Role of Integrity System, Internal Control System, and Leadership Practices on the Accountability Practices in the Public Sectors of Malaysia

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Abstract

Purpose - This study assesses the status of current practices of accountability and its relationship with the practices of integrity system, internal control system, and leadership qualities in the public sector of Malaysia.

Design/methodology/approach – This study collected primary data from 109 departments and agencies under 24 federal ministries in Malaysia. The data were analysed under descriptive statistics, ordinal regression, and structural equation modelling (SEM). Several diagnostic tests were conducted to check the validity and reliability of data and models, such as Cronbach alpha test, Kaiser-Meyer Olkin test, Shapiro Wilk test, Internal Consistency Reliability, Indicator Reliability, Convergent Validity, and Discriminant Validity, etc.

Findings - The regression and SEM results show that the practices of integrity system and leadership quality had statistically significant positive relationship, but the practice of internal control system showed mixed relationship with the practices of accountability.

Practical implications - The findings of the study will help the policy makers to ensure better accountability in the public sector in Malaysia and other countries.

Originality/value – This is an original study based on primary data to examine the current practices of accountability and its relationship with the practices of integrity system, internal control system, and leadership qualities in the public sector of Malaysia.

Keywords: Public Sector; Accountability; Integrity; Control System; Leadership; Structural Equation Modelling (SEM); Ordinal Regression

Paper type: Research paper

Introduction

Generally, accountability is known as the duty from internal and external individuals or organizations to account for their activities, to accept responsibility for them, and to disclose the results in a transparent way. In addition, that includes the responsibility for money or other entrusted property as well as service delivery and impact of policies on society (Almquist et al., 2013; Huse, 2005; Iyoha & Oyerinde, 2010). However, accountability is a broad concept and can be used in different contexts to mean different things (Joannides, 2012). According to Blagescu & de Las Casas (2005), Bovens (2007), and O'Dwyer & Unerman (2007), the term of accountability is referred as relationship based on commitments of some people to demonstrate, review, and take responsibility for performance, and both of the results are achieved in light of agreed expectations and used means. It is not just a formal one, but it includes moral rights and obligations. Rutkowski and Steelman (2005) define accountability as compliant and meeting personal responsibilities, feeling of obligation to another individual and justification of an action to others. Normally, when leaders are accountable for the feedback, they will feel obligated to use it to improve performance (Allen & Dennis, 2010; Hall et al., 2004; McCall, 2012).

Accountability in the public sector requires governments to answer to the public to justify the source and utilization of public resources (Almquist et al., 2013; Jorge de Jesus & Eirado, 2012; Laegreid, Verhoest, & Jann, 2008). This is imperative as the public have an ultimate right to know and to receive facts and figures, which would assist them to debate and

decide the destiny of their elected representatives (Almquist et al., 2013; Christensen & Skaerbaek, 2007; Subramaniam et al. 2013). This two-way knowledge transfer could support governments in achieving greater stakeholder participation and knowledge sharing, and at the same time, it would demonstrate public accountability (Riege & Lindsay, 2006). It also presumes that the government is not manipulating the public service to shape its advice for their political advantage. Therefore, accountability could avert corruption and abuse of power (Graycar, 2012; Lamboo, 2010; Malagueno et al., 2010), but commitment from governments is needed for accountability mechanisms that encourage ethical practices and ensure the implementation of proper processes, which includes detailed documentation and openness to scrutiny without merely abusing power (Mcgee & Gaventa, 2011a; Keohane, 2005; Velayutham & Perera, 2004).

Studies on factors that contribute to accountability in public sector have been extensively studied, but these studies tend to focus on efficiency of management (Hui et al., 2011), budgeting (Goddard, 2004), politics (Barton, 2006) and innovations (Christensen & Skaerbaek, 2007). There are five forms of accountability in the public sector organisations that are found in Australia, and they are related to political, public, managerial, professional and personal, together with two discourses which are structural and personal (Sinclair, 1995). The Nordic countries share even more similar values and principles, such as democracy, openness, service and efficiency for accountability in public sectors (Corte-Real, 2008; Pekkarinen et al., 2011; Salminen & Ikola-Norrbacka, 2010). The British tradition presumes that their civil servants are loyal to ministers; they must be neutral, and the relationship between the minister and civil servants should be based on trust (Joannides, 2012; Salminen & Ikola-Norrbacka, 2010). From the context of Finnish public administration, three core-ethical issues, namely trust, good governance and unethical actions were examined by Kalsi et al. (2009), and Plumptre and Graham (1999). As a management problem or scandal related issues, new accountability relationships are institutionalised to prevent such circumstances from taking place in future. These new accountability arrangements are not substituted for accountability relationships in place at the time the problem occurred (which, in light of the emergent problem, are now perceived to be inadequate). Rather the new arrangements are added to accountability relationships that are already in place. The resulting array of accountability mechanisms provides numerous opportunities for holding public employees answerable for their performance (Romzek, 2000). However, still there is scope to check the factors that contribute to improve the accountability of the public sector.

