of oneself is hardly to be judged by rules or standards as it's subjective to individual own thinking and mindset. Therefore, the standard to judge the seriousness of the wrongdoing will be always depends on individual's perception. Individual perceives a high congruence between personal and organizational values (Near & Miceli, 1996). The conflicts may exist between internal codes of ethics and those applied by professional bodies (Brennan & Kelly, 2007). This could result to a clash of

employee loyalties. This means that for example duty of loyalty of an employee requires the employee to adapt to the methods of the job function in order to render faithful service. However, there might be confusion of the job function and the professional standards as required. Therefore, should the employee be commented as breach of contract of employment? It's subjective based on difference description of wrongdoing by different employee.

According to Lewis (2011) that it may not be enough merely to identify wrongdoing from a potential whistleblower's perspective as it may be relevant to assess the amount of harm and the probability of its recurrence. Thus, the anticipation of serious physical harm may be more likely to result in whistleblowing than the expectation of more modest consequences. The fear of reports of very serious organizational wrongdoing might lead to retaliation which might act as a deterrent (Dozier & Miceli, 1985). Employees may fear of retaliation as a result from whistleblowing where they fear that they are not being protected under the whistleblowing Act. This implied that the whistleblower will report the improper activities to their employer due to the level of seriousness may probably provide harmful effects to the environment and others. But, they might still worry on the retaliation will be taken against them which will influence their behavior to blow the whistle with utmost true efforts.

2.31 DEMOGRAPHIC VARIABLES AND WHISTLEBLOWING

In the previous researches shown that gender, age and tenure of respondents have influences for individual employees to whistleblow the wrongdoing (Vadera, Aguilera & Caza, 2009). However, the findings regarding gender and whistleblowings are quite inconsistent. According to Vadera, Aguilera & Caza (2009) shows that whistleblowing is positively related to being gender of male; there are also a positive association between whistleblowing and being female; whereas others find no relationship between gender and whistleblowing. According to Near & Miceli (1995), men tend to occupy higher status positions in organizations and may have more credibility than women. Therefore,

male employee will have high possibility to report wrongdoings compare to female employee based on male have different perceptions towards whistleblowing than female. This is merely based on the previous research on gender and the whistleblowing. In reality of the Malaysia corporations, the results from this research may provide different perception towards gender and the whistleblowing.

As previous research shows that whistleblowing with regards to age, older organizational employees would have higher understanding of the authority and control systems within their organizations and have higher freedom to whistle-blow as compared to new join employees (Keenan, 2000; Sims & Keenan, 1998). Older or longer service employees may be more familiar with the organization operation and working environment where they are more confidently to judge on any improper or illegal activities that occur in their organization. Therefore, older employees have higher chances and possibility to report wrongdoings compare to the new join employees. Based on Miceli & Near (1988) research supports that older employees are more concerned about the effects of reporting of wrongdoing on their own career. However, according to Sims & Keenan (1998), it found that age is not a significant predictor of the intention to whistleblow. In this research, I proposed that older employees would have a greater tendency to whistle-blow compare to the younger employees as they may be more experience and more confident to judge on a wrongdoing with proper channel and procedure compare to younger employee.

According to Near & Miceli (1995) that senior employees are more likely to whistle-blow because they are closer to end of their career (at the retirement stage) thus possess high level of power and organization commitment. New employees may have less experience to judge how the corporate culture operates and less concerned in stopping the wrongdoing (Dworkin & Baucus, 1998). Miceli & Near (1992) stated that new employees may have less familiar with appropriate channels for reporting the wrongdoing. This research hypothesizes into three sub-hypotheses that;

H1a: Employee is more likely to whistleblow if the person is male;

H1b: Employee is more likely to whistleblow if the person is older;

H1c: Employee is more likely to whistleblow if having longer tenure in the organization;

2.32 INCENTIVE REWARDS AND WHISTLEBLOWING

In America, the Dodd-Frank Act was established lucrative monetary awards for whistleblowers, creates additional anti-retaliation safeguards for individuals who report violations (Lendez & Sliger, 2010). According to Lendez & Sliger, 2010 that under Dodd-Frank Act, a person who provides “original information or prove of evidence” about a securities law violation to the Securities and Exchange Commission, which leads to a successful enforcement action resulting in monetary sanctions exceeding \$1 million, is now entitled to collect at least 10 to 30 percent of the total penalties imposed by the agency as rewards for being whistleblower of the illegal practices. Lendez & Sliger, 2010 also stated that due to the expected increase in volume of whistleblower claims, organizations will want to ensure their ethics and compliance programs encourage early internal reporting of potential wrongdoing, enable them to conduct thorough and timely investigations of allegations and result in prudent decisions regarding self-reporting. The type of wrongdoing and its incentive and rewards for whistleblower has been found to be positively related to whistleblowing where employees are more likely to reveal improper practices in the firm if there are incentive policy to rewards the genuine whistleblower (Lendez & Sliger, 2010; Schultz & Hooks, 1998; Schwartz & Wilkinson, 2012).

Incentive rewards could be sometimes act as an encouragement to the employees for putting efforts in their position to safeguard the operations and practices in the organization are being operating and running honestly under rules and standards. This also means that employees are more willing to expose the wrongdoing if there are policies implemented to protect them from retaliation with incentive scheme to encourage them to

step forward to become the whistleblower for reporting the wrongdoing or any illegal activities that they have found in any department of their organization. This implied that employees may have a perception that if there are rewards scheme to be granted which means they might be protected from disclosing the wrongdoing as they viewed that there are incentive to be given and encouragements by the organization for reporting the illegal practices. My research hypothesizes that:

H2: The implementation of the incentive rewards scheme for the whistleblower will influence positively on employees' intentions to blow the whistle.

2.33 RETALIATION AND WHISTLEBLOWING

According to Beard (2007) that retaliation occurs when an employer take negative action against an individual because he or she has reported violations or has taken other actions protected by law. The retaliation can take many forms and there are several studies that discuss the types of forms of retaliation by the organization. A number of studies have concluded that those who speak out face the threat of retaliation (Miceli & Near, 1992; Parmelee, Near, & Jensen, 1982). A whistleblower who is not perceived as credible is more likely to face retaliation (Elliston et al., 1985; Jensen, 1987). Parmelee et al. (1982) found that organizations are more likely to retaliate against highly valued employees who speak out against those whose charges lack external support. Employees view retaliation as a threat which may prevent them to report wrongdoings to the employer. Even though there is whistleblowing policy enforced for protecting the whistle-blower based on government laws; however, employee remains to perceive that the whistleblowing policy does not guarantee a secure protection for the whistleblower. They perceived that company might not practice a fair and transparent mechanism to ensure effective internal reporting of wrongdoing procedures. They have less confident in the company policy as the management holds the absolute autonomy to judge all type of allegations of misconduct without their acknowledgement in a reasonable way. This also implied that

culture of the working environment may influence on the employees perception towards whistleblowing and its reporting procedures. Employees need support from the top management as they perceived support an encouragement to report unethical practices to the employer.

Retaliation is also associated with the choice of external channels (Johnson, Sellnow, Seeger, Barrett & Hasbargen, 2004). It stated that when a whistleblower chooses to make accusations public rather than agitate for change within the organization, the probability of serious retaliation rises. The organization will most likely to take action to judge on the whistleblower's intention for reporting the specific unethical practice as they concerned image and reputation of the organization for long term profitability. According to Clark, 1992 and Devine & Aplin (1988) that whistleblowers may collect evidence to bolster the credibility of their charges and recruit other employees for support before communicating externally for reporting the unethical practices. As there are damaging effects resulted from unethical practices by the organization, therefore, there are needs to increase emphasis on developing the professional codes of ethic and policy adherence to the government laws and regulations as organization needs to responsible to react to any wrongdoing reported. There is always a question related to employee tendency to blow the whistle on unethical conduct, will retaliation taken on the whistleblower? Is the retaliation been considered as a lawful practice? Even though company practices policy to encourage employees to raise concern on any of the wrongdoings and the policy also will protect the employees from retaliations or any negative action to be taken by the company against the employees, however, employees are more concern of the real intention by the company for developing the policy where employees may perceive the whistleblowing policy as a threat to their position in the company. The research expects that action of retaliation against the employees for whistleblowing may be associated with the employees' tendency to whistle-blow, this leading to hypothesizes that:

H3: Employee is unlikely to whistleblow if retaliation will be taken against them after they have revealed the details of improper practices in the organization.

