Impact of Leadership Styles on Whistle-Blowing Intentions at Malaysian Enforcement Agency

Wan Najwa Arifah W. Ahmad
Fais Ahmad Abdul Rahman Jaaffar School of Business and Management
College of Business Universiti Utara Malaysia 06010 Sintok
Kedah Malaysia
wannajwaarifah86@gmail.com

ABSTRACT

This study investigated the relationship between leadership styles and whistle-blowing intentions at Malaysian Enforcement Agency. Data were collected from a sample of 346 employees working at Malaysian Enforcement Agency. A proportionate stratified random sampling method was applied to obtain an appropriate amount of respondents from each strata. This study used correlation analysis to determine the relationship between leadership styles and whistle-blowing intentions. The findings of the analysis indicated that the dimension of leadership styles (transformational leadership, transactional leadership, and laissez-faire) have positive impact on whistle-blowing intentions. The implication of the findings was also discussed accordingly.

Keywords: transformational leadership, transactional leadership, laissez-faire, whistle-blowing intentions, enforcement agency.

INTRODUCTION

In Malaysia, whistle-blowing action is not a popular way of reporting wrongdoing in organizations (Ghani, Galbreath, & Evans, 2011). Global Corruption Barometer (GCB) 2013 reports that 45 percent of people say they would not report the wrongdoing because it would not make any difference, showing lack of confidence in the existing laws and their enforcement. This is the most common reason given in 73 countries including some of the countries, where the majority of people would not be willing to report the wrongdoing. However, the main reason given in 32 countries, where the majority of people in the country would not report an incident of corruption because people are most afraid of reprisals.

Furthermore, Malaysia Corruption Barometer (MCB) 2014 found that the willingness of citizens to report corruption has decreased. Results from the interviews indicated that only 51 percent of respondents are willing to report an incident of corruption, which decreased from last year by 79 percent. Amongst those, 49 percent are not willing to report an incident. The key reason for not reporting is a fear of reprisal. The rest are not aware of where to report or feel that it would not make any difference. Therefore, it is clear from these responses that there is need to establish safe and effective mechanisms to facilitate and empower people to report incidences of corruption.
In response to the need for additional research on the role of management in the whistle-blowing process (Carcello, Hermanson, & Ye, 2011), this study investigated the role that the leadership styles of a manager has on an employee’s intent to blow the whistle, specifically on corruption. It is because leaders would encourage employees to disclose information about wrongdoing. Therefore, leadership styles viewed as a trigger to the occurrence of whistle-blowing intentions in the organization. The specific leadership styles examined in this study are transformational leadership, transactional leadership, and laissez-faire.

LITERATURE

Leadership Styles

Transformational leaders engage the emotional involvement of their employees to establish higher level of commitment, identification, and trust in the leader and the leader’s mission (Jung & Avolio, 2000). They also work to increase their employees’ confidence and expand their needs in line with what they have established as the terms of their group’s mission (Avolio & Bass, 1995). Transformational leaders typically encourage and empower employees to make their own decisions. This builds the employees’ trust in their leader (Avolio & Bass, 1995).

Transactional leaders tend to motivate employees based on contingent reinforcement and acquire what may be termed “conditional trust” from employees through reliable execution of contracts and exchanges (Bass, 1985; Jung & Avolio, 2000; Meyerson, Weick, & Kramer, 1996). Transactional leaders can be effective in stable and predictable environments (Bass & Riggio, 2006). However, the transactional leadership does not involve a leader’s commitment toward employees’ personal development. It does not involve a strong emotional attachment to the leader (Jung & Avolio, 2000).

Laissez-faire leaders gives authority to employees. Departments or subordinates are allowed to work as they choose with minimal or no interference. This kind of leadership has been consistently found to be the least satisfying and least effective management style (Bass, 1985; Limsila & Ogunlana, 2008; Politis, 2001).

Whistle-blowing Intentions

Whistle-blowing 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 who may be able to effect action” (Near & Miceli, 1985). This definition has been widely used in other studies (Brody, Coulter, & Lin, 1999; Dekat & Miceli, 1995; Elias, 2008; Hwang, Staley, Chen, & Lan, 2008; James, 1995; Ponnu, Naidu, & Zamri, 2008; Uys, 2000). Although it seems to be hurtful to organizational interests, but whistle-blowing may be managed to develop organizations (Gokce, 2013).

Whistle-blowing plays a positive function in enhancing accountability, transparency, and
good governance in the organizations (Mohamed, Ahmad, & Baig, 2015) because it is widely accredited as one of the most powerful method as a part of the internal control system in the organization to detect and prevent corruption, malpractices, and wrongdoings (Meng & Fook, 2011; Transparency International, 2009).

