



## Exploring the Effects of an Ethical Climate on Integrity Development in Malaysia

Mariah Darus Mat Junus \*

Department of Planning and Property Management, School of Government, University Utara Malaysia, Malaysia.

### Abstract

**Objective:** The relationship between the ethical atmosphere and integrity among the officials of Universiti Utara Malaysia is explored in this paper. The growing amount of public complaints about government service delivery systems clearly shows integrity problems. Public complaints indicate the quality of the delivery service system, as they reflect the public's dissatisfaction with government services. Public officials face the primary challenge of enhancing the consciousness of integrity, specifically among leaders. Previous studies reported that organisational systems and procedures compose ethical climate practices. Nevertheless, the connection between the ethical climate and integrity is inconsistent.

**Methods:** This study used quantitative methodologies and distributed questionnaires to 50 respondents. Thirty respondents from fifty surveys made up the pilot research sample (average response rate: 52%).

**Results:** The reliability analysis demonstrated that the ethical climate directly influences integrity. The correlation between ethical climate and integrity was 0.599 ( $p = 0.001 < 0.05$ ). Thus, the hypothesis was supported.

**Conclusions:** This study's ethical climate centered on organisational members' perception and acceptance of organisational policies and procedures. The results demonstrated that governmental policies and laws effectively established a favorable ethical environment that fostered the promotion of integrity among civil workers. The government significantly emphasizes fostering integrity within the public sector, as it is a fundamental basis for providing transparent and efficient services to the public. Therefore, this study concluded that the practice of integrity could be influenced by implementing an effective, ethical climate and gaining the acceptance of organisational members.

**Keywords:** Integrity; ethical climate; leaders; public sector; Malaysia.

### استكشاف آثار المناخ الأخلاقي على تنمية النزاهة في ماليزيا

ماريا داروس مات جونوس \*

قسم التخطيط وإدارة الممتلكات، كلية الإدارة الحكومية، جامعة أوتارا ماليزيا، ماليزيا.

### ملخص

الهدف: تستكشف هذه الدراسة العلاقة بين المناخ الأخلاقي والنزاهة بين مسؤولي جامعة أوتارا ماليزيا. حيث يشير تزايد شكاوى الجمهور حول أنظمة تقديم الخدمات الحكومية إلى وجود مشاكل تتعلق بالنزاهة. تعكس الشكاوى العامة استياء الجمهور من الخدمات الحكومية. مما يشير إلى الحاجة لتحسين الوعي بالنزاهة، خاصة بين القادة. وقد أفادت دراسات سابقة أن نظم وإجراءات المنظمات تسهم في تشكيل الممارسات الأخلاقية. إلا أن العلاقة بين المناخ الأخلاقي والنزاهة لا تزال غير واضحة.

المنهجية: استخدمت الدراسة منهجيات كمية، حيث وزعت استبيانات على 50 مشاركاً. شملت العينة الأولية للدراسة 30 مستجيباً (معدل استجابة: 52%).

النتائج: أظهر تحليل الموثوقية أن المناخ الأخلاقي يؤثر مباشرة على النزاهة. وبلغت العلاقة بين المناخ الأخلاقي والنزاهة 0.599 ( $p = 0.001 < 0.05$ ), مما يدعم الفرضية.

الاستنتاجات: ركز المناخ الأخلاقي في هذه الدراسة على إدراك أعضاء المنظمة لسياساتها وإجراءاتها. وأظهرت النتائج أن السياسات والقوانين الحكومية أثبتت بيئة أخلاقية إيجابية عززت النزاهة بين الموظفين المدنيين. وتؤكد الحكومة بشكل كبير على أهمية تعزيز النزاهة في القطاع العام كأساس لتقديم خدمات شفافة وفعالة للجمهور. وخلصت الدراسة إلى أن ممارسة النزاهة يمكن تعزيزها من خلال تطبيق مناخ أخلاقي فعال وقبول أعضاء المنظمة له.

الكلمات الدالة: النزاهة، المناخ الأخلاقي، القادة، القطاع العام، ماليزيا.