2.34 EMPLOYEE LOYALTY AND TRUST AT WORKPLACE

Organizations can become successful in designing procedures that create an effective peer reporting system by carefully considering specific detail procedures or steps to ensure that the ethical conduct expected by management is strongly emphasized, that employees are treated fairly and encouraged to develop loyalty and positive feelings toward the company, and that communication channels are designed to support effective feedback (Bruns, Jackson & Zhang, 2012). There are always arguments that in many situations when the employee blows the whistle to the employer, whether the act of whistleblower can be treated as an act of loyalty and honest behavior rather than disloyal or insubordinate behavior. If the employee blows the whistle to highlight the unethical conduct in according the reporting system in place with good intention but as a result they are being treated unfairly with unlawful act, therefore, is loyalty and trust an effective communication system to promote internal reporting system for effective whistleblowing? Bruns, Jackson & Zhang (2012) also stated that previous researches evidence have been sufficient to allow the firms to design the effective peer reporting system into three categories which includes ensuring the proper ethical environment in the corporation; enhancing the perception by employees that they are being treated fairly by the corporation, and balancing communication issues among employees as well as between employees and upper-level of management. Thus, it would create loyalty among employees for willingness to report wrongdoings in the corporation.

Loyalty usually required employees to adapt themselves to the working environment by obeying all company policy, rules and regulations with giving most honest services to the company. Employees are obligated to carry out their duties in good faith as stipulated in their contract of employment or service agreement. However, there are conflicts between the loyalty and the employees' obligation. It is understand that employees are obligated to carry out their duties in an honest and upright manner, but obligations of oneself are hardly to be described in words or in writing paper as it is derived from the employees themselves that require them to act with high level of integrity and honesty in the interest

for the company. Employee with high level of loyalty will make a good relationship and good communication with trust to the company.

Lewis (2011) suggested that in his research that he stated the concept of loyalty and trust are related to the whistleblowing. The trust can be defined that one party's willingness to be vulnerable to another based on the confidence that the latter party is benevolent, reliable, competent, honest and open as cited in the research conducted by Tschannen-Moran & Hoy (2000). It is stated in the contract of employment of the employee about loyalty and trust at work and they are always required to carry out their duty in good faith with high integrity and honesty. However, it is difficult to justify employees' obligation with the level of loyalty and trust towards their duties at workplace. In reality, whatever protection may be offered by the employer to the employees in writing for being reporting any unethical practices, there are always legislatives and laws imposed when the whistle is blown. As an evident from Enron whistleblower Sherron Watkins's chronicles (Swartz & Watkins, 2003) in the *Power Failure: The Inside Story of the Collapse of Enron*, the person may decide to blow the whistle after taking into account one's relationship with the organization, supervisors, subordinates, colleagues and peers and family. This implied about the loyalty is positively related to employee when one is making difficult decision in the whistleblowing. Whistleblower will concern on a lots of factors on the perspective on loyalty and trust before making a decision for whistleblowing. The whistleblowers need to consider many factors before they make a decision as the decision made is likely to affect their future in life. There are always questions whether a loyal employee will reveal any illegal practices in the firm or they rather choose to keep silent on such wrong practices as they take into consideration of their loyalty and trust towards their firm. Thus, I hypothesize that:

H4: Employee loyalty makes an impact on the whistleblowing process.

2.35 PERCEIVED SERIOUSNESS OF WRONGDOINGS

There are different perceptions by different individual towards the seriousness of a particular wrongdoing. As what have been stated in Chapter one that different individual may view at a different level of seriousness for a particular wrongdoing. The nature and severity of the corporate wrongdoings in question may affect decisions to whistleblow. Seriousness can be viewed as financial consequences (Miceli & Near, 1985) safety and health risks, and frequency of wrongdoing according to Callahan & Dworkin (1994). The communicative process of blowing the whistle is critical for organizations and societies seeking to monitor areas of emerging risk that are threatening to an organization's established routines and assumptions (Jensen, 1987; Miceli & Near, 1992; Redding, 1985; Seeger, 1997). In this research, I will examine the employee disclosure of serious side effects associated with the consequences of the whistleblowing. According to Miceli and Near (1992), the researchers have identified the nature of the wrongdoing concerns about the seriousness of the wrongdoings as a situational variables that contribute to the decision to become a whistleblower. There is also a question related to the whistleblower concerns about the level of seriousness and the quality of the improper practices that whether the organizational factors such as the working culture and the codes of practice in place have impactful influence for whistleblowing? Is the unethical practice related to the culture of the organization which may impact the culture of working environment?

The organization working culture may contribute to the whistleblowing of the wrongdoing in organization. According to Lewis (2011) that an organization with a proper code of ethics and Whistleblowing policy in place are most likely to influence the employee's attitude and behavior towards the unlawful practices in the company. However, it would depend on the individual's perception that to disclose the wrongdoings based on its seriousness of the case. Employees have different perception towards the seriousness of the offence. Different perception will response or react differently for evaluating a wrongdoing. Employee may voluntary disclose the wrongdoings if they find it serious enough to report to the employer. There are employees refrain from disclosing

the wrongdoings due to other factors such as fear of reports which might lead to dismissal and retaliation with unlawful treatment by their employer such as decrease of salary and downgraded of position or perhaps they may be transfer to other irrelevant department or remote working location. If they find that they are not being protected or supported by the top management, probably the employee will choose to resign from the company as they are no longer feeling happily working in such environment and secure to continue their career with the company for long term relationship.

Different level of seriousness of a particular of wrongdoing has proven the fact that different case may impact individual's intention to blow the whistle. As discussed earlier some may viewed stealing a paperclip a wrongdoing behavior, however, some viewed it a normal practice. Near and Miceli (1990) found that whistleblowing effectiveness was associated with types of wrongdoing. Kaplan and Schultz (2007) also provided evidence that individual's reporting intentions are influenced by the nature of the case. The type of wrongdoing and its perceived severity has been found to be positively related to whistleblowing (Ayers & Kaplan, 2005; Kaplan & Schultz, 2007; Miceli & Near, 1985; Near & Miceli, 1996). Hence, my research hypothesizes that:

H5: The more seriousness of the wrongdoing, the higher the influence on employees' intentions to whistle-blow.

2.4 THEORETICAL MODEL

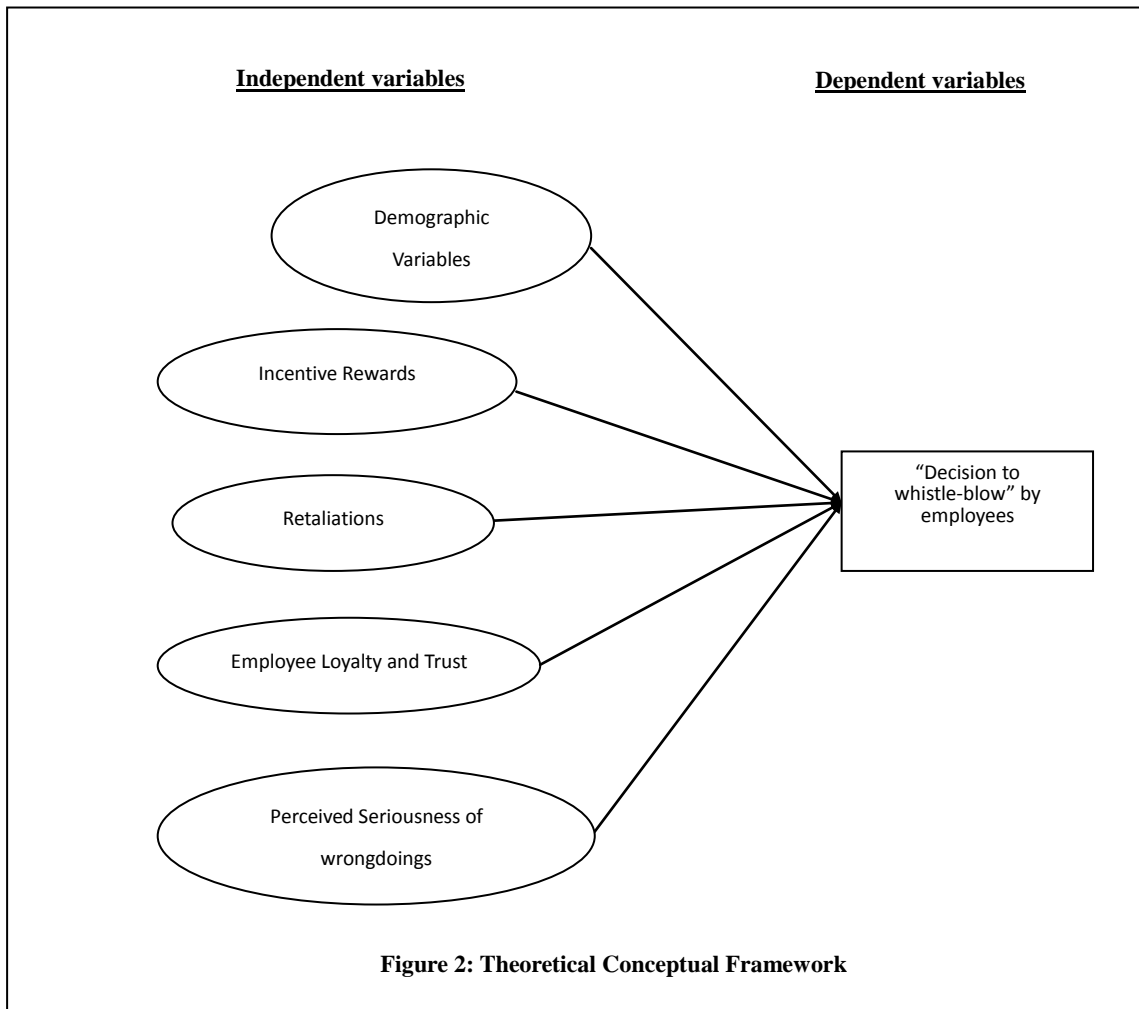
The theoretical model will be based on the objectives of this research which are to find out the employees' perception of whistleblowing, to find out the relationship between the consequences of whistleblowing and the demographic variables, incentives and rewards, retaliations, employee loyalty and trust, and the perceived seriousness of wrongdoings. This will be used to conduct research to find out the relationship how employees perceive wrongdoings or unethical practice in the workplace. In order to further pursue to find out