Among different factors, many studies have emphasized on the connections of accountability with the integrity system, internal control system and leadership qualities (Atan, Alam & said, 2017; Aziz et al. 2015a,b; Almquist et al., 2013; McGee & Gaventa, 2011b; Greenfield, 2007; Simpson, 2007). The integrity system placed by the department in the public sector has a positive impact in nurturing the accountability in the department, which leads to enhance public sector accountability in general. Strong emphasis on controlling the activities and operation through designated law, regulation and procedures guarantee the growth of accountability in the public sector. Proper and systematic internal control system is very crucial because it helps to enhance the confidence among the stakeholders. Moreover, it will help to reduce the allegation against the government officials who are practising cronyism and nepotism in the public sector. The leadership qualities were also found to be influencing in enhancing accountability in public sector. Leaders who promote moral value and provides clear visions and missions could attract their followers in sharing the good universal value, which enhances the accountability of the organisation. It is undeniable that leadership is a crucial factor, especially at the time of dealing issues in the

public sector where leaders possess ethical and high moral values that are more appreciated by their followers rather than those who are indifferent. The leader in the public sector is likely to have strong characteristic in leading big organisations with larger fund to handle with. Therefore, possession of leadership charisma and capabilities is crucial to drive the organisation in achieving its ultimate goal as a protector to the nation. This could promote accountability among the employees in the public sector in achieving the goal of serving the nation and work for social well-being.

Therefore, to determine and explore the factors that promote accountability in the public sector organisation, this study assesses the accountability practices in the public sector of Malaysia and empirically justifies how integrity system, internal control system, and leadership qualities affect the accountability practices. This study is based on Malaysia, and there is strong justification for that. In case of Malaysia, the government has realised that to achieve the Visions 2020 and to become a developed nation, they must equip the nation with high class mentality citizens with the attitude of upholding high ethical value (Iyer, 2011). Since gaining the independence way back in 1957, Malaysia is on track in transforming the nation from developing country to the developed one. In 1980s, Malaysia has given greater stress on enhancing public sector delivery system, which aims to boost good moral value and integrity. Many initiatives, such as "Clean, Efficient and Trustworthy", "Integration of Islamic Values", "Excellent Work Culture", "Code of Work Ethics", "Client's Charter" and "ISO 9000" have been introduced to the public sector as a mechanism to improve system delivery and accountability. With regards to these several initiatives to improve the accountability of the public sectors in Malaysia, it is very important to check the current performance of practising accountability and its relationships with the other relevant quality improvement practices. Therefore, this study has selected Malaysia as a case study, which will also help the policy makers of other countries to ensure better accountability in the public sector.

Literature Review

Integrity System for Accountability in Public Sector

Initially, the Roman philosophers developed integrity as a moral notion that had a general meaning of moral uprightness and/or wholeness (Bauman, 2013). The theory of integrity concept has been discussed not only in ethics arena but also in many other fields, such as organizational behaviour, human resource management, psychology as well as leadership (Bauman, 2013; Treviño-Rodríguez, 2007).

In organizational view point, integrity or ethical behaviour refers to not only the notion of being corrupted or fraudulent, but it also lies in quality or characteristic of individual or organizational behaviour that represents the quality of acting in accordance with the moral values, standards and rules accepted by the organization's members and society (Kolthoff et al., 2010; Bauman, 2013). It is also considered as a matter of coherence and consistency between organisational aims, personal values and beliefs, and individual behaviour (Badaracco & Ellsworth, 1991). Therefore, it is assumed to have a direct influence on organizational action and decisions or moral choices (Treviño-Rodríguez, 2007), and the management has an important role in shaping the integrity of an organization (Kaptein, 2003).

Integrity is deliberately needed for establishing relationships of trust within the boardroom and with stakeholders. Regarding the government, according to Aziz et al. (2015),

a government's ultimate aim is to safeguard the public interest through an efficient and effective governance system that enhances protection of rights, demonstrates accountability and integrity in their daily activities and also in its public office dealings. Mintrop (2012) has shown that the initiative by the government in encouraging the good value, ethics and integrity has a positive impact on accountability. Jones (2009) has added that strength of integrity is indicated by good balance between external demand values, and perceived needs, which are rooted into culture that takes external performance responsibilities, especially to the public, and that leads to accountability. Allocating the resources to cultivate organizational environments, which lead to the increment of democracy perception levels will support the building of organizational and operational integrity. Integrity stimulates employees to comply and helps to instil values that support a commitment to ethical conduct. Therefore, integrity system is very important and it plays a major role in ensuring accountability and transparency within the organization.

Internal Control System for Accountability in Public Sector

Internal control is a multidimensional concept and has been discussed in many ways in the management control literature (Agbejule & Jokipii, 2009; Bowrin, 2004). It is not solely a procedure or policy that is performed at a certain point in time. Relatively, it is a continually operating, integrated system at all levels within an organization (Haron et al., 2010). In business, the organizations face so many risks on daily basis, and those include the failures of internal control mechanism, financial fiasco, catastrophe or environmental disasters, non-compliance and regulatory violations. These risks are worsened by the advancement of technology, high acceleration in the pace of business, multi-faceted financial sophistication and globalisation, and those have contributed to amplify the complexity of risks for companies to endure.

A good internal control system will benefit an organization in preventing the incidence of bad financing as well as helping organization to work effectively and harmoniously at the time of detecting errors and irregularities in its operation (Pathak, 2005; Wardiwiyo, 2012). Organizations have also recognised the importance of internal control system as well as risk management, which have been viewed as useful tools in safeguarding the overall achievements of company's objective and in increasing shareholders' value (Aziz, 2013).

Internal control system also plays a vital part in the internal auditing practices since the internal auditors might be considered as being experts in management control (Fadzil et al., 2005). Therefore, according to Bowrin (2004) it is an integral component of an organization's overall governance structure, which is intended to direct and control its activities by promoting transparency, accountability, responsibility, and fairness to all stakeholders.