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\* Corresponding author:  
[m.darus.mat@uum.edu.my](mailto:m.darus.mat@uum.edu.my)

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## Introduction

As Malaysia aims to become a prominent global economic participant, developing a highly fraud-resistant corporate culture is crucial. An essential step in this approach is to implement a strong ethics code. Public and commercial Malaysian organisations must comply with certain ethical rules, as these guidelines reflect the national reputation globally. Thus, the Malaysian government has taken assertive measures to enhance ethical principles and integrity in public institutions and commercial enterprises.

The focus has recently increased on examining Malaysian development organisational ethical practices. The expansion of the Islamic-oriented development program has raised questions about implementing basic principles such as trustworthiness, effectiveness, openness, and accountability. However, there is a sincere desire to perform well, and negative issues and attitudes persist, which cast doubt on the reliability of Islamic-focused development organisations (Ibrahim, 2018). The underlying factors contributing to these issues might stem from the need for improved communication and the implementation of ethical measures. The Malaysian government has mandated the establishment of audit committees to enhance transparency and accountability. Nevertheless, a single customer accounting for a substantial share of the income of an audit firm can undermine auditor independence. Resolving these issues and promoting an honest culture requires efficient communication and the tactical application of ethical rules.

As Malaysian development progresses, incorporating ethical values into Malaysian institutions will determine long-term success. Malaysia must have a resilient, fraud-resistant organisational culture to achieve its goal of becoming a prominent global economic power. This goal can be achieved by implementing transparent, responsible, and trustworthy processes. Non-audit services, such as management consultation, are a possible risk to auditors' independence (Teoh & Lim, 1996). This report emphasized the need to maintain distinct limits and open reporting systems to reduce conflicts of interest. An equally important aspect is the necessity of cultivating a culture that promotes ethical decision-making, wherein personnel at every organisational level feel empowered to disclose misconduct without any concern for negative consequences (Yekta, 2010).

## Problem Statement

A renewed focus on ethical governance and integrity will be essential as Malaysia navigates the development landscape complexities. Development institutions that cultivate a strong ethical climate and embrace transparency can enhance their credibility, strengthen public trust, and contribute to long-term sustainable national growth. In recent years, the public sector has become a crucial component of society and is widely recognized as vital for achieving long-term success in public service (Abdul Rahman, 2009). However, the absence of ethical conduct in government departments will damage the confidence that the public has in them (Haniza, Jamaliah & Zulyanti, 2018). The government has implemented many measures to guarantee that public personnel carry out their responsibilities with the utmost honesty, therefore decreasing the incidence of misconduct. Citizens formalize their discontentment with the quality or manner of services provided by government officials or entities through public complaints. According to the Public Complaint Bureau (2020), there has been an increase in complaints due to unethical conduct by public officials. The growing number of public objections suggests a decrease in integrity, particularly in the handling and examination of complaints, as evidenced by studies conducted by Megat Ayop and Abd. Halim (2016) and Nik Hairi, Azmi Awang, and Azmi Abdul Manaf (2012).

The National Integrity Plan (2012) and National Anti-Corruption Policy (NACP) (2019–2023) reports have identified that organisational systemic and procedural flaws are the primary catalysts for fraud, corruption, and unethical conduct. Leaders exhibit the highest prevalence of unethical conduct among public officials. Promoting and raising the performance of their subordinates depends much on the leaders. Therefore, they have a significant role in determining the efficiency of an organisation (Mehmet & Faruk, 2017; Smith & Canger, 2004).

An ethical environment is shaped by workers' normative attitudes and views about moral concerns; leaders especially have a significant impact on it (Trevio et al., 1998; Shin, 2012; Zohar & Luria, 2005). The primary sources of knowledge about suitable actions in the surrounding environment are leaders; they also give hints about what would be rewarded and encouraged (Dickson et al., 2001; Zohar & Luria, 2005). Previous studies reported the importance of ethical climate in

influencing organisational outcomes, which include job satisfaction, organisational commitment, and ethical behavior (Da'as, 2019; Ana Sofia, 2018; Kaptein, 2008; Treviño, Butterfield & McCabe, 1998).