the significant level of the relationship between the employees' perception and the whistleblowing for wrongdoings in the workplace, employees' understanding of the concept of whistleblowing to promote ethical working attitude and behavior towards reporting of wrongdoing in the workplace have been identified for promoting positive impact to support the model of the whistleblowing in this research. The theoretical model of this research is about the demographic variables, organizational and situational factors that may affect and influence the Malaysian employees' whistleblowing intentions in the situation if they have encountered any illegal practices that they may perceive as a wrongdoing where they need to raise it to their employer by following the proper internal reporting procedures based on the whistleblowing policy.

2.5 PROPOSED THEORETICAL CONCEPTUAL FRAMEWORK

Hypotheses are formulated to examine the relationship between the independent variables (demographic data, incentive and rewards, retaliation, employee loyalty and trust, perceived seriousness of the wrongdoing) and dependent variables (perceptions over whistleblowing). In this whistleblowing research, personal characteristics found to be related to whistleblowing, therefore, hypotheses have been formulated to be tested for the relationship between consequences of the unethical conduct or wrongdoings and the demographic data. Hypotheses also have been formulated to be tested for the relationship between consequences of whistleblowing and the demographic factors, Incentive and rewards, retaliation, employee loyalty and trust, perceived seriousness of the wrongdoing. Figure 2 has shown the proposed theoretical conceptual framework.

Figure 2 : Theoretical Conceptual Framework



CHAPTER 3

RESEARCH METHODOLOGY

3.0 RESEARCH METHODOLOGY

An empirical study will be carried out in this research to find out the employees' perception towards the whistleblowing in the workplace of Malaysia companies. Data will be collected from diverse samples of organizations such as business organizations, non-profit organization, external parties related to the organizations such as the suppliers, contractors, vendors, customers and other related parties. The participants should be employed in various listed and non-listed companies in Malaysia and came from diverse industrial sectors. Data collected from diverse samples may produce more consistent results. Respondent will consist of male and female employees working in small to large companies in a variety of industries in Malaysia. Prospective participants will be given the questionnaire either by email, by hand and also some would be conducted by face to face interview where the respondents will be asked to complete a questionnaire focused on ethical practices at work in their workplace. The respondent in this research will be employees employed by organizations have more than 20 headcounts operating business activities in Malaysia. Small organization with staff strength at least 20 employees to large organization with employed over thousand employees will be selected for distributing the questionnaires. The respondent may also consist of the suppliers, contractors, vendors, customers and other related parties. The age group for the target respondent shall be from age 22 to age 60 with holding at least a position of Junior Executive and above in the organization.

3.1 RESEARCH APPROACH

This research will adopt quantitative research method which is a form of conclusive research and involves a large representative sample and structured data collection procedures will be used. I will use the quantitative research approaches which are considered as exploratory research. Exploratory research is referred to gather information about the interrelationships among a set of variables. The independent variables are referring to demographic data, incentive and rewards, retaliation, employee loyalty and trust, perceived seriousness of the wrongdoing and the dependent variables are perceptions over whistleblowing.

3.2 THE SAMPLE

The sample will be drawn from various companies from small to large firms (listed and non-listed organization) with different category of employees includes its external parties such as suppliers, vendors and customers. The demographic composition of the sample can be considered employees and its related external parties such as suppliers and customers of small to large firm in a variety of industries in Malaysia which include peninsular and east Malaysia. I would expect to obtain a sample size of more than 100 employees will respond to this questionnaire. I will try to send out 500 questionnaires by email and with some are conducted by face to face interview to at least 10 public listed companies and also to small medium enterprise. I would expect at least a 20 per cent of the successful respond rate (20 per cent of the 500 distributed questionnaires). The target respondent as mentioned shall be ranged from age 22 to age 60 with holding at least a position of Junior Executive and above in the organization. The sampling techniques to be used in this study will be probability technique and also non-probability technique. The respondents have been selected from the group of professional in accounting and administration to conduct with the questionnaire survey. Non-professional group such as the junior executive from sales and marketing department have also been chosen to

conduct with the questionnaire survey for this research.

3.3 THE QUESTIONNAIRES

Further literature reviews will be performed to identify various factors influencing the employees' whistleblowing. In this research, whistleblowing will be measured by the first presenting employees such as witnessing or has witnessed an unethical, illegal or illegitimate practice at work openly reports the case to the top management in hope to change the practice. The questionnaires structure will be designed to obtain relevant data to run the analysis. For example, awareness of wrongdoing will be measured by requesting the respondent if they had personally observed or obtained direct evidence of accounting fraud in their present companies within the last five years. Respondents who observed at least one type of wrongdoing will be classified as aware of wrongdoing. The variables to be measured will be identified in order to develop the questionnaires effectively. Another example would be experienced retaliation can be measured with a single, binary item asking the whistle blower if they had experienced retaliation.

Pilot test of a total of approximately of 10 to 15 samples will be carried out to pre-test the questionnaire in order to refine the questionnaires and some changes can be made to improve the presentation on the questionnaire. The respondents for this pilot test will be most probably my course mates in this MBA programme and lecturers from UTAR. The data for this pilot test have been collected through online email. A total of 10 respondents have submitted their answer for the questionnaire through online.

After collecting the data for this pilot test, some minor amendments and editing have been made to the questionnaire on the wording and sentence of the questions. The SPSS software was used to find out the reliability of the scale based on the Cronbach's alpha value. Based on the research conducted by Hair, Anderson, Tatham and Black (1998), the research implied that Cronbach's alpha value may be reduced to 0.5 in an exploratory

research. I have based on this guideline as reference for testing the reliability of data collected in this research.

3.4 MEASUREMENT

The questionnaire is fully conducted in English where respondents are required to choose the appropriate options given and Likert scaling points on the questionnaire best describe themselves. The questionnaire is divided into three sections that are Part A (Biographical Details), Part B (Perceptions of Whistleblowing), and Part C (Consequences of Whistleblowing). In Part C, respondents are required to choose and answer the structured questions with scales and dichotomous. Refer to Appendix for sample of the questionnaire.

An online survey questionnaire has also been conducted where the questionnaire have been emailed to 500 respondents who includes the UTAR MBA and MBACG Course mates, Executive employees from listed and non- listed firm to invite them to participate in the survey questionnaire. I have also conducted face to face interview by explaining to them based on the questionnaire to some of the employees from different firms during lunch hours for collecting data in this research. I have just noticed that majority of the employees have not experienced whistleblowing and they are not familiar with the whistleblowing policy and some of them are really unaware that there are internal reporting procedure channel to bring illegal practice for justice. However, they are aware that they could always raise their grievances through their company human resource department for management knowledge and evaluation if they have encountered any of the illegal practices or improper practices by other employees.

Table 3.1 Employees' perception on whistleblowing construct and measurement units

Reference	Key variables	Sample measurement units
Dworkin and Baucus (1998)	Age; gender; level of education; tenure of service; seriousness of wrongdoing; retaliation and termination of employment	<ol style="list-style-type: none"> 1. Demographic profile (Section A of the questionnaire) 2. Employee will report regardless of type or seriousness of the wrongdoing. (Section B, B1.1) 3. Employee will go to any extent to bring justice to the employer. (Section B, B1.3)
Schwartz & Wilkinson (2012)	Incentive rewards; Incentive scheme; monetary rewards	<ol style="list-style-type: none"> 1. Employee will only report if there is a financial reward. (Section B, B1.2)
Johnson, Sellnow, Seeger, Barrett & Hasbargen (2004)	Retaliations; being issued of warning letter; terminated of employment; no promotion opportunity	<ol style="list-style-type: none"> 1. If employee were to report the wrongdoing, his/her employer will retaliate. (Section B, B1.4) 2. If employee were to report the wrongdoing, he/she will be dismissed by the employer (Section B, B1.5) 3. Employee will prepare to resign if to report wrongdoing. (Section B, B1.6)

Tschannen-Moran & Hoy (2000)	Employee loyalty and trust; reliable; competent; honest; open; positively feeling;	<ol style="list-style-type: none"> 1. I have got a strong supportive ethical culture in my firm. (Section B, B1.7) 2. Loyal employee will not report the wrongdoing in any circumstances. (Section B, B1.8) 3. Most organizations have established a proper internal complaint reporting procedures. (Section B, B1.9) 4. Employee is willing to report wrongdoing as it may result in bad publicity to the firm (Section B, B1.11)
Kaplan & Schultz (2007)	Perceived seriousness of wrongdoing; financial consequences; safety and health risks; frequency of wrongdoing;	<ol style="list-style-type: none"> 1. Employee is not willing to report wrongdoing as it will lead to unfavorable consequence (s) to the employer. (Section B, B1.10) 2. Employee is willing to report wrongdoing if it results in significant adverse financial impact. (Section B, B1.12)

3.5 DATA COLLECTION

Primary data will be collected through the employee survey by the form of questionnaires. The type of information can be reclassified as research data which will be treated as numeric and verbal (interviews). Both secondary and primary data (survey) will be collected. Data will be collected at a certain period. The total time frames of about 10 weeks have been used to collect the data for this research. Primary data has been collected through structured questionnaires administered during personal interviews and also will send out by email. Mailed questionnaire with the replied paid envelope will also be distributed at random with assistance of some the companies HR personnel.