Basically, there are two types of whistle-blowing namely internal and external reporting of wrongdoings (Dworkin & Baucus, 1998; Park & Blenkinsopp, 2009; Zhang, Chiu, & Wei, 2009). If the wrongdoing is reported to parties within the organization, the whistle-blowing is internal, while if the wrongdoing is reported to parties outside of the organization, then the whistle-blowing is considered as external. According to Dworkin and Baucus (1998), the decision to ‘blow the whistle’ either internally or externally depends on the reaction that will be taken by the organization.

Internal whistle-blowing occurs when the wrongdoing is reported to parties outside the chain of command, but within the organization. It include the board of directors, the audit committee, and a senior officer such as the chief executive officer or designated complaint recipient inside the organization (Finn, 1995). Reporting to co-workers (peer reporting) is not classified as whistle-blowing (King, 1999). In contrast, external whistle-blowing occurs when the complaint recipient is outside of the organization. It include law enforcement agencies and regulators, professional bodies, external “watch dog” organizations and interest groups, and the media (Near & Miceli, 1995).

King (1999), as well as Miceli and Near (1992) argue that internal and external whistle-blowing are conceptually similar. However, Barnett (1992) and Casal (1994) argue that they are different. Those who proposed that they are similar argue that the starting point of both is when an employees perceive wrongdoing in the organization (King, 1999). Both internal and external whistle-blowing requires employees to take an active part in reporting the wrongdoing instead of a more insidious act like sabotage, worse, or violence (Miceli & Near, 1992).

METHODOLOGY

In this study, respondents were employees of enforcement agency in Malaysia. Quantitative approach was used in this study because it allows the relationship between the variables identified and tested. This study attempted to receive variety of responses from a number of subjects participated. Respondents who were randomly selected from enforcement agency in Malaysia for this study were 346 employees which were enforcement officials. Each of the respondents was given a set of questionnaire and was asked to answer all the questions appropriately. All of the 346 respondents responded to the survey.

Of the 346 respondents, 272 (78.6%) were males while 74 (21.4%) were females. The status of sample was 62 (17.9%) single, 275 (79.5%) married, 8 (2.3%) divorced, and 1 (0.3%) others. For level of education background, 205 (59.2%) were SPM, 41 (11.8%) STPM, 18 (5.2%) certificate, 44
(12.7%) diploma, 27 (7.8%) bachelor, 2 (0.6%) master degree, and 9 (2.6%) others.

**Leadership Styles Measurement**

Measurement of leadership styles was adapted from Bass and Avolio (1995). A Multifactor Leadership Questionnaire (MLQ) was used to assess transformational leadership, transactional leadership, and laissez-faire characteristics. Leadership styles were assessed using a 36-items measure that examined the leadership styles of manager in the organization. Respondents responded on a 1-5 Likert-type scale the extent to which they agreed with each statement as it reflected their present work environment. The cronbach alpha reliability for the aggregate measure of styles of leader was $\alpha = 0.904$.

**Whistle-Blowing Intentions Measurement**

In measuring whistle-blowing intentions, this study has adopted instrument conducted by Park and Blenkinsopp (2009). Whistle-blowing intentions were assessed using a 8-items measure that examined the employees’ intent to blow in the organization. The type of ordinal scale used is a 1-5 Likert-type scale. The cronbach alpha result is $\alpha = 0.722$.

**DATA ANALYSIS**

In this study, the data collected were analyzed by using reliability test, factor analysis, and correlation analysis. Reliability test was used to see how far the scale is free from error and produces consistent results between multiple instruments of the variables (Gay & Diehl, 1996). Factor analysis was used to determine the dimensions of the variables (Coakes & Steed, 2010). Correlation analysis is a method used to assess the strength and direction of the relationship between two variables (Gay & Diehl, 1996).

**FINDING**

**Data Screening**

In this process, reliability and normality of data were examined. Reliability value of leadership styles is $\alpha = 0.904$ and whistle-blowing intentions is $\alpha = 0.722$. In normality, skewness and kurtosis test values were inside $\pm 1.96$. Therefore, leadership styles and whistle-blowing intentions have a normal data.

**Factor Analysis**

KMO, bartlett’s, MSA, and partial correlation were tested in the factor analysis. This test have satisfied the requirement to proceed the factor analysis. The KMO value should be above 0.50, the bartlett’s test was significant at $p < 0.05$, MSA values are well above 0.50, and lastly partial correlation value should be below than 0.70.