An ethical climate establishes work policies, laws, and regulations that adhere to organisational standards. Each organisation has distinct standards contingent upon the organisational objectives and members' acceptance (Halbusi, Williams & Ramayah, 2020). Integrity issues may arise if organisational members cannot acknowledge their adherence to the prescribed procedures. Previous research identified inconsistencies in the relationship between ethical climate and integrity, highlighting the need to investigate this research gap. This investigation aimed to ascertain the correlation between integrity and the ethical climate of the executives of the Northern University of Malaysia (UUM). As a public university that also receives complaints from the Public Complaints Bureau about integrity issues among government officials, UUM became embroiled. Consequently, it is imperative to guarantee that UUM employees, particularly their leaders, adhere to the highest ethical standards (Rose Fazlinda, 2016).

In addition, this study is very important for the government to implement changes or improvements to the system, modules in training and development, and existing policies and structures. This aims to ensure that all the organisation's affairs, goals, vision, and mission achieve the standards that have been set. When the organisation successfully meets all the targeted goals, the delivery of services and the organisation's image can be improved to become a credible and visionary organisation.

### **Operational Definition**

In the context of this study, the operational definition of integrity refers to an individual who has a strong understanding and, holds on to ethical values and can consistently influence his/her speech and actions. In this study, integrity is measured through items related to integrity in public service by Jamiah et al. (2005), and it is divided into three dimensions: purity of heart, trustworthiness, and wisdom in thinking and acting. In addition, this study operationalizes the definition of ethical climate as ethical practices that determine the policies, rules, and procedures in the organisation to ensure that the organisation's activities are based on established ethics. Ethical climate is measured through three dimensions, namely love, codes and laws, and rules and procedures. Ethical climate for this study uses a questionnaire developed by Shacklock, Manning, and Hort (2011) and Victor and Cullen (1993).

### **LITERATURE REVIEW**

A literature review is essential before beginning a research project (Khurana et al., 2019). The literature review aims to scrutinize the current literature on the topic, ascertain the completed research, and identify possible knowledge deficiencies. Thus, the literature review will enhance the progression of knowledge in the field (Sufian et al., 2019; Transfield et al., 2003). This study explores two central concepts, integrity, and ethical climate, analyzing their significance in fostering effective organizational behavior and their interplay within public sector organizations.

### **Development of Integrity**

Integrity is crucial in ethical growth and involves harmonizing an individual's behaviors, beliefs, and ideals (Bafadal et al., 2019; Shahid & Azhar, 2013). It is fundamentally important, professionally and personally, to establish respect and trust (Shahid & Azhar, 2013; Simons, 1999). Integrity development necessitates a comprehensive approach that encourages coherent and consistent behavior (Shahid & Azhar, 2013). This strategy requires the development of a strong ethics framework, acceptance of accountability, and ensuring openness and integrity in all attempts (Yusoff et al., 2020). Developing integrity is categorized into individual and organisational levels. Personal actions and aligned statements demonstrate individual-level integrity (Bafadal et al., 2019). Individuals are expected to follow ethical principles, acknowledge the necessity of useful information, and clearly indicate their hopes and intentions (Shahid & Azhar, 2013).

Integrity is also necessary to establish a professional, trusting, and respectful culture (Shahid & Azhar, 2013). A collaboration between strongly moral individuals can create an agreement founded on shared beliefs, which creates a respectable and conducive professional setting that encourages long-term success (Shahid & Azhar, 2013). For this study,

integrity refers to a commitment to high moral principles demonstrated through coherent actions and decisions, consistent with the definitions provided by Nik Hairi et al. (2012) and Craig & Gustafson (1998). Cultivating integrity is a constant process that demands strong dedication to ethical choices and a willingness to address challenging circumstances with honesty and integrity (Yusoff et al., 2020). Individuals and organisations adopting this approach can establish a solid foundation of trust and credibility, facilitating long-term growth and beneficial influence.