Face to face interviews have been conducted on employees from unlisted firms as I need to explain to them (respondent) who included the executive and the manager level for the definition and details of the contents of whistleblowing where majority of them are unaware of the purpose and objective of the whistleblowing policies and procedures in Malaysia. As mentioned earlier, I experienced that majority of the respondents of this survey are not aware the Whistleblowing Act in Malaysia and they are not familiar with the internal reporting procedure and channels to bring any unlawful practices in their firm to justice. It has been noticed that majority of the unlisted firm employees are not really understand and aware of the whistleblowing policy with the true definition of such policy.

In this research, a total of 162 respondents have been successfully returned with questionnaire in answer. This means that the respondent rate is approximately 30% on 500 questionnaires. All respondents have been given clear information for completing the questionnaire. The data were collected through emails and face to face interview within a time frame of approximately 10 weeks as mentioned earlier.

3.6 DATA PROCESSING AND ANALYSIS

The returned questionnaires will be checked through and to be inspected to their acceptability level for their data provided. The data will then be edited and coded as necessary. For the section A of the questionnaires, all the data will be entered to a statistical software system called “SPSS” which will be used to process the data and results. The technique used during the analysis will include the descriptive analysis, frequency distribution, factor analysis and etc. The results of the demographic characteristics of the employees will be reported by using graphs such as histograms and bar graphs. Reliability test will be carried out to measure the respondent responds to ensure the consistency of the research findings. Cronbach’s Alpha value of each of the variable will then be reported to justify its reliability of data collected for this research.

3.61 INDEPENDENT SAMPLE T-TEST

Independent sample t-test is used when we want to compare the mean score on a continuous variable for two different groups. In this research, Independent sample t-test will be used to test hypothesis 1a to find out whether there are any significant difference between male and female group. If the P value is lower than 0.05, the hypothesis 1a will be rejected. If the P value is greater than 0.05, the hypothesis is not supported.

Independent sample T-test will also be used to test the hypotheses 1b and hypothesis 1c to find out whether are there any significant difference between the age groups where there are senior employees are more likely to whistle-blow compare to junior employees in term of age. Are employees having longer tenure in the organization are more likely to whistle-blow compare to the shorter tenure or newly joins employees or bona-fide.

3.62 ONE- WAY ANOVA

One-way ANOVA is used when there are one independent variable with three or more levels or groups and one dependent continuous variable. This means there is only one independent variable and “between group” different subjects in each of the group. In this research, for hypothesis 1b, one-way between the subjects ANOVA will be carried out to compare the effect of internal whistleblowing intentions on the employees’ age. The independent variable is the respondent age and the dependent variable is the whistleblowing intention. I will possibly classify the age levels such as group 1 for between 18- 24 years old, group 2 for between 25 to 34 years old, group 3 for between 35 to 44 years old, group 4 for between 45 – 54 years old, group 5 for between 55 – 64 years old and group 6 for age above 64 years old. If the P value is lesser than 0.05 means there is significance difference in the whistleblowing intentions for the six different age groups. Based on the hypothesis 1c that proposed that employees who have longer working tenure in their organizations would be more likely to whistle-blow than those with shorter working tenure, I will most probably classify the working tenure into 5 groups, that group 1 for less than 1 year services, group 2 for less than 5 years services, group 3 for less than 10 years services, group 4 for less than 15 years services and group 5 for more than 15 years of service. If the result of the ANOVA shows a P-value less than 0.05, means there are significance difference in the whistleblowing intentions for the five tenure groups.

3.63 PEARSON CORRELATION COEFFICIENT

Pearson correlation coefficient is used to describe the strength and direction of the linear relationship between two variables. Hypothesis 2, 3, 4 & 5 will be tested by using Pearson Correlation Coefficient (r) to test whether there are any significant relationships between the variables. For hypothesis 2, it proposed that employees’ intentions to whistle-blow will be positively related with the incentive and rewards by the companies. The independent variable is the incentive rewards and the dependent variable is the

whistleblowing intention. If the P value is less than 0.05 means the hypothesis 2 is supported. However, if the P value is more than 0.05, the hypothesis is not supported.

Hypothesis 3 proposed that employees' intentions to whistle-blow will be negatively related with the retaliation taken by the companies. Retaliation is the independent variable and whistleblowing intention is the dependent variable. The result will be highly significant if the P-value is zero or less than 0.05. This means that action of retaliation against the employees for whistleblowing is possibly associated with the employees' tendency to whistle-blow for the wrongdoing in their firm.

Hypothesis 4 proposed that employee loyalty and trust may influence the employees' intention to whistle-blow. This hypothesis will be tested by using Pearson Correlation Coefficient. The independent variable is the employee loyalty and trust, the dependent variable is the employees' intention to whistle-blow. The result whether will be highly significant or not significant will be based on the P-value. P-value is less than 0.05, the result is significant. If P-value is more than 0.05, mean the relationship is not significant between the two variables of employee loyalty and trust, and variable of intention to whistle-blow by the employee.

Hypothesis 5 proposed the perceived of the seriousness of wrongdoing may influence the employees' intentions to whistle-blow. The independent variable is the perceived seriousness of wrongdoing and the dependent variable is the employees' intention to whistle-blow. Pearson Correlation Coefficient will show a significant relationship if P-value is less than 0.05 and it does not show a significant relationship if the P-value is more than 0.05.

A summary of the expected hypothesized relationship and its expected results are illustrated in Table 3.2 below. The results are merely based on forecast and it might be different from the actual analysis results after running by the SPSS software.

Table 3.2: Hypothesized Relationship and Results			
Hypotheses	Expected Relationship	Expected Results	Method of Analysis
H1a - Gender	-	Not significant	Independent sample t-test
H1b - Age	Positive	Positive relationship	One-way ANOVA
H1c - Tenure	Positive	Positive relationship	One-way ANOVA
H2 – Incentive rewards	Positive	Positive relationship	Pearson Correlation
H3- Retaliation	Negative	Negative relationship	Pearson Correlation
H4 – Employee loyalty and trust	Positive	Positive relationship	Pearson Correlation
H5- Perceived seriousness of wrongdoing	Positive	Positive relationship	Pearson Correlation

CHAPTER 4

DISCUSSION OF RESULTS

For this discussion section, descriptive statistics will be performed to provide an overview of the most important and significant descriptive statistics of the questionnaire. The results of demographic characteristics will be reported. An Independent sample t-test, one-way ANOVA and Pearson Correlation Coefficient (r) will be used to run the analysis to test for the hypotheses as described above. The actual results generated from the analysis will be used to explain whether the whistleblowing is influenced by the situational factors which are the demographic variables such gender, age and tenure of employment, incentives and rewards, retaliations, employee loyalty and trust, and the perceived seriousness of wrongdoings. All hypotheses formed in this research will be tested and to be analyzed with results.

4.1 DESCRIPTIVE STATISTICS

The demographic characteristics of the research on the gender, age, position level in the firm, tenure of employment, the nature of employment and perception on whistleblowing at the workplace have been reported. Table 1 and 2 provides an overview on the descriptive statistics for Section A on and Section B on the questionnaire for this research.

Based on Table 1 below, the mean values of the factors or variables are around point 2 to 3 (Mean=2.59, Disagree) on the instrument scaling for report wrongdoing regardless of the seriousness of the wrongdoing. This indicate that employee disagree to disclose any wrongdoing in workplace regardless its seriousness. The mean values of other factors are cluster around point 3 (neutral) and above to 5 on the instrument scale. It shows that most respondents are quite indifferent on the variables / factors regarding the perceptions

on whistleblowing at workplace. Most of the employees tend to agree that if to disclose any wrongdoing at workplace may result in termination of employment or discontinue work with the same firm. From the results, the mean value is quite high at 4.10 for the factor of employees will prepare to resign if they will report wrongdoings of the firm. Employees will afraid of dismissal if they report the wrongdoing to their employer which indicated by the mean value of 4.04. This implied that employees have a perception that they should not disclose any improper practice without the support from their superior or the top management, they perceived that they may not able to continue their career with the same firm if they reports any wrongdoing to their employer as negative action might be taken on them which will affect their performance. Generally, they do not perceive any position action such as increment or promotion opportunity will be granted by the employer for being whistle-blow the improper practice in the firm.

