

UNIVERSITI TEKNOLOGI MARA

**A STUDY OF ETHICAL
LEADERSHIP BEHAVIOURS AND
INTEGRITY SYSTEM PRACTICES
FROM EMPLOYEES'
PERSPECTIVES IN MALAYSIAN
GOVERNMENT-LINKED
COMPANIES (GLCs)**

TAQIAH HANI BINTI MUHAMAD IDRIS

Dissertation submitted in partial fulfillment
of the requirements for the degree of
Master of Corporate Administration

**Faculty of Administrative Science and Policy
Studies**

December 2019

AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student : Taqiah Hani binti Muhamad Idris

Student I.D. No. : 2017959463

Programme : Master of Corporate Administration – AM700

Faculty : Faculty of Administrative Science and Policy Studies

Dissertation Title : A Study of Ethical Leadership Behaviours and Integrity System Practices from Employees' Perspectives in Malaysian Government-Linked Companies (GLCs)

Signature of Student :

Date : December 2019

ABSTRACT

In 2017, Malaysia was placed at rank 62 among 180 countries in Corruption Perception Index (CPI) with score of 47 over 100. It was the lowest rank since the index was introduced in 1994. One of the factors that contributed to the lower rank is the increasing of ethics and integrity issues among the top management and leaders in Malaysian Government-Linked Companies (GLCs). This issue has raised the concern of the stakeholders on the need of ethical leaders in GLCs. One of the reasons to have moral and ethical leaders in the management of GLCs is to uphold the level of integrity system of the organization and at the same time to bring positive reputations to the organization. The purpose of this quantitative study was to determine to what extent the influence of ethical leadership behaviours (altruism, courage, ethical guidance, integrity, and fairness) of a leader towards the level of integrity system practices in the organization and to examine the level of integrity system practices in Malaysian GLCs, as perceived by employees. A sample of 305 employees in GLCs participated in completing a survey to address the questions to the ethical behaviours of their leaders and the practice of integrity system in the organization. The mean and Std. deviation analysis indicated the level of integrity system practices in GLCs is at high level at 81.235%. Meanwhile, the Pearson correlation and Multiple regression analysis indicated only altruism behaviour ($r = 0.358$, $p < 0.05$) and ethical guidance behaviour ($r = 0.414$, $p < 0.05$) of a leader has positive significant effect towards integrity system practices in Malaysian GLCs. However, in this study it shows that the ethical guidance behaviour of a leader turnout to be the most influencing behaviour towards the level of integrity system practices in GLCs ($B = 0.341$; $t\text{-value} = 4.529$; $p < 0.01$). These findings are not conclusive as there is no evidence from related study available to support the findings in this study. Future research should include other variables or using moderation or mediation factor in order to analyse other factors influencing the integrity system practices in Malaysian GLCs.

TABLE OF CONTENTS

	Page
EXAMINATION CERTIFICATE	ii
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.2 Problem Statement	2
1.3 Research Questions	4
1.4 Research Objectives	5
1.5 Scope of Study	5
1.6 Significance of Study	6
1.6.1 The Government of Malaysia	6
1.6.2 Current Shareholders and Potential Shareholders	6
1.6.3 Civil Society and Stakeholders	6
1.6.4 Academician Body of Knowledge	7
1.7 Definition of Terms	7
1.7.1 Ethical Leadership	7
1.7.2 Integrity System	7
1.7.3 Government-Linked Investment Companies	7
1.7.4 Government-Linked Companies (GLCs)	8
1.8 Summary	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Introduction	9

2.2	The Development of Leadership Theories	9
2.2.1	Description of Leadership	10
2.3	Transformational, Spiritual, and Authentic Leadership	14
2.3.1	Transformational Leadership	14
2.3.2	Authentic Leadership	17
2.3.3	Spiritual Leadership	19
2.4	Overview of Ethical Leadership Theory	20
2.5	Ethical Leadership Behaviours	24
2.5.1	Altruism Behaviour	26
2.5.2	Courage Behaviour	28
2.5.3	Ethical Guidance Behaviour	28
2.5.4	Integrity Behaviour	30
2.5.5	Fairness Behaviour	31
2.6	Overview of Integrity System in Malaysia	32
2.7	Government-Linked Companies (GLCs)	38
2.8	Previous Studies on Ethical Leadership Behaviours and Integrity System and Gap on Previous Studies	40
2.9	Conceptual Framework and Hypothesis Development	41
2.9.1	Conceptual Framework	42
2.9.2	Hypothesis	42
2.10	Summary	43
CHAPTER THREE: RESEARCH METHODOLOGY		44
3.1	Introduction	44
3.2	Research Design	44
3.3	Unit of Analysis	45
3.4	Sample Size	45
3.5	Sampling Technique	46
3.6	Measurement/Instrumentation	47
3.6.1	Demographic Profile of Respondent	49
3.6.2	Instrumentation of Questionnaire	50
3.7	Data Collection	53
3.8	Validity and Reliability Test	55
3.9	Data Analysis	55