SPIRITUAL INTELLIGENCE: NARROWING THE GAP BETWEEN THE ETHICAL AND NON-ETHICAL VALUES OF PUBLIC SECTOR EMPLOYEES

Rozaiha Abd Majid
Faculty of Accountancy
Universiti Teknologi MARA, Malacca, Malaysia

Nafsiah Mohamed
Accounting Research Institute & Faculty of Accountancy
Universiti Teknologi MARA, Malaysia

Zanariah Mahmud
Faculty of Accountancy
Universiti Teknologi MARA, Malaysia

Abstract

This paper highlights the possibility that having the knowledge in spiritual intelligence could deter and ultimately eliminate fraud in the Public Sector in Malaysia. This is due to the fact that having a good internal control does not guarantee that the employees would not conduct fraud. A study conducted in a local authority proved that a good internal control system may not be the effective answer to prevent fraud from occurring. It is recommended that knowledge and awareness in spiritual intelligence could improve the ethical values among employees.

Introduction

Many researchers consider the internal control system as the most effective measure in preventing fraud. The internal control is a process which is designed to minimise the risk of fraud from occurring in an organisation. Albrecht,

Cherrington, Payne, Roe and Romney (1980) noted in their study that maintaining adequate internal control is very important to mitigate the occurrences of fraud.

The definition of internal control system reveals that it is not different from management control (Fadzil, Haron, and Jantan, 2005) where the administrative personnel is responsible to ensure compliance with the related organisation's rules and regulations.

The absence and inadequacy of a good internal control system may lead to the spread of fraud activities among employees (Nolan, 1998). The concept of internal control deals with a broader scope than what is generally expected. It ranges from financial controls and internal audit to the internal systems, procedures, plans and methods which ensure that an organisation's vision, mission, objectives and targets are successfully achieved through the effective and efficient use of council resources.

Internal control systems include all of the policies and procedures adopted by the directors and management of an entity to ensure that as far as possible objectives such as orderly and efficient conduct of the business, adhering to management policies, safeguarding assets, prevention and detection of fraud and error, complete and accurate accounting records, and reliable and on time information are followed (Plant, 1998).

Issues

There is an increasing awareness on the urgent need to address the issue of "misconduct" among employees in public sectors that leads to the decline of public confidence towards them (Ahmad Sarji and Mahmud, 1993). The acts of misappropriation of assets by public sector officials are becoming common sights these days (Dickey and Nikias, 2008). Some examples of these dishonest acts are local authority officials send their children to schools using council vehicles or utilise other assets such as computers, printers and internet connection for their own personal use (Independent Commission Against Corruption, 2002).

The 2008 Association of Certified Fraud Examiners Report to the Nation on Occupational Fraud and Abuse categorises misappropriation of assets as the most common type of occupational fraud and defines it as any scheme or plan that involves both theft and misuse of organisation's assets. Misappropriation of assets involves the theft of an entity's assets, often perpetrated by employees in relatively small and immaterial amounts and by management who are usually more able to conceal misappropriation in ways that are difficult to detect (Chapple, Ferguson and Kang, 2007).

According to Greenlee, Fischer, Gordon and Keating (2007), previous literature shows that fraud is often found or occurs in organisations including government departments and agencies. Weak internal control, difficulty in verifying certain revenue streams, policies and procedures of public procurement, and the trust issue among others are identified as the contributory factors (Douglas and Mills, 2000).

The increasing occurrences of these activities generate questions concerning the effectiveness and the quality of existing internal control (Majid, 2010). According to Seetharam, Senthilvelmurigan and Periyananayagam (2004), a strong internal control system is the solution to curb fraud; however, the internal control system alone may not be the most effective answer to this destructive problem. Majid (2010), in her study on misappropriation of assets, found that despite having a good internal control system in the organisation, misappropriation of assets still occurred in selected local authorities.

Research Evidence

A study conducted by Majid (2010) showed that despite the existence of a good internal control system in a Malaysian Local Authority, employees continued to misappropriate the assets of the organisation.

Majid (2010) had distributed questionnaires to the finance department employees of a selected Malaysian Local Authority. Five possible cases of misappropriation of assets were identified. The main objective of the case was to determine whether there was a possibility of misappropriation of assets occurring in a local authority.

The findings showed that the majority knew that the misappropriation of assets identified in the five cases were against the law. However, 63% to 80% of the respondents noted that the misappropriation of assets was a common practice, while 53% to 87% of them disclosed that they had seen their colleagues doing it. Surprisingly 10% to 13% of the respondents mentioned that this act of misappropriation of assets was carried out after obtaining permission from superiors.

Even though the local authority has a good internal control system, evidence from the interview conducted with the relevant personnel of the organisation was alarming. Thus, it can be concluded that depending on the internal control system alone is not sufficient to deter misappropriation of assets.

Jensen (1993) noted that the existing internal control system in an organisation failed to cope effectively with changes. Therefore, the search for the perfect solution to mitigate fraud leads to a new discovery of the concept of spiritual intelligence.

According to Selman, Selman, Selman and Selman (2005) spiritual intelligence refers to the ability to solve problems using a multi-sensory approach. It appears to connect the personal to the transpersonal and the self to spirit. Spiritual intelligence goes beyond conventional psychological development. In addition to self-awareness, it implies awareness of one's relationship to the transcendent, to each other, to earth and all beings (Vaughan, 2003).

Wigglesworth (2004) stated that spiritual intelligence is the ability to behave with compassion and wisdom while maintaining inner and outer peace regardless of circumstances. According to him, the ability to behave focuses on how well one maintains his or her centre, stay calm, and treat others with compassion and wisdom even under great stress.

The focus of spiritual intelligence is a direct experience about something which differs from the daily routine, materials, feelings as well as emotional reality. This has been related to an individual's internal strength which has been mentioned in Islam as having a pure heart. A person with a pure heart will be able to control all his or her actions. The importance of the heart has been mentioned by Bukhari and Muslim as been stated by Rasulullah s.a.w in the book by Abdul Hamid (2006) "… whereby in Adam's body contained a piece of meat in physical from that in fact refers to the pure heart. If the pure heart is good, the whole body will be good and if the heart is bad, the whole body will be bad as well". Spiritual intelligence could function as guidelines in one's life to differentiate between good and bad things.

Conclusion

The knowledge in spiritual intelligence can allow one to better understand his or her inner strength. By having a high spiritual intelligence, one will be able to control his or her emotions and later improve his or her thoughts. Therefore, when one is able to control emotions and actions, one will ensure that his or her actions are based on the correct guidelines. The moral and ethical values can be inculcated as well because of one's good actions.

Karakas (2009) noted that spirituality enhances employee well-being and quality of life. It also provides employees a sense of purpose and meaning at work. Spiritual enrichment of the workplace is supported and ensured by free and open expression of intuition, creativity, honesty, authenticity, trust and personal fulfillment in a positive atmosphere (Krishnakumar and Neck, 2002).

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