Employee will not really willing to report the wrongdoing to their employer in any circumstances as the mean value shown for the factor of reporting of wrongdoing regardless of type and seriousness is below 2.59 which is below point 3. This indicated that employees may not easily take action to blow the whistle as they still concerned of other factors and also it is related to individual's working attitude and behaviour, loyalty and trust towards the company. Personality of the employee is also assumed as one of the reasons why there are still some of the employees are more willing to disclose wrongdoing practices compare to others that less willing to disclose any wrongdoings as cited by Miceli, 2004. There are differences in behaviour and characteristics of the whistle-blowers, the results show that Malaysia employees may have different opinions and perceptions towards whistleblowing as individual employee possess different personality, behaviour and characteristic in relation to the form of whistleblowing. From the company point of views, company always view whistleblowing as a "proactive behaviour" of the employees based on moral values and they should always willing to bring wrongdoings to justice for the sake of the company and interest of the stakeholders. However, to disclose the wrongdoing in the company need to rely on a proper internal

reporting procedure based on the Whistleblowing policy. Therefore, communication is very important between employer and employee in relation to the effective whistleblowing practices as part of upholding good corporate governance in the firm.

From the results, the means show 3.56 which is above 3 points for most of the organization has established a proper internal complaint reporting procedure which indicate that employees found that their organization has a proper channel for them to raise their concerns or complaints if they encounter any illegal practices in their jobs. The mean value shows 4.09 for the employee that they are not willing to report the wrongdoing as it will lead to unfavorable consequence(s) to their employer. The mean value shows a 3.91 for employee is not willing to report the wrongdoing as it may result in bad publicity to the firm. There are proper channel for the employee to raise their voice on the improper practices in the company, but, employees are also concerned about the unfavorable consequences and the company corporate image and reputation which may affect their company business in long term. This implied that employees may not easily blow the whistle due to their loyalty and trust towards their company. Indirectly, it could be explained that the employees may not want any negative impact on their firm as they still want to pursue their career in a long run basic with their firm. However, the result shows a mean value of 4.15 for the factor of employee is willing to report the wrongdoing if it results in significant adverse financial impact. This indicate that there are still employees willing to step forward to blow the whistle even though it may results an adverse financial impact on them.

Table 1
Descriptive Statistics for Section B of the questionnaire (Perceptions of Whistleblowing)

	Mean	Range	Std. Deviation	Variance
Employee will report regardless of the type of seriousness of wrongdoing.	2.59	4	1.59	2.52
Employee will only report if there is a financial reward.	3.53	4	1.36	1.85
Employee will go to any extent to bring justice to the employer.	3.48	4	1.38	1.89
If employee were to report the wrongdoing, his/her employer will retaliate.	3.86	4	1.12	1.25
If employee were to report the wrongdoing, he/ she will be dismissed by the employer.	4.04	4	1.10	1.21
If employee were to report the wrongdoing, he/she will prepare to resign.	4.10	4	1.02	1.03
Employee got a strong supportive ethical culture in his/ her firm.	3.72	4	1.26	1.59
Loyal employee will not report the wrongdoing in any circumstances.	3.81	4	1.20	1.44
Most organization has established a proper internal complaint reporting procedures.	3.56	4	1.44	2.09
Employee is not willing to report the wrongdoing as it will lead to unfavourable consequence(s) to the employer.	4.09	4	0.90	0.81
Employee is not willing to report the wrongdoing as it may result in bad publicity to the firm.	3.91	4	1.04	1.09
Employee is willing to report the wrongdoing if it results in significant adverse financial impact.	4.15	3	0.87	0.75

For Section C of the questionnaire, only those respondents who have experienced or engaged in whistleblowing at their workplace are to complete the Section C. It has been noted that there are no respondents fill up this section C of the questionnaire survey which implied that there are no employees from this research have experiences for whistleblowing in any of the corporations in Malaysia. This also indicated that there are no employees have experienced the whistleblowing for the past years since the Whistleblowing Act has been formed in year 2011 by the government of Malaysia.

4.2 DEMOGRAPHIC CHARACTERISTICS ANALYSIS

With regards to the demographic of the respondents; Table 1 provides information of the demographic characteristics under Section A of the questionnaire of the. Based on Table 2, the total respondent was 162, the majority of the respondents (52%) were males, females respondent were (48%). Majority of the respondents are between age 25 and 34 (40%), age between 35 and 44 (39%), age between 45 and 54 (14%). The majority of respondents (45%) were occupied position at middle management, (40%) were under junior management. (59%) of the respondents have been attached with their firm for more than one year but less than five years of service, (41%) were more than 5 years of service but less than 10 years. Majority of the respondents (92%) were permanent employees.

Table 2

Frequency distribution of the Demographic profile of the respondents

Characteristics	Category	Frequency	Percent (%)
Gender	Male	85	52
	Female	77	48
Age	25-34 years	65	40
	35-44 years	63	39
	45-54 years	23	14
	55-64 years	11	7
Position	Top Management	24	15
	Middle Management	73	45
	Junior Management	65	40
Tenure	More than 1 year less than 5 years	96	59
	More than 5 years less than 10 years	66	41
Nature	Permanent	149	92
	Part-time	13	8

N=162

4.3 CRONBACH ALPHA VALUE

In order to confirm and to ensure the reliability of the reliability of the twelve factors under the Section B of the questionnaire, Cronbach's alpha was conducted on the twelve variables. As according to Hair, Anderson, Tatham and Black (1998), the Cronbach's alpha value could be as low as 0.5 for the exploratory research. In this research, the overall Cronbach's alpha value obtained was 0.786 which is above 0.7 the standard indicator. Therefore, it can be concluded that the data in the research are considerably reliable based on the data reliability test by SPSS software. Table 3 shows the Cronbach's Alpha value for each of the factor.

Table 3

Cronbach's Alpha for Section B of the questionnaire(Perceptions of Whistleblowing)

Variables	Cronbach's Alpha
Employee will report regardless of the type of seriousness of wrongdoing.	0.807
Employee will only report if there is a financial reward.	0.793
Employee will go to any extent to bring justice to the employer.	0.779
If employee were to report the wrongdoing, his/her employer will retaliate.	0.769
If employee were to report the wrongdoing, he/ she will be dismissed by the employer.	0.782
If employee were to report the wrongdoing, he/she will prepare to resign.	0.777
Employee got a strong supportive ethical culture in his/ her firm.	0.745
Loyal employee will not report the wrongdoing in any circumstances.	0.757
Most organization has established a proper internal complaint reporting procedures.	0.743
Employee is not willing to report the wrongdoing as it will lead to unfavourable consequence(s) to the employer.	0.766
Employee is not willing to report the wrongdoing as it may result in bad publicity to the firm.	0.761
Employee is willing to report the wrongdoing if it results in significant adverse financial impact.	0.769

4.4 INDEPENDENT SAMPLE T-TEST RESULTS

Hypothesis 1(a) hypothesizes employee is more likely to whistle-blow if the person is male. Table 4 below shows on average, male employees ($M=2.62$, $SD=1.63$) which means that employee intentions to report wrongdoing regardless of the seriousness is slightly

higher than female employees ($M=2.56$, $SD=1.55$). However, the independent samples t-test provides a result that there are no significant differences as the p-value is 0.13 which is greater than 0.05. Hence, Hypothesis 1(a) is not being supported. This also means that male and female employees possess same level of intention to report wrongdoing in regardless of seriousness of the illegal practices.

With regards to the results from the analysis, there were 52 percent of male respondents and 48 percent of female respondent from this survey. The means for male respondent is 2.62 and female respondent is 2.56. Both are below 3 based on the likert scaling. This implied that Malaysia employees are not willing to blow the whistle on any illegitimate practices in any circumstances regardless of their gender. The employees' intention to whistle-blow is subjects to others factors which will be further analyse and to discuss in the following sections.

Table 4

Independent Sample T-Test					
	Mean		SD		<i>p-value</i>
	Male	Female	Male	Female	
Employee will report regardless of the type of seriousness of wrongdoing.	2.62	2.56	1.63	1.55	0.13

p -value > 0.05

N= 162

4.5 ANOVA

The main objective of this analysis is to determine the relationship between the independent and dependent variables and also to analyse the relationship between the “Consequences of whistleblowing” and the dependent variables such as gender, age, tenure, the incentive rewards, retaliation, employee’s loyalty and trust, and perceived seriousness of wrongdoings. Those stated hypotheses will be tested.