Integrity is the key to achieving quality individual or organisational work based on the characteristics of integrated and comprehensive work (Nik Hairi et al., 2012). Nik Hairi et al. (2012) emphasized that integrity is a commitment to high moral principles in task execution at the individual or organisational level. This report aligned with Craig and Gustafson (1998), who reported that integrity is an ethical value for high-moral standard thinking and acting. Integrity in the public sector involves knowledge, understanding, appreciation, and strong adherence to good principles regularly supported by a comprehensive commitment to those values in every word and deed to achieve personal and organisational success.

Malaysians share these virtues, namely the values and ethics of the Malaysian public service (Jamiah et al., 2005). Nonetheless, even if much of the current research emphasises defining and characterising honesty, limited studies address how it is operationalized within organisational systems, particularly in the public sector. This study bridges this gap by examining how public sector organisations cultivate integrity as a foundational value, highlighting the Malaysian context, where public service ethics prioritize purity, trustworthiness, and wisdom (Jamiah et al., 2005). Purity refers to adherence to religious teachings, personal dignity, kindness, and honesty. For trustworthiness, an individual is responsible, dedicated, disciplined, fairly performs tasks, and productive. Under wisdom, an individual demonstrates selflessness, forgiveness, and patience in problem-solving while exhibiting virtuous, friendly, intellectual, creative, and innovative traits. In this sense, integrity in this category refers to knowledge, understanding, appreciation, and strong adherence to excellent values consistently accompanied by complete dedication to those values in words and deeds to attain personal and organisational excellence (Jamiah et al., 2005).

### **Ethical Climate**

The ethical environment is the collective view of right conduct and how ethical problems should be resolved inside a company (Pagliaro et al., 2018; Arnaud & Schminke, 2012; Neubert et al., 2009). Therefore, the ethical environment is a subset of the more general organisational climate idea, which covers the general psychological environment of a company (Schneider et al., 2013; Pritchard & Karasick, 1973). The ethical climate is a growing interest and importance in organisational behavior and management.

The phrase "ethical climate" describes the shared organisational knowledge about ethically suitable behaviour and how moral conundrums need to be resolved (Victor & Cullen, 1988). Stamenkovic, Njegovan & Vukadinovic (2018) defined ethical climate as a set of ethical ideals, ideas, and attitudes implemented in each setting. In this ethical atmosphere, members share a collective awareness and communication of ethical principles, which influence the conduct of individuals in an organisation. Additionally, it is an influencing mechanism for others to adhere to proper or ethical behaviour. The ethical climate is important for melding work results, for example, satisfaction with work, commitment to the organisation, and behaving ethically (Da'as, 2019; Ana Sofia, 2018; Kaptein, 2008; Treviño, Butterfield & McCabe, 1998). Nevertheless, the degree to which individuals embrace and conform to the ethical atmosphere relies upon their acceptance of it (Razana et al., 2020; Aldazabal et al., 2017).

Victor and Cullen's ethical climate theory proposes that organisations create particular sub-cultures that guide individual interaction and regulation of the behaviour of others (Arnaud & Schminke, 2012). Such ethical climates can appear as focusing on self-interest, adhering to procedures and rules, or caring for the well-being of members and the organisation (Pagliaro et al., 2018). Hence, the ethical climate can mold practices of integrity (Susilowati, Kusmurianto & Abiqrayu, 2021; Da'as, 2019; Ana Sofia, Archmad, Djumilah & Noermijati, 2018).

An ethical climate encompasses the overall attitudes, views, and conventions that control the organisational approach to ethics. Thus, the culture of an organisation is crucial and may substantially affect the behaviour of employees and

organisational performance. An ethical climate affects the views, behaviours, and attitudes of employees, which renders it important (Pagliaro et al., 2018). An ethical climate can increase work satisfaction, commitment, and ethical decision-making among employees by promoting and rewarding ethical behaviour (Pagliaro et al., 2018; Pritchard & Karasick, 1973). Contrastingly, trust is decreased, unproductive work activities can increase, and the ethical standards of an organisation can decline in a negative ethical climate that accepts or even encourages unethical behaviour (Pagliaro et al., 2018). Despite extensive research on ethical climates, gaps remain in understanding their role in public sector organisations, particularly in fostering integrity. This study contributes by examining the interplay between ethical climates and integrity within Malaysian public organisations, offering insights into how ethical climates influence employee behavior and organisational culture.