**Leadership Styles**

The factor analysis has shown that the KMO value is 0.895. Bartlett’s test value is significant at $p < 0.05$. In this study, eight factors revealed in eigen value score and cumulative total is 66.428%.
Table 1: Reliability Test for Leadership Styles after Factor Analysis

<table>
<thead>
<tr>
<th>Leadership Styles</th>
<th>Cronbach Alpha after Factor Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.904</td>
</tr>
</tbody>
</table>

Table 1 has shown that cronbach alpha value (α) for leadership styles after factor analysis. Cronbach alpha value for leadership styles after factor analysis is unchanged. No item was dropped because the factor loading was above the value that can be taken into account (±0.35). Therefore, all the factors can be used for further analysis.

**Whistle-Blowing Intentions**

The factor analysis has shown that the KMO value is 0.710. Bartlett’s test value is significant at p < 0.05. In this study, two factors revealed in eigen value score and cumulative total is 63.462%. After factor analysis, it was found that there are two components in rotated component matrix for whistle-blowing intentions.

Table 2: Reliability Test for Whistle-Blowing Intentions after Factor Analysis

<table>
<thead>
<tr>
<th>Whistle-Blowing Intentions</th>
<th>Cronbach Alpha after Factor Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.722</td>
</tr>
</tbody>
</table>

Table 2 reveals cronbach alpha value (α) for whistle-blowing intentions after factor analysis process. Cronbach alpha value for whistle-blowing intentions after factor analysis is unchanged. No item was dropped because the factor loading was above the value that can be taken into account (±0.35). Therefore, this factor can be proceeded for further analysis.

**Relationship between Leadership Styles and Whistle-Blowing Intentions**

Table 3: The Result of Correlation Analysis between Leadership Styles and Whistle-Blowing Intentions

<table>
<thead>
<tr>
<th>Whistle-Blowing Intentions</th>
<th>Transformational Leadership</th>
<th>Transactional Leadership</th>
<th>Laissez-Faire</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.389**</td>
<td>0.409**</td>
<td>0.140*</td>
</tr>
</tbody>
</table>

Note: **Significant at confidence level p < 0.05, *Significant at confidence level p < 0.01

Table 3 has shown the relationship between leadership styles dimensions and whistle-blowing intentions. Correlation analysis results showed that transformational leadership and transactional leadership have a significant relationship with whistle-blowing intentions which both value r = 0.389 and 0.409 at p < 0.05. While laissez-faire also has a significant relationship with whistle-blowing intentions which value r = 0.140 at p < 0.01. The results show that leadership styles has a positive correlation with whistle-blowing intentions.

**DISCUSSION**

This study seeks to explore whether styles that a leader used would encourage employees to disclose information about
wrongdoing. It responds to the call for additional research on the role of management in the whistle-blowing process (Carcello, Hermanson, & Ye, 2011). The result of the study provides a meaningful information to the practitioners especially in the context of enforcement agencies in Malaysia regarding the needs to have an appropriate leadership styles that encourage positive attitude towards whistle blowing among employees. The findings of the study also extend our understanding of the role of leadership styles (transformational leadership, transactional leadership, and laissez-faire) have on employees’ whistle-blowing intent. This study indicates that leadership styles (transformational leadership, transactional leadership, and laissez-faire) have a significant and positive relationship to whistle-blowing intentions.

One of the reasons why transformational leadership is considered important by employees of enforcement agency in Malaysia is that they may prioritize the leadership qualities of high-level officials who have a clear, charismatic, and high self-esteem. All of these elements are highlighted by superior officers with a transformational leadership style, where it demonstrates the enthusiasm among them (superior officers) to help their subordinates to achieve the organization’s goals in which any element that could deprive this effort such as the phenomenon must be curb accordingly. Meanwhile, high-ranking officers who engage with transactional leadership style are also individuals who always applying ethical practices, where they will encourage enforcement’s employees to report any misconduct occurring within their organization through whistle-blowing practices.

The findings also show that laissez-faire has a relationship with the intention of whistle blowing. This means that the intention of the enforcement’s employees to perform whistle blows is also influenced by the superior of the laissez-faire leadership style. Although there is no specific findings on the relationship between the laissez-faire leadership style with the intention of whistle blowing, there are some findings of the previous study from the other perspectives which illustrate the laissez-faire influence on employee attitudes and behaviors such as employee competence, job satisfaction, and group performance (Valdiserri & Wilson, 2010).

Most importantly, the findings of this study able to fill the research gap in the area of whistle blowing phenomena in organization. Besides that, it would also expands the research area pertaining to the issue concerned by giving an opportunity to researchers to think about other variables that should be incorporated in future research.

CONCLUSION

This study has successfully explored and examined the relationship between leadership styles and whistle-blowing intentions at enforcement agency in Malaysia. The researcher found that transformational leadership, transactional leadership, and laissez-faire has significant
relationship with whistle-blowing intentions. Therefore, the existence of leadership styles will give positive impact to whistle-blowing intentions in the organization.

REFERENCES


leadership. *Journal of Organizational Behavior, 21*(8), 949-964.