In the public sector organisation, the roles of internal control is to support the system establishment at the time of fostering the decision maker's accountability (Bianchi, 2010). However, failing to establish a reliable and dependable system could harm the organisation in many ways by exposing the risk to the efforts of nurturing accountability in the public sector. Higher dependency on the control system is constantly associated with higher expectation by enhancing the accountability in the organisation (Liu, 2011). Since the internal control system is providing an emphasis towards accountability; therefore, its practice in the public sector seems crucial at any stages in enhancing accountability in the public sector organisation.

Leadership Practices for Accountability in Public Sector

The leadership practices helps to achieve the quality and positive outcomes. To endorse leadership as described requires personal and managerial authority that is used in an appropriate balance (Greenfield, 2007; Subramaniam et al., 2010). Those who have shown this skill has managed to develop their emotional intelligence and have a range of leadership styles to draw upon (Thomas, 2009). Effective leadership can drive improvements in team work, quality and safety, and innovation (Greenfield, 2007).

Based on the interview with all long-time leaders, highly valued by their employees and other stakeholders, and active in multiple settings, Marques (2010) pointed out several characteristics of a leader. A leader needs to possess conforming moral values, highly ethical, honouring integrity, honesty and trust, vision, absolute respect, passion, commitment, compassion, justice, kindness, forgiveness, courage, love, deep listening, inspiration and authenticity, multi-dimensionality, and adaptability.

With this current development, the organization requires not only the manager but also a manager with leadership charisma (Hoffman & Frost, 2006; Simpson, 2007). Most of them struggle to become better at the task of leadership, and the struggle is understandable with such limited time (Thomas, 2009). Therefore, when the behaviour of the leader is too different from the expectations of the followers, undesirable consequences can happen and weaken individual and work group performance (Subramaniam et al., 2010).

Gonzalez and Firestone (2013) conducted the qualitative study of the meaning of accountability to principals as a leader in examining few aspects of principal accountability. Study was conducted among New Jersey public middle school principals who had served in the same school for minimum period of three years. The study found that school leaders played a key role by interpreting state and federal policies in ways that influenced local interpretation. Even with highly prescriptive policies reinforced by strong mandates, most schools face such a complex environment that principals must help teachers and others to sort out what they need to do. Because of this complexity, principals inevitably rely on their personal code to reconcile conflicting accountabilities. Therefore, there are possibilities of gap in the leadership style posed by the leader that could affect the accountability.

The reputations of leaders have impact on the degree of formal accountability mechanisms for their work-related decisions and actions (Hall et al., 2004). This highlights the complex relationships that appear among leader reputation, trust, and accountability which also can facilitate leader performance and effectiveness. In order to achieve greater accountability within the public sector organisation, a focus on developing the appropriate characteristic of leadership must be achieved.

Based on the above discussion from the literature, it is clear that integrity system, internal control system, and leadership practices are the three very important internal factors that have influences on accountability practices in the public sector. However, there are not considerable number of studies available in the literature to check the impacts of all of these three variables in one particular setup, especially in case of Malaysian context. Moreover, the relationships of the variables also need to be checked further to understand the validity of the relationship, especially in the context of Malaysian public sector. Therefore, this study will help to fill up these gaps in the existing body of knowledge.

Methodology

Sampling and Data Collection

This data for this study was collected based on a targeted survey among the 682 departments and agencies under 24 federal ministries, including the Prime Minister Department in Malaysia. The rate of response/actual sample of this study was 16% from the targeted group. Total 109 respondents replied the email questionnaires out of the targeted 682 persons. Previous studies also found that the rate of responses was 5-10% (Alreck & Settle, 1995). The list of ministries is given in Table 1.

Table 1: Distribution of samples among the federal ministries of Malaysia

No	Name of Ministry	Number of Targeted Departments or Agencies	Number of Actual Sample Departments or Agency
1	Prime Minister Office	52	15
2	Ministry of Finance	33	5
3	Ministry of Women, Family and Community Development	18	8
4	Ministry of Education	57	8
5	Ministry of Energy, Green Technology and Water	21	4
6	Ministry of Plantation Industries and Commodities	19	1
7	Ministry of Home Affairs	34	4
8	Ministry of Communications and Multimedia	20	2
9	Ministry of Rural and Regional Development	28	2
10	Ministry of International Trade and Industry	31	4
11	Ministry of Science, Technology and Innovation	42	5
12	Ministry of Natural Resources and Environment	26	2
13	Ministry of Tourism and Culture	23	1
14	Ministry of Agriculture and Agro-Based Industry	26	7
15	Ministry of Defence	33	8
16	Ministry of Works	20	4
17	Ministry of Health	44	6
18	Ministry of Youth and Sports	21	3
19	Ministry of Human Resources	22	3
20	Ministry of Domestic Trade, Co-Operatives and Consumerism	24	3
21	Ministry of Transport	23	2
22	Ministry of Foreign Affairs	31	5
23	Ministry of Federal Territories	12	3
24	Ministry of Urban Wellbeing, Housing and Local Government	22	4
Total		682	109

Using the Google Doc application, a set of questionnaires was distributed by emails among the heads of department with the guarantee of information confidentiality. The email addresses of the respondents were collected from the website of the respective ministries. To ensure a high successful response rates, another follow up reminder emails were sent to the respondents as suggested by previous studies (Fan & Yan, 2010; Hamilton, 2009; Kaplowitz, Hadlock, & Levine, 2004). Finally, we received the responses from 109 participants from different departments (Table 1).