The ANOVA results in this research will indicate the relationships between the independent and dependent variables. Hypotheses 1(b) and 1(c) proposed that employee is more likely to whistle-blow if the person is older and having longer tenure in the firm. A one-way ANOVA was performed to compare the employee will report wrongdoing regardless of the seriousness on the six age groups (group 1: 18-24 years old, group 2: 25-34 years old, group 3: 35-44 years old, group 4: 45-54 years old, group 5: 55-64 years old, group 6: over 64 years old) and five tenure of employment (group 1: Less than one year services, group 2: more than 1 year less than 5 years services, group 3: more than 5 years less than 10 years services, group 4: more than 10 years less than 15 years services, group 5: more than 15 years services).

This study expects that the employee is more likely to disclose wrongdoing if the employee is older and also having longer employment period in the firm. However, by conducting the analysis with One- Way ANOVA, the results of the ANOVA does not support the Hypotheses 1(b) and 1(c). There was no significant differences as the P-values ($P=0.583$) is greater than 0.05 in the variable of age for the employee is more likely to disclose wrongdoing for the six age groups. There are also no significant differences in the five groups of tenure of service as the P-values ($P=0.772$) which is greater than 0.05 means that there is no statistical significance among the tenure group. Therefore, the hypotheses 1(b) and 1(c) are not being supported by the ANOVA results.

Based on the results from the One-way ANOVA, Hypotheses 1(b) and 1(c) are not being supported. The results show that under the Age variable, there is no statistical significance among the age groups. Employee does not report wrongdoing as their age is older if compare to the younger age. For the variable of Tenure of employment, there is also no statistical significance among the tenure group which implied that employee does not report wrongdoing as they are having longer tenure of employment with the company which implied that employee with longer of the tenure of employment are not having

higher intention for whistleblowing. Both results indicate that employees' intention to report illegal practices in their company are in regardless of their age and tenure of employment. Employees with older age do not have higher intention to whistle-blow compare to the younger age. Similarly, employees with longer tenure of employment with their company may not necessary have higher intention to report wrongdoing to their employer. This also can be implied that younger age employee with short tenure of employment may having same level of intention for reporting of wrongdoing in their organization.

4.6 PEARSON CORRELATION

This Pearson Correlation exercise is conducted to determine the correlation between the variables that constituting each factor such as age, tenure, incentive rewards, retaliation, employee loyalty and trust, and perceived seriousness of wrongdoing. This exercise will determine and report the variables whether there are positive or negative relationships with each other. If there are positive relationships with each other then it will indicating a strong positive r values. It will identify that a positive correlation among the variables if there are a positive correlation coefficient r values.

Hypothesis 2 proposed that the implementation of the incentive rewards scheme for the whistle-blower will influence positively on employees' intentions to blow the whistle. Pearson Correlation (r) is being used to test this hypothesis. The result was shown statistically significant, $r=0.243$, $p=0.002$. Hypothesis 2 is being supported by the results base on the analysis shown in Table 5.

Table 5

		Financial reward	Justice
Financial reward	Pearson Correlation	1	.243(**)
	Sig. (2-tailed)		.002
	N	162	162
Justice	Pearson Correlation	.243(**)	1
	Sig. (2-tailed)	.002	
	N	162	162

** Correlation is significant at the 0.01 level (2-tailed).

Based on the results on table 5, total sample was N=162 and there were no missing data from the data collection. There is positive sign of the r value, this means that there is positive correlation between the financial rewards scheme and the employee perceptions on bringing the wrongdoings to justice to their employer. This also indicates that the more financial rewards scheme been introduced to the employees, the more encouraging and more willingness of the employees to bring the improper practices they noticed and encountered to their employer attention for justice. Employees are more willing to report wrongdoing to their employer if there are incentive rewards scheme to be given to boost up their confident to disclose the illegal activities. Generally, the higher incentive rewards scheme may not have higher whistleblowing intention by the employees but it may encourage employees to report wrongdoing which may not necessary to increase individual intention as different employees may have different working attitudes, behaviour, characteristic and perception towards whistleblowing.

Based on the analysis results, it has been shown that employees are more willing to blow the whistle if there are encouragements by the organization in term of financial and incentive rewards. Financial and incentive rewards could encourage the employee to bring wrongdoing for justice. Employees might be aggressively to watch for any illegitimate activities happen in the company for the employer due to incentive rewards and they might also be granted recognition for their performance and promotion opportunity.

According to Verschoor (2010) that the Dodd-Frank Act is emphasizing and encouraging on rewards to the employee with monetary if they willing to raise any wrongdoing in the firm. The amount to be granted could be range from 10% to 30% of the amount of penalties of the case. The amount could be granted to the employee as well as vendors and others contractor related to the company. This implied that financial incentive rewards as recommended by the Dodd-Frank Act could provide employment protection to the whistle-blower as to recognize their efforts and create a culture to support whistleblowing. This is also implied that employees may have a perception that employer may take negative action against them for reporting wrongdoing if there are no policy and procedure in place to encourage the whistleblowing procedure as part of the efforts of upholding a good corporate governance for the organization.

Hypothesis 3 proposed that employee is unlikely to whistle-blow if retaliation will be taken against them after they have revealed the details of improper practices in the firm. The Pearson Correlation Coefficient shows significant relationship results which a summary of hypothesized relationships results are shown in the following table 6. With these significant results, hence, the hypothesis 3 is being supported that employee is unlikely to whistle-blow if retaliation or negative action will be taken on them.

Table 6

		Retaliation	Loyal	Dismissed	Resign
Retaliation	Pearson	1	.373(**)	.318(**)	.258(**)
	Correlation				
	Sig. (2-tailed)				
	N				
Loyal	Pearson	.373(**)	1	.321(**)	.366(**)
	Correlation				
	Sig. (2-tailed)				
	N				
Dismissed	Pearson	.318(**)	.321(**)	1	.268(**)
	Correlation				
	Sig. (2-tailed)				
	N				
Resign	Pearson	.258(**)	.366(**)	.268(**)	1
	Correlation				
	Sig. (2-tailed)				
	N				

** Correlation is significant at the 0.01 level (2-tailed).

From the results as shown in table 6, the output of the value of Pearson correlation (r) are all positive sign and the strength of the relationship between the variables are considered at small to medium range according to Cohen (1988). There was positive correlation between retaliation and employee loyalty (the higher of the loyalty, the lower reporting of wrongdoings) ($r=0.373$, $n=162$, $p<0.01$) which indicate high levels of retaliations associated with high levels of loyal employees will not report any wrongdoings of the organizations in any circumstances. Retaliation could happen when the employer take action on the whistleblower without any protection by the laws. This will make employees refrain from reporting any wrongdoing as employees may afraid of the negative actions such as demotion of current position, suspension of works, no bonuses and increment, dismissal and other negative actions.

There was positive correlation between retaliation and the employee dismissal by the employer (the higher level of reporting of wrongdoing will leads to consequences of

dismissal). The correlation relationship between these two variables ($r=0.318$, $n=162$, $p<0.01$) shows that the high levels of retaliations associated with high levels of employees' perception of being dismissed by the organization if to report wrongdoings to the organization. This indicates that if employee were to report the wrongdoing to the employer, they have prepared the employer will retaliate or taking negative action on them by means of dismissal or termination of employment. This also means that employees would rather choose to keep silent for any wrongdoing to avoid any retaliation might be taken against them by their employer. In USA, Sarbanes-Oxley Act is being formed to provide legal protection to those employees being treated unfairly by their employer for reporting of wrongdoing.

The correlation between the variables of employee prepared to resign if to report wrongdoings and the high level of loyalty of employee will tend not to report any wrongdoings or disclose any improper practice of the organization. The correlation between the two variables ($r=0.366$, $n=162$, $p=0.01$) indicates that the high level of retaliation on the employees, the high level of the loyal employees tend to refuse to report any wrongdoing to the organization. The more loyal of the employee will tends not reveal any illegitimate practices to the employer as they are afraid of the retaliation or negative action will be taken against them due to they still need to keep their job for surviving and to support their family. They will only choose to report wrongdoings when they have prepared to resign or they have a new job with other company.

Hypothesis 4 proposed that employee loyalty makes an impact on the whistleblowing process. This hypothesis is also being tested by using the Pearson Correlation Coefficient (r). The result shown in the table below was highly significant result that $r=0.475$, $p=0.000$.

Table 7

		Loyal	Procedures
Loyal	Pearson Correlation	1	.475(**)
	Sig. (2-tailed)		.000
	N	162	162
Procedures	Pearson Correlation	.475(**)	1
	Sig. (2-tailed)	.000	
	N	162	162

** Correlation is significant at the 0.01 level (2-tailed).

The results in table 7 indicates that the correlation between the loyalty of employees tend not to report any wrongdoings and the organization's procedures for internal complaints procedures. The results show that loyal employee will not easily disclose any wrongdoing to the employer even though there are proper guidelines and system in place for the internal whistleblowing procedures as they view the whistleblowing may lead to unfavorable consequences for their employment and impacts on their performance. This is one of the reasons why most loyal employees would rather keep silent and cover for any wrongdoings in their organization.