The ethical climate model (Victor & Cullen, 1988, 1987) (the two-dimensional ethical climate model) is an important significant, and powerful assessment model for the ethical climate degree. The two variations of the concept are used as ethics criteria and as a degree of decision-making analysis (Essein, Kostopoulos, Konstantopoulou & Lodorfos, 2019; Shafer, Poon & Tjosvold, 2013; Martin & Cullen, 2006).

The ethics criteria are egoism, kindness, and principal climates. The egoism climate involves prioritizing organisational interests in decision-making based on promoting personal norms. Climate standards state that an organisation demonstrates kindness when it prioritises its members' interests. The principled climate refers to organisational adherence to organisational norms and principles regardless of the repercussions and consequences (Essein et al., 2019; Shafer et al., 2013; Martin & Cullen, 2006).

The second component of the ethical climate model is the level of analysis used in decision-making. This level consists of individual, local, and cosmopolitan levels. Each level corresponds to a specific group that will affect an individual's attitude and behaviour. At the individual level, a member of an organisation will define themselves as a model respecting moral or ethical standards. The local level relates to the social structures or interactions among groups using moral or ethical standards. At the cosmopolitan or societal level, moral standards are observed within the community and surpass the level of groups and organisations (Essein et al., 2019; Shafer et al., 2013; Martin & Cullen, 2006).

**Table 1. Ethical climate model**

| Locus Analysis |                    |                     |              |                     |
|----------------|--------------------|---------------------|--------------|---------------------|
| Criteria       |                    | Individual          | Local        | Cosmopolitan        |
| Ethical        | <i>Egoism</i>      | <i>Instrumental</i> |              |                     |
|                | <i>Benevolence</i> | <i>Caring</i>       |              |                     |
|                | <i>Principle</i>   | <i>Independence</i> | <i>Rules</i> | <i>Law and code</i> |

Resources: Victor and Cullen (1988), Neubaum, Mitchell, and Schminke (2004), Martin and Cullen (2006).

Nevertheless, Essein et al. (2019) stated that not all ethical climate parameters mentioned in Table 1 are suitable for every organisation. This variation arises due to the distinct climate within each company, specifically in the public sector. The public sector is an entity that necessitates adherence to a prescribed set of rules and norms encompassing ethics, legislation, and regulatory frameworks. Moreover, public sector employees are ethical symbols to deliver services and promote the population's well-being (Essein et al., 2019; Akenroye, 2013; Akenroye & Anju, 2013; Martin & Cullen, 2006). Furthermore, the Malaysian and Australian public sectors demonstrated three features that align with the public sector environment (Suhaiza & Nursia, 2017; Shacklock, Manning & Hort, 2011). Therefore, this study used the dimensions of caring, rules, law, and code.

### **The relationship between ethical climate and integrity**

Particularly in the public sector and academic institutions, analysis of the link between the ethical environment and integrity is an essential subject of research. The ethical climate encompasses the collaborative moral environment within

an organisation, which includes a common understanding of ethically acceptable conduct and an appropriate approach to addressing ethical concerns. Integrity is the ethical quality of honesty and strong moral beliefs. Workers' impressions of a favourable ethical environment can help to alter employees' attitudes and behaviours, improve relationships inside the company, and increase organisational performance (Manal et al., 2021; Elçi & Alpkhan, 2009). Staff members have the belief that a conducive ethical environment will facilitate their delivery of superior services and foster favorable client relationships. Implementing a framework of incentives and compensation, regulations and guidelines, and procedures for recruiting and employing personnel can establish a climate (Lu & Lin, 2014).