In case of primary data collection, it is widely acceptable to use survey data. However, while developing the questionnaire, the researchers were very cautious to avoid the self-response biasedness from the respondents' perspective. Therefore, this study used

different check and balance types of questions in the questionnaire. Moreover, it was also ensured that the individual level data would be gathered for the purpose of the academic research only, and it would be kept strictly confidential among the researchers only. Furthermore, this study duly complied with the ethical standard of the respected institutions of the authors as well as the respondents, and the questionnaire was finalized on the ground of the ethical clearance from the ethical commission of the associated institution of the researcher.

Measurements of Variables

The study has tried to measure the accountability in public sector by ten variables, integrity system in public sector by twelve variables, internal control in public sector by ten variables, and leadership quality in public sector by thirteen variables. The items of accountability measurements were adapted with some modification from Geer (2009) as well as Shaoul, Stafford, and Stapleton (2012). The items of integrity system were adapted with some modification from Corporate Integrity Assessment Questionnaire (CIAQ), which was developed by Malaysian Institute of Integrity (2012). The items of internal control system were adapted with some modification from Office of the Comptroller of the Currency (2007); Tufts University (2009), and Vautd (2012). The items of leadership qualities were adapted with some modification from Avolio & Bass (2004), and Blake & Mouton (1975). The list of the items is given below.

Accountability measurements in the public sector of Malaysia

- B1 Report regularly on the department's performance to the top management
- B2 Supports the process of learning from mistakes and successes, ensuring external views are taken into account.
- B3 Has a regular reporting system on the achievements and results of its programs/projects against their objectives
- B4 Recognizes the organization's responsibilities towards its wider communities, society and the environment.
- B5 Have established clear operating goals to be achieved.
- B6 Maintain detailed and up-to-date records for its inventories and assets.
- B7 Follow treasury rules and regulations in all circumstances
- B8 Ensures funds are used properly and in the manner authorized.
- B9 Place high responsibility on its employees to be highly efficient and effective
- B10 Place high emphasis on giving prompt assistance to resolve enquires or complains from customer.

Integrity System in public sector of Malaysia

- C1 Considers integrity conduct as a requirement for departmental and individual performance.
- C2 Considers managing integrity is an essential leadership competency.
- C3 Incorporates integrity aspect into all departmental culture.
- C4 Provides concrete guidance for integrity and how to address them.
- C5 Promotes integrity conducts as part of activities.
- C6 Provide policies and guidelines for disciplinary action and rewards on its integrity practice.
- C7 Publishes report about integrity.

- C8 Respect the confidentiality of the ethics advisory process
- C9 Evaluates its ethics training for effectiveness and constantly update and improve.
- C10 Promotes transparency in connection with all of its activities.
- C11 Provides integrity training to employee and head of department.
- C12 Supports and assists other department in their integrity initiatives.

Internal Control System in the public sector of Malaysia

- D1 Reviews the policies and procedures to ensure that appropriate internal controls have been established.
- D2 Get approval from the top management on the written policies and internal operation procedures
- D3 Updates information relating to rules and regulations for decision making.
- D4 Informs all staff regarding the policies and procedures in the organization.
- D5 Takes appropriate action in instances of non-compliance that have been reported.
- D6 Ensures all personnel did understand their role and know how their activities relate to others.
- D7 Ensures every rule and regulations in the department is complied and accounted for.
- D8 Ensures financial transactions in the organization are properly documented and reported in accordance with the rules and regulations.
- D9 Engages with the internal auditor to review the operation of the department
- D10 Assess the adequacy of internal control system.

Leadership Qualities in the public sector of Malaysia

- E1 Follows through on decisions made and make sure action is taken and reported on
- E2 Ensures that strategies are in place and aligned to vision, values and objectives
- E3 Ensures that stakeholders are informed and appropriately involved in the envisioning process
- E4 Ensures that policies, processes and resources are available to support plans
- E5 Demonstrates political wisdom in dealing with complex situations and issues
- E6 Ensures employees know and act in line with agreed values, attitudes and behaviours
- E7 Adapts to deal with different people and situations and use a variety of leadership styles as required
- E8 Tracks performance and give employees feedback on their performance
- E9 Encourages employees to overcome the challenges to achieve the vision.
- E10 Encourage employees to build networks and relationships that will keep them informed about the external environment
- E11 Empowers their employees to get things accomplished
- E12 Encourages employees to experiment and take calculated risk
- E13 Provides motivation and direction to employees

The questionnaire used a seven-point Likert-type rating scale, ranging from 1 (strongly disagree) to 7 (strongly agree) by asking the respondents about their opinion on the

practices of accountability, integrity system, internal control, and leadership quality in the workplace.

Data Analysis

The data were analysed by the help of descriptive statistics, ordinal regression, and structural equation modelling (SEM). In the dataset, when there are many factors available to determine one variable, the SEM or path modelling gives better estimation because it measures result as well as efficiency at individual factor level. Moreover, to check the estimation at the aggregate level, when all factors are combined into variable, regression model is a better option. This study conducted both methods to understand the differences and drew a more reliable inference. In case of regression, this study used ordinal regression because the data were in scale or ordered form, and in case of SEM, this study used partial least squares (PLS). Descriptive statistics were used to analyse the general features of the data, and regression and SEM show the intensity of the impact of each factor on accountability. For the descriptive analysis, this study used SPSS and excel software; for the regression analysis, this study used Eviews software; and for the SEM analysis, this study used Smart PLS software.