Hypothesis 5 suggested that the more seriousness of the wrongdoing, the higher the influence on employees' intentions to whistle-blow in the Malaysian firms. There was a positive correlation between seriousness of wrongdoing and employees' justice on wrongdoing ($r = 0.289$, $n = 162$, $P = 0.000$). Hence, based on the results stated in table 8, the hypothesis 5 is being supported. It is reported that the variables produced positive relationships with each other to reflect positive $r = 0.289$. This indicate that employee is willing to report the wrongdoing if they find it a very serious illegitimate and unlawful activities in their organization which may bring harmful effects to others. This also implied that how the employee will react to disclose of any wrongdoings in the organization will depend to certain extent on its seriousness of the wrongdoing. How the employee will judge on the level of seriousness of the wrongdoing will depends on

individual perception towards the particular activities. The employee perception is derived from the personality, attitudes and character of oneself. Different individual may have different viewpoints about the whistleblowing of wrongdoings. The more seriousness of a wrongdoing that the employee perceives may lead to influence the employee's intention to blow the whistle. When the employees have blown the whistle, they will concern on other factors that might affect their career path in the company such as the retaliation.

Table 8

		Wrongdoing	Justice
Wrongdoing	Pearson	1	.289(**)
	Correlation		
	Sig. (2-tailed)		
	N		
Justice	Pearson	.289(**)	1
	Correlation		
	Sig. (2-tailed)		
	N		

** Correlation is significant at the 0.01 level (2-tailed).

4.7 ANALYSIS OF RESULTS

Based on the results obtained from the research on the employee's perception of whistleblowing in Malaysia firm, found that there are no differences in employee's perception about whistleblowing of wrongdoings in regards to the gender, age and tenure of employment services of the employee in the company. This means that employees are making their own decision whether to disclose or not to disclose wrongdoings to the firm due to employees are having different behavior, characteristics and personality at work where employees may have different action confronted with the firm wrongdoing as cited in the research by Bateman & Crant (1993). In Malaysia, most people are able to make their own decision in choosing their career and future for their employment, because the

results from the analysis shows that male and female are having quite equal ability in responding to the questionnaire.

According to the results, incentive rewards is positively related to the employee's intentions to whistle-blow. The higher amount of the incentive rewards offered by the firm will increase the tendency of the employee to disclose the improper and unlawful practices in the firm. There were research have been conducted by Landez & Sliger in 2010 that there were increase of internal reporting of potential wrongdoing with increasing of whistleblower claims. This shows that employees in Malaysia are more likely and willing to reveal the improper practices of their firm if there are incentive rewards scheme to encourage and motivate them. Incentives rewards scheme may be viewed as one of the effective factors that could encourage whistleblower to step forward for recognition for being bringing illegitimate and unlawful practices in the organization for justice by the employer.

Based on the questionnaire, under section B, B1.4 is referring to retaliation against the employee if the employee reveals the improper practices of the firm. There are positively relationships between the employer retaliation with the employee loyalty where if there are high level of employer retaliation, there will be high level of employees refuse and tends not to reveal the wrongdoing of the firm. If they have prepared to reveal the wrongdoings to the firm, they have prepared to face dismissal action by the firm and prepare to resign from their position in the firm. This indicated that Malaysian employees are very unlikely to reveal the wrongdoings if there are no established, proper and in-place policy to protect them from any likely action to be taken on them by the employer. They are unlikely to quit their jobs easily as they concern for their future and need to earn for living to support their family. People are likely to differ from each other in according to Wiggins (1979), therefore, there are having different personality who will play their own role to address the issues.

The results suggested that employee loyalty and trust are positively related to one another for these two variables. According to the questionnaire, section B, B1.8 is referring to the employee loyalty. The results from the analysis have shown that the higher level of the employee's loyalty, will decrease the level of disclosing of the wrongdoings of the firm. The question of B1.8 stated that loyal employee will not easily to report the wrongdoing in any circumstances. According to Tschannen-Moran & Hoy, 2000 that "one party's willingness to be vulnerable to another based on the confidence that the latter party is benevolent, reliable, competent, honest and open". In Malaysia, employees choose to trust the employer with confidence. They believed that their employer will not conduct any malpractices for the firm to harm them. Therefore, employees normally have common purpose that their employer could be trusted which they view their employment contract as long term job security for them. It is understand that if employer and employee have trust on each other, it's very difficult for an employee to reveal any wrongdoings or any improper practices of the firm. It's impossible for a loyal employee to report wrongdoings of the firm without concern of the firm.

The hypothesis 5 is being supported from the results that it's found that the more seriousness of the wrongdoings is positively related to the employees' intentions to whistle-blow. This research conducted is also concern on the seriousness of the wrongdoings, to what extent the wrongdoings will lead to significant effects on the firm. The effects of the seriousness of the wrongdoings could be viewed as financial consequences lead to financial difficulty of the organization according to Miceli & Near (1985). The seriousness of a wrongdoing can be referred to the side effects associated with the consequences of the whistleblowing. As cited by Miceli and Near (1992) that the nature of the wrongdoing concerns about the seriousness of the wrongdoings can be treated as a situational variables that contribute to the decision to become a whistleblower as discussed earlier in literature reviews.

As discussed earlier that there is also a question related to the whistleblower concerns

about the level of seriousness and the quality of the improper practices that whether the organizational factors such as the working environment and the Whistleblowing policy in place have strong influence for reporting of wrongdoing in the organization? And whether are all the illegal and unlawful practices related to the organization working environment? The results show that the mean for the variable of employee agreed that their company have established a clear and proper procedure for reporting of wrongdoing is 3.56 which is 3, the mean for the variable of employee is not willing to report wrongdoing due to unfavorable effects to their employer is 4.09 and the mean for the variable of employee is not willing to report wrongdoing due to negative effects on the image and reputation of the company is 4.15. The mean for these three variables shown considerably high mean which is above point 3 of the likert scale indicate that employee understand that there is proper wrongdoing reporting system in their company for them to report any illegal and unlawful practices occur in the company. However, they may not interested and tend to easily to report such wrongdoing to their employer as they concern that there might be unfavorable consequences which may affect the company and the employees also concern about the corporate image and reputation of the company. To conclude, employees may want to disclose the wrongdoing but they will not disclose it easily to their employer due to their perception towards whistleblowing and they also concern on many other factors that might influence their intention for blowing the whistle. They face difficulty to make very difficult decision due to attitudes, behavior and own personality which influence their opinions to perceive a wrongdoing which may lead to negatively consequences for their organization and also impactful results on them personally.

4.8 LIMITATIONS

There are restrictions in this research as the sample may consist of difference educational and occupational background. Data were collected from different nature of industry. Different organization culture and working environment may have different viewpoints on whistleblowing. Due to there were difficulties by receiving data through the online

questionnaire survey evenly from difference companies with difference nature of business; I have used the approach to conduct face to face interview with the employees working in the same building (neighbours offices) of my current company. As such, there might be possess some biases on the data collection as there were employees working in the same firm may provide same opinions based on their same working culture. It is also might be limited to specific type of wrongdoings tied to different occupational group. For example, there were respondent from banking industry revealed that they may not easily disclose any confidential information to others except instruction given by their superior or higher management, whereas, respondent working in the healthcare industry are quite concern of the process and production of quality healthcare product, they may consider to report any wrongdoing related to the production to their employer for immediate rectification and solution as they view that the improper and illegitimate practices may seriously affect the health of people and harmful to the public and environment. Data collected in this research are mainly based on individual perception. The total sample size of 162 respondents in this questionnaire research might be considered relatively small which most likely will provide lower statistical power.

As Malaysia was newly implemented the Whistleblowing Act in year 2011, there are many employees in various industry may still not yet get to familiar and they are probably unaware of the new Act with its truth definition and objectives. Therefore, there were explanations been given in details by me to the respondent before filling up the questionnaire. As such, there may be inaccurate data or information given by the respondents throughout the data collection process. There may be inaccurate and untruth information provided by the respondents as they may lacks of experiences or knowledge in whistleblowing. Furthermore, individual employee may differ in personal attitude, behaviour and character in providing their answer to the questionnaire which may not fully capture the truth objectives of the research.

In this research, a total of approximately of 500 questionnaires were sent out by email to

employees working with different industry. However, the email response from those employees was seems not welcome by the employees as the email response is not really shows satisfactory respondents. Therefore, in order to collect sufficient data to run the analysis for this research, I have mentioned earlier that I have approached the employees by face to face interview working in the same building with me which may produce some biases in the data collected as majority of them working in the same firm likely to provide similar opinions towards this subject.