An ethical climate can guide employees toward understanding the organisational expectations and customs regarding ethics. For example, the establishment of an organisational ethical climate effectively addressed Malaysian manufacturing employees' concerns about integrity (Halbusi et al., 2020). Furthermore, organisational ideals that agree with individual behavior create a culture in which ethical conduct is expected and implemented consistently. Chih, Allan, Zhi, and Chien (2019) reported that a favourable ethical climate substantially influenced Taiwanese hospitality employees' desire to exceed their formal job duties and behave advantageously for the company. This association highlights how a conducive ethical environment can influence employees' integrity and ethical behavior.

Organisational ethical climate transformation is subject to acceptance and strict compliance with the standards of ethics. People accept and comply with ethical frameworks according to their acceptance thereof, given that organisational rules, statutes, and procedures can differ substantially (Razana et al., 2020; Aldazabal et al., 2017). Hence, employees' perceptions and behaviour are substantially influenced by the organisational culture. Employees in an ethical environment that is in harmony with their values and views are more inclined to adopt and sustain organisational ethical standards. Conversely, an organisational ethical atmosphere that does not align with the employees' values may weaken their commitment to ethical principles.

The three core components of a reform effort are service digitisation, integrity, and the application of collaborative thinking between the ministry and the private sector. The Public Service Department (JPA) is the central agency responsible for regulating the Malaysian public service and will implement a transformation process based on three main components (Noor Mohamad, 2022). This transformation process will involve major changes to the systems and procedures, guidelines, and laws applied to public services. The public service will foster a climate due to these changes, and civil servants must be open-minded and prepared to adapt to new thinking and working approaches. The rest hinges on whether the organisational members adhere to these changes (Da'as et al., 2019). A corporate ethical environment improves honesty behaviours and lowers unethical behaviour (Ana Sofia et al., 2018).

The influence of an ethical climate on integrity directly affects organisational results and achievements. Kaptein (2011) demonstrated that a favorable ethical environment correlated with enhanced work satisfaction and organisational commitment. Conversely, a deficient ethical environment can result in violations of ethical standards, legal complications, and damage to the organisational standing. Such behavior can lead to substantial legal and financial consequences and a decrease in trust in those involved (Kaptein, 2011). For example, the Volkswagen emissions scandal exemplified the detrimental consequences of an inadequate ethical environment, which included pervasive dishonesty and severe penalties. Given the literature review, the following hypothesis was formulated:

There is a significant relationship between ethical climate and integrity.

## METHODOLOGY

This quantitative study employed a survey methodology, a self-administered questionnaire, as the main tool. Since it lets the researcher create questions, concentrate the research, get data from participants, and use objective statistical analysis to reduce bias, the quantitative technique fits this study. The pilot study assessed the clarity and relevance of the questions, the precise meaning and terminology often used in public organisations, the responsiveness of the questions, and the internal measurement reliability.

A random sample method was used to pick fifty UUM leaders and subordinates who occupied positions at Grade  $\geq 29$  in the UUM administrative department for this study. SPSS 29.0 was used for descriptive analysis to calculate each

instrument's means and Cronbach's alpha coefficients. The questionnaires were stratified into three sections: Part A focused on demographics, Part B assessed integrity, and Part C examined ethical climate. The Likert scale employed in this study consists of five priority points: 1: strongly disagree; 2: disagree; 3: uncertain; 4: agree; 5: strongly agree. In addition to the given scale, the respondent's degree of agreement or disagreement was assessed using the 27-item Perceived Leader Integrity Scale (PLIS) developed by Craig and Gustafson in 1998. The ethical atmosphere comprises norms and procedures, conscientiousness, and legal and professional behavior. This study evaluated the ethical climate by employing 31 items adapted and integrated from Victor and Cullen's (1988) work.

### Validity and Reliability

Measurement must prioritize precision and reliability. A reliability coefficient assesses the accuracy of the test designer's expectation that a specific set of items will produce meaningful information on individual variations. The reliability tests for integrity and ethical atmosphere yielded results of 0.894–0.944 (Table 1). The Cronbach's alpha coefficient for all constructs in this study was  $> 0.8$ , which indicated that the constructs had a