For the regression analysis, the study used the Ordered Logit regressions based on both probit and logit model. The equations in functional form are as follows:

$$Y1 = f(X1, X2, X3) \quad (1)$$

Where, the variables are as follows,

- X1 Integrity System practices in the public sector
- X2 Internal Control practices in the public sector
- X3 Leadership Quality practices in the public sector
- Y1 Accountability practices in the public sector

For the SEM, this study used a nonparametric bootstrap procedure to test coefficients for their significance. The PLS SEM method has advantages, such as non-normal data, smaller sample sizes, formative indicators, and very complex models in addition with other common modelling conditions that present challenges with covariance-based methods. It is called the variance based structural equation modelling that can be regarded as a multivariate extension of the ordinary least squares (OLS) regression. The iterative algorithm conducted in PLS consists generally of a series of OLS analyses (Chin, 1998).

PLS SEM methodology allows reflective and formative computations with respect to the measurement of latent variables. Formative measurement models come into use when an explanatory combination of indicator variables underlies the latent construct, which can be used optimally when the items describe and define the construct rather than when they do not (Diamantopoulos, 2006; Petter et al., 2007). In a formative measurement model, indicators represent the latent construct's (potentially) independent causes; thus, they do not necessarily correlate highly. Furthermore, formative indicators are assumed to be error free (Edwards & Bagozzi, 2000). While developing the SEM, this study followed the formative measurement model.

Furthermore, the data validity was tested by checking the normality of data through Shapiro Wilk test and graphical method, and the reliability of the data was tested by using

Cronbach alpha test and Kaiser-Meyer Olkin test. Moreover, the reliability of the SEM was tested by using Internal Consistency Reliability, Indicator Reliability, Convergent Validity, and Discriminant Validity tests.

Results and Findings

Demographic Information

The study collected few demographic data of the respondents, and those included gender, age, job position, service scheme, grade, highest academic qualification, working experience in current organisation, and total year of working experiences in public service. A summary of the demographic information is given in the Table 2.

Table 2: Demographic information of the respondents

Demographic Profile	Frequency	Percentage (%)
Gender:		
Female	50	45.9
Male	56	51.4
Not Indicated	3	2.8
Age Group:		
30 to 40 years	75	68.8
41 to 50 years	13	11.9
51 years and above	6	5.5
Under 30 years	12	11.0
Not Indicated	3	2.8
Job Position:		
Management and Professional	101	92.7
Supporting staff	5	4.6
Top management	3	2.8
Service Scheme:		
Administrative and Diplomatic	76	69.7
Administrative & Support	7	6.4
Education	2	1.8
Engineering	4	3.7
Financial	12	11.0
Information System	2	1.8
Medical & Health	2	1.8
Not Indicated	4	3.7
Grade:		
17	1	0.9
27	3	2.8
41	17	15.6
44	18	16.5
48	46	42.2
52	12	11.0
54	7	6.4
JUSA C	3	2.8

Not Indicated	2	1.8
Highest Academic Qualification:		
Diploma	1	0.9
University Degree/Master/PhD	108	99.1
Working Experience with Current Organisation (Year):		
1 to 3 years	29	26.6
4 to 5 years	11	10.1
5 years and above	55	50.5
Less than 1 year	12	11.0
Not Indicated	2	1.8
Working Experience In Public Sector (Year):		
1 to 3 years	7	6.4
4 to 5 years	9	8.3
5 years and above	89	81.7
Less than 1 year	2	1.8
Not Indicated	2	1.8

Among the respondents, around 46% were female and 51.4% were male, and the rest did not provide the gender data. Most of the respondents were in the 30-40 years age group, which comprised around 69% of total respondents. Almost all of the respondents had minimum a bachelor degree. Among the respondents, around 93% were in the management and professional position. In case of job scheme, 69% of the respondents were in the administrative and diplomatic scheme, followed by 10% in financial services, and 6.4% in administrative and support scheme. About 42% of the respondents were at grade 48, followed by grade 44, which consists of 16.5% and grade 52, which consists of 11% of the respondents. About half of the respondents (50.5%) have been working for more than five years in the current organisation; on the other hand, 26.6% from the respondents have been working between one to three years. As for working in the public sector, 81.7% of the respondents stated that they had been serving the government for more than five years.

Descriptive Analysis

Among the respondents, an average total of 87.3% of the respondents agreed that they practised the accountability factors; 74.2% of the respondent agreed that they practised these integrity system factors; 86.2% of the respondents agreed that they practised these internal control factors; 82.5% of the respondents agreed that they practised these leadership quality factors (Table 3).

Table 3: Survey score on the factors of accountability, integrity system, internal control, and leadership quality in the public sector of Malaysia

Scores	Accountability	Integrity System	Internal Control	Leadership Quality
1	0	1	0	1
2	1	2	1	2
3	4	8	3	4
4	9	17	11	12
5	27	29	28	28
6	45	35	46	46

	7	24	17	20	16
Disagree (1-3)		5	11	4	7
Agree (5-7)		95	81	94	90
Disagree (1-3) %		4.4%	9.7%	3.6%	6.3%
Agree (5-7) %		87.3%	74.2%	86.2%	82.5%
Maximum		3	3	2	2
Minimum		7	7	7	7
Std. Dev.		0.82	0.98	0.84	0.95

Out of all of the service scheme group, the highest average score for accountability measurement was 6.4 that was in the engineering group, and the lowest mean score was 4.7 for the medical and health scheme group (Table 4). The accountability in the administrative and diplomatic, education, and medical and health was lower than the overall average accountability score of 5.7.

Table 4: Survey score on the factors of accountability, integrity system, internal control, and leadership quality according to service scheme in the public sector of Malaysia

Service Scheme	Accountability	Integrity System	Internal Control	Leadership Quality
Administrative and Diplomatic	5.6	5.2	5.5	5.4
Administrative and Support	6.3	5.9	6.2	5.7
Education	5.2	4.7	4.9	5.7
Engineering	6.4	6.1	6.5	6.3
Financial	5.7	4.9	5.7	5.4
Information System	5.7	5.5	5.2	5.5
Medical and Health	4.7	4.2	4.8	4.5
N/A	5.7	5.1	5.4	5.4
Total Average	5.7	5.2	5.6	5.4

Out of all of the service scheme groups, the highest average score for the integrity measurement was 6.1 that was in the financial scheme group, and the lowest mean score was 4.2 for the medical and health scheme group (Table 4). Furthermore, administrative and support and education scheme were higher than the overall average integrity score of 5.2, but the integrity system in the information system and administrative and diplomatic schemes were lower than the overall average score.

Out of all of the service scheme groups, the highest average score for the internal control measurement was 6.5 that was in the financial scheme group, and the lowest mean score was 4.8 for the medical and health scheme group (Table 4). Furthermore, administrative and diplomatic and administrative and support scheme were higher than the overall average internal control score of 5.6, but the internal control system in the engineering, information system, and education schemes was lower than the overall average.

Out of all of the service scheme groups, the highest average score for the leadership quality measurement was 6.3 that was in the financial scheme group, and the lowest mean score was 4.5 for the medical and health scheme group (Table 4). Moreover, administrative and support, information system, and education scheme were higher than the overall average leadership score of 5.4 and the rest of the schemes was at the average level.

Regression Analysis

The results of the study show that the practices of integrity system, internal control, and leadership quality had statistically significant relationship with the practices of accountability in the public sector of Malaysia (Table 5). The odd ratios for all of the three variables were more than 1, indicating that increasing the practices of integrity system, internal control, and leadership quality caused the tendency to increase the accountability practices in the public sector of Malaysia.

Table 5: Regression output on the relationship of practices of accountability with the practices of integrity system, internal control, and leadership quality

Variable	Ordered Probit		Ordered Logit	
	Odd Ratio	Prob.	Odd Ratio	Prob.
Integrity System	112.10622*	0.0000	78.00353*	0.0000
Internal Control	15.15675*	0.0066	13.90605*	0.0085
Leadership Quality	7.90872^	0.0386	8.32227^	0.0341
Pseudo R-squared	0.39670		0.39539	
Schwarz criterion	1.730813		1.733919	
Hannan-Quinn criter.	1.628067		1.631173	
LR statistic	102.4571		102.1186	
Prob(LR statistic)	0.00000		0.00000	
Akaike info criterion	1.55797		1.56108	
Log likelihood	-77.9096		-78.07887	
Restr. log likelihood	-129.1382		-129.1382	
Avg. log likelihood	-0.714767		-0.71632	

*, ^ denote as significant at 1% and 5% level, respectively.

The Odd ratios are calculated as e^{β}

Structural Equation Modelling (SEM) Analysis

The SEM shows that the practices of integrity system and leadership quality constructs were significant to determine the practices of accountability of the public sector. However, the results of the current study show that the practices of internal control were not significant to determine the practices of accountability of the public sector (Table 6). The path coefficients show a 100 points change in the practices of integrity system, and leadership quality would bring 52.4 and 33.4 points change in the practices of accountability of the public sector, respectively (Figure 1).

Table 6: Path Coefficient and Total Effect of SEM

Path Direction	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
Integrity -> Accountability	0.52427*	0.501437	0.144438	0.144438	3.629735
Internal Control -> Accountability	0.104429	0.108724	0.105832	0.105832	0.986745
Leadership -> Accountability	0.334465~	0.374943	0.140021	0.140021	2.388669

*,~ indicates significant at 1% and 5% significance level, respectively

Figure 1: SEM path diagram

Diagnostic Test

Normality Test

The histogram (Figure 2) shows a normal distribution of the bell shape curve for all of the four variables. The Shapiro Wilk test to assess normality also indicates positive result, and p value curve for all of the variables were more than .05 ($p=.096$) that indicates that the sample size of the study was normally distributed (Table 7).

Figure 2: Frequency with normality plot for accountability, integrity system, internal control, and leadership quality variables practices

Table 7: Shapiro Wilk test for assessing normality

Variables	Statistic	df	Sig.
Accountability	.980	109	.096
Integrity System	.978	109	.063
Internal Control System	.977	109	.053
Leadership Qualities	.979	109	.078

Reliability Test

Factor Analysis: The Cronbach alpha (Table 8) value for all of the four variables were more than 0.92, which indicates that the reliability of the questions was excellent (George & Mallery, 2003). The eigenvalues for the test mean that the factor used to measure individual variables explained more than 60.66% of variance. The Kaiser-Meyer Olkin test indicates that the values were greater than 0.6 at 0.907 (Chi-Square is minimum 683.321, $p < 0.000$). Therefore, the sample was adequate to be used in all of the factorial analysis.