CHAPTER 5

RECOMMENDATION AND CONCLUSION

5.1 RECOMMENDATION

From the survey analysis, it appears that there are no significant differences on the gender group for the individual perceptions or opinions of the employees on whistleblowing at workplace which could be proved by the hypothesis 1(a) that has been rejected. There are also no differences exist between the age groups on the individual perceptions on the whistleblowing and it also appears to the tenure of the employment that no differences found between tenure of services and the whistleblowing which proved by (H1(b) and H1(c)) have been rejected. This shows that Malaysia firms should implement the standard policies to ensure right practices in the firm to encourage the right whistleblowing among all the employees regardless of their gender, age, tenure of employment and level of positions in the firm. The results show that all age group of employees regardless of gender, tenure of employment and their level of position appears no differences exist among the employees indicate that they are having quite similar personal viewpoints about whistleblowing. Malaysia implemented Act of Whistleblowing in year 2011 which considered a newly practice country, therefore, majority of the employees may not have in-depth information and knowledge about the whistleblowing and its impacts. Hence, it is essential to conduct seminar or talks on topics related to whistleblowing by government sector or companies in order to increase the public awareness of whistleblowing in Malaysia.

Employees' perception regarding the whistleblowing show significant relationships with the incentive rewards scheme which proved by hypothesis 2 which is being supported. Employees will be influenced by the factor of incentive of rewards scheme. Employees

perceived that incentive rewards scheme as an encouragement for whistleblowing at workplace. Firms with incentive rewards scheme will encourage more employees to whistle-blow compared to those firms without any incentive rewards scheme. Therefore, organization in Malaysia should have a proper policy in place related to incentive rewards scheme to increase the employee's intention to disclose improper activities for the attention of their employer for justice.

Employee is afraid of retaliation if they would disclose improper practice by the firm. Therefore, employers should be open towards employees among all levels regarding different perceptions by the employees. The employers should organize seminar or talks on whistleblowing which could create an environment in which employees are being well informed of the company policies and whistle-blowing practices which could well inform the employees that whistle-blower will be protected by their employer from any retaliation or negative action to be taken against them. By having organize seminars and training in whistleblowing may further educate Malaysian employees to understand the concept of the practices with its truth objectives under the Whistleblowing Act.

The results from the survey also shown that the more loyalty of the employees may tends to not to report any improper practices even though there are proper internal procedures for disclosure of wrongdoing in the organization. There are strongly significant relationships with the loyalty of employees and the internal report of wrongdoings procedure. The perception exist that the more loyalty of the employees are less likely to disclose any improper practices in the organization compare to the less loyalty employees. Less loyalty employees may refer to employees attached to the organization less than one year or newly join employees. Therefore, organization should have the practice of orientation training for all the new employees to set a good impression for all the new joins to educate them with the definition of whistleblowing, the proper practices and increase motivation for a truth whistleblowing practices in the organization.

There is significant relationship between the seriousness of the wrongdoing and the justice to the employer. Employees may have different perceptions towards the seriousness of the wrongdoing. Employee views the more serious of the wrongdoings may influence them tend to bring the justice to the employer. Employees with low sensitivity of the seriousness of an illegal activities might feel that they should not raise it as they might be more reluctant to blow the whistle where they tend not to engage themselves to any procedures might occupied their times for inquiry procedures. As such, organization should have formed a proper education or training to everyone in the organization to increase the employees' knowledge that everyone in the organization has the rights and obligations to disclose improper practices in the organization to withhold good corporate governance practices for upholding investor and stakeholder confidence towards their organization for long term relationship.

The culture and working environment in the organization are also very important to encourage and support the practices of report of wrongdoings in the organization. From the analysis of the survey, the results showed that employees are less likely to practice as they fear of losing their employment or being retaliate with unfair treatment. It is found that employees have different perception towards whistleblowing and employees also have different point of views of the seriousness of the wrongdoings. Therefore, it is required a supportive and upright working environment to encourage the employees and support of the company when disclose of any improper or illegal activities happen within the company.

There was found that no one from the Malaysia companies have experienced any whistleblowing in their firm. The reasons being Malaysian employees have not encountered any improper practices or illegal activities in their organizations. Employees may lacks of experiences and knowledge to deal with the environment. Therefore, employers should ensure their employees a supportive working climate that the employees can rely on the fair judgement of the companies when they reveal the

wrongdoings to the employer. Employees at all positions should be treated equally and be given the assurance that there are no biases or discrimination will be happened on them if they blow the whistle. Employees with different level of position may have different perceptions towards the seriousness of the wrongdoings. Therefore, a proper internal procedure should be implemented to ensure the employees to feel more secure and less dependent on individual perception to make a judgement on any wrongdoings in their organization.

5.2 CONCLUSION

The conclusions have been drawn based on the analysis of variance between the independent variables (demographic data) and dependent variables (employees' perception of the whistleblowing). This research has tested on the five variables of employees reporting intentions in the factor of situational variables that are demographic variables, incentive rewards, retaliations, employee loyalty and trust and perceived seriousness of wrongdoing. The results have provided some evidences of the employees' ethical behavior and have shown in general the whistleblowing behavior among Malaysian employees. According to Near & Micelle (1987) that whistleblowing is viewed as a power struggle between social and actors. This implied that if whistleblowers rely on the employer for their living supports, that the employer will become powerful compare to the employee where the employee may need to always prone to the employer for earning for living. Thus, it is argued that whether those situational variables in its approach to obligations in whistleblowing could uphold the good corporate governance practices in the organization.

Based on this research on Malaysia employees perception about whistleblowing in their workplace, there are many reasons why employees have not blown the whistle at this moment, but it is clear that employees should value their ethical at work and integrity at

their workplace from an individual point of views and also they should concerned of long term corporate image and reputation of their firm, the company mission and vision, goals and objectives of the company. It is understands that both company and individual will have the mutual understanding and agreement towards the practice in long term.

The majority of the respondent of this survey are full time employed by the companies and most of them have not been experienced the whistleblowing process in their companies. None of the respondents experienced blow the whistle on any wrongdoings or yet to blown any whistle on their colleagues or departments but most of them are aware of the consequences with limited ideas and knowledge. Employees may not want to get into trouble for themselves such as dismissal, retaliation, pressure by the superior, therefore, it may be concluded that Malaysian employees are aware of some negative consequences of the whistle-blowing. The Malaysia government should further support the environment for good corporate governance practices by enhancing protection of whistle-blower with more transparent policy based on the guidelines from the Whistleblowing Act.

In order to make this a successful good governance practice, it is implied that companies should familiar with the whistle-blowing Act, its procedures and rules of practices. From the results of this research, the whistle-blowing policy is encouraged to be implemented in all companies in Malaysia and its practices and procedures can be enhanced by having a proper company code of business, code of ethics and code of conduct based on the Whistle-blowing Act of 2011. The policy should provide clear statement that illegal practices by any employees or any parties in the organization will be taken disciplinary action seriously. The internal procedures for reporting of wrongdoing should have a clear statement on communication channels and supported by the working environment of the organization where employees are being well informed of the company core values, mission and vision.

An audit committee can be established to in-charge and responsible to run the system in

order to ensure that the policy and system are always in place. The committee members should be someone honest and upright officer in the companies to whom the improper activities and practices in the companies can be reported without any discrimination. The audit committees must deal the process professionally with commitment from the board. The board and management should always have a willingness to listen about the employees' opinions and suggestions. All allegations brought to the audit committees must be investigated fairly and thoroughly as to portray a good image for all employees. False allegations should be taken disciplinary action as to penalise individual committed to misconduct. Incentive rewards should be granted to employees for bringing justice. Training and seminar should be conducted in a periodical basis in order to increase the awareness of the whistle-blowing among the employees and ensure a solid reinforcement of ethical practices in the organization. The company should also considered to set up a toll- free number or hotline if there are employees may prefer to keep their personal details anonymous. Periodic ethical audit should be conducted with proper guidelines as to address any report of wrongdoings. Once the progress of ethical audit is being made, it could be concluded that the whistle-blowing system of the organization has been in place which will ensure progressively improvement on the good corporate governance of the organization.

In principle, internal whistleblowers or internal employees ought to be an important resource to boards and senior management, one that can provide an early warning of instances of material fraud or misconduct within companies as cited by Greenberg (2011). This has implied that the perceived independence of the board of the company as ultimate recipient of internal reports corporate wrongdoing are important factors contributing to the effective internal reporting process and to form a stronger ethical culture. This also means that the importance of improving the ways in which companies manage their internal and external reporting mechanisms encourage more employees to detect any improper practices by implementing some incentive monetary rewards scheme structures, more meaningful protection of internal whistleblowers from retaliation to protect the

employee from being humiliated by the employer, loyalty and trust among the employees should be well taken care off and employer recognition of the whistleblowing. This study is only explore on certain variables which have been conducted in this research, further studies may still need to be in place in order to conduct to further find out other potential variables that may enhance or influence the employees with their whistleblowing intentions to increase and uphold good corporate governance practices in Malaysia.

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APPENDICES