Table 8: Reliability test for accountability, integrity system, internal control, and leadership quality

Variables	Accountability	Integrity System	Internal Control	Leadership Quality
Cronbach's Alpha	0.926	0.947	0.942	0.961
Eigenvalue	6.066	7.804	6.625	8.904
Eigen % variance	60.66	65.037	66.25	68.49
% of variance	60.66	65.037	66.25	68.49
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.907	0.942	0.915	0.937
Bartlett's Test of Sphericity Approx. Chi-Square	683.32	983.43	816.75	1313.8
Bartlett's Test of Sphericity Sig.	0.000	0.000	0.000	0.000

Internal Consistency Reliability: The results of the study suggests that there was internal consistency reliability between all the constructs as the composite reliability was higher than 0.708 for all of the constructs (Table 9).

Table 9: Composite Reliability and Convergent Validity (Average Variance Extracted- AVE)

Latent Variable	AVE	Composite Reliability	R Square	Cronbachs Alpha	Communality	Redundancy
Accountability	0.5632	0.9276	0.804	0.9127	0.5632	0.338
Integrity	0.5937	0.9451		0.9356	0.5937	
Internal Control	0.5634	0.9274		0.9129	0.5634	
Leadership	0.636	0.9576		0.9519	0.636	

Convergent Validity: As Table 9 shows that the AVE was higher than 0.5 for all of the constructs, and this indicates that there was convergent validity between all the constructs (Table 9).

Discriminant Validity: Comparing the cross loading and outer loading in Table 10, the results of the present study indicates that an indicator's loading on its own construct was in all cases higher than all of its cross loadings with other constructs. The results suggest indicate that there was discriminant validity between all the constructs based on the cross loading criterion.

Table 10: Outer Loading and Cross Loading of the SEM

Indicators	Cross Loading				Outer Loading
	Accountability	Integrity	Internal Control	Leadership	
B1	0.8308	0.6586	0.552	0.6195	0.8308
B2	0.7956	0.6792	0.5082	0.6353	0.7956
B3	0.7918	0.6581	0.5442	0.6035	0.7918
B4	0.771	0.652	0.487	0.4667	0.771
B5	0.7789	0.6645	0.5422	0.579	0.7789
B6	0.6823	0.5322	0.5891	0.5628	0.6823
B7	0.7828	0.6121	0.5237	0.5871	0.7828
B8	0.6468	0.5664	0.4856	0.5091	0.6468
B9	0.7248	0.5815	0.5664	0.5963	0.7248
B10	0.6775	0.5677	0.5004	0.5733	0.6775
C1	0.7245	0.8358	0.5331	0.5919	0.8358
C2	0.7448	0.8453	0.5254	0.5637	0.8453
C3	0.7107	0.8705	0.547	0.6061	0.8705
C4	0.7313	0.855	0.6665	0.672	0.855
C5	0.5362	0.6343	0.4582	0.4821	0.6343
C6	0.567	0.7837	0.4679	0.5538	0.7837
C7	0.3513	0.5536	0.3765	0.3489	0.5536
C8	0.7274	0.8411	0.6744	0.6517	0.8411
C9	0.4848	0.646	0.5092	0.4455	0.646
C10	0.6475	0.8353	0.6214	0.6268	0.8353
C11	0.6257	0.781	0.5499	0.6463	0.781
C12	0.6255	0.6834	0.4936	0.556	0.6834
D1	0.5174	0.5101	0.6949	0.472	0.6949
D2	0.6391	0.5521	0.8276	0.6944	0.8276
D3	0.3638	0.3949	0.6375	0.4344	0.6375
D4	0.5993	0.6361	0.8416	0.718	0.8416
D5	0.5868	0.6541	0.8593	0.6929	0.8593
D6	0.65	0.6237	0.7954	0.6752	0.7954
D7	0.5542	0.5387	0.7308	0.6108	0.7308
D8	0.3005	0.2998	0.6493	0.337	0.6493
D9	0.424	0.4114	0.7209	0.5235	0.7209
D10	0.4897	0.4836	0.7106	0.5283	0.7106
E1	0.6569	0.6076	0.7225	0.8013	0.8013
E2	0.7011	0.6166	0.6139	0.7829	0.7829
E3	0.6931	0.5784	0.6957	0.7605	0.7605
E4	0.6471	0.5896	0.6817	0.7814	0.7814
E5	0.5731	0.6282	0.5162	0.744	0.744
E6	0.6782	0.6762	0.6993	0.8817	0.8817
E7	0.497	0.486	0.5517	0.7312	0.7312
E8	0.6191	0.609	0.6457	0.8591	0.8591
E9	0.5322	0.5353	0.4766	0.7133	0.7133
E10	0.635	0.5927	0.6374	0.8525	0.8525
E11	0.5389	0.5893	0.5932	0.8218	0.8218
E12	0.45	0.4683	0.4572	0.7564	0.7564
E13	0.6042	0.623	0.6948	0.8584	0.8584

Indicator Reliability: Indicator reliability in the model shows most of the indicators' outer loadings were higher than 0.708 (Table 10). The outer loading of the indicators was between 0.4 to 0.7 that were also included in the model since omitting of these indicators was not required. The reason was that the composite reliability and AVE were already above the suggested threshold level.

Analyses and Discussions

Among the total respondents, 87.3% of them agreed that overall, they practiced the accountability factors, and the highest practices of accountability was done by the engineering group. The accountability practices of the administrative and diplomatic, education, and medical and health was lower than the overall average accountability score, and the medical and health scheme group was the lowest. The regression result shows that the practices of integrity system, internal control, and leadership quality had statistically significant positive relationship with the practices of accountability in the public sector of Malaysia. The SEM shows that the practices of integrity system and leadership quality constructs were positively significant in determining the practices of accountability of the public sector, but the practices of internal control were not significant.

In case of integrity system, the findings of the study were supported by Mintrop (2012) who stated that schools in his study which possessed a relatively stronger integrity pattern had an inclination to connect to the accountability system in a more significant way. This study supports that if the department which promotes it's surrounding with the ethical culture and integrates the integrity system into all organizational operations as well as encourages transparency in their activities, it will enhance the accountability in the public sector. Also, the department which is responsible for preparing the concrete guidance for its employees on integrity system is seen as supporting the enhancement of accountability in the public sector. Consequently, the department, which placed the proper and sound integrity system would enhance the accountability of the public organization and public sector as a whole (Said, Alam, & Khalid, 2016).

In case of leadership practices, the findings of the study were supported by Sendjaya and Pekerti (2010) who found that the leaders who possessed strong and sound ethical behavior could lead the organization in fostering the accountability environment among the employees. This finding also was supported by Rutkowski and Steelman (2005) that suggested that leaders had influence on accountability mechanisms in their work-related decisions. As such, the finding from this study also suggests that the department, which ensures that the strategies are aligned with the designated visions, values and objectives of the organization, and they are seen as crucial in encouraging the accountability environment. The respondents also agreed that stern action on any decision made by the department was important to enhance the accountability in the public sector. Furthermore, the involvement of stakeholder in receiving the appropriate information could increase the transparency and accountability of the department; the availability of resources, policies, and proper procedures were vital as well. Thus, the department, which retains good leadership qualities within its environment, could enhance the accountability of the department and the public sector at large.

In case of internal control system, the regression finding of the study was supported by Said (2015), Aziz (2013), and Bowrin (2004) who agreed that by employing internal

control system, a practical specific assurance on certain objectives, like accountability could be achieved. Sarens and Christopher (2010) in their study also suggested a positive link between accountability with the need of internal control system. With the current situation and allegation that some of the government officials are practicing cronyism and nepotism in their business has scratch the unwanted mark onto the public sector as whole; as a result, proper and systematic internal control is crucial to be implemented as it will help grow the confidence among the stakeholders. Question over the efficiency of punishment mechanism to the employees arises when practices of the malevolent activities by the employees are heard loud. As found by Shaoul et al. (2012), the control factor used by the stakeholder in some country, like Germany has risen a tension in maintaining the traditional accountability. Therefore, it is imperative to acknowledge that by introducing the control factor, it will contribute to boost the accountability. As far as the stakeholders are concerned, the stern action towards the dishonest person is more justified together with implementing the preventive measure as the main control system. However, the SEM finding of the study did not find significant impacts that indicate further investigation is needed to justify the Malaysian case on this issue.

Conclusions and Recommendations

Malaysia has targeted to achieve the visions 2020 to become a developed nation, but there are much more steps to be taken in improving the accountability of public sector. The study has attempted to measure the status of current practices of accountability in public sector and how accountability in Malaysia is influenced by the practice of integrity system, internal control system and leadership qualities in the public sector of Malaysia.

From the findings of the study, it can be inferred that the establishment of the Malaysian Institute of Integrity has accomplished the aspiration of the stakeholder in this country for improving public sector accountability. However, it is also suggested that every department and ministry needs to produce or report on the ethics and integrity activities that are organised by them in order to cultivate the good governance in the organisation (Maizatul, Alam, & Said, 2016). In order to educate the public about the significance step that has been taken by the government in reducing misconduct among its employees, the report should make available for the public to assess.

While the public sector is being accused for being inflexible in carrying out their daily activities and being accused for many bureaucratic red tape, the important of implementing the internal control system cannot be deserted. Public sector is a guardian for the stakeholders that protect their interest by ensuring every people who deserve to be treated fairly and just in order to achieve a developed harmonious nation. Therefore, to accommodate and serve with efficiency, the practices of the control system should be linked with the practices of the accountability. At the same time, the control system also needs to be developed and modified to reduce the complexity and offer the sufficient protection to the stakeholders as a whole.

Finally, continuous development of the leaders should be the higher priorities as it will affect directly to the public sector accountability. Strengthening the government training systems and facilities should be seen as crucial too. The conducive environment around the public sector's organisation is vital to develop human capital, which shares the vision and mission with the stakeholders. Leaders need to guide the followers to the right path. Perhaps, by applying various sets of leadership styles in different situation and organisation, it could nurture the ability of the department in instilling accountability within its employees and

environment as well as the public sector at large. Since the government is heading towards to become a developed nation, the functions of leaders are needed to perform all the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP). Thus, it will ensure the national prosperous and people's well-being.

This study will help the policy makers to ensure better accountability as well as improve the efficiency in the public sector. Though this study has focused on Malaysia, the findings of the study will be helpful for the context of other similar countries. However, the current research is based on the cross-sectional data, and researcher has relied upon the survey information. Furthermore, beyond the scope of the study, there are many other factors that may contribute to the enhancement of the accountability, such as transparency, organizational culture, reward, and punishment, etc. Therefore, there is a chance of self-response basis. To understand the availability of these problems and to overcome these, more similar studies based on longitudinal data or different types of data or different types of methods are expected in future researches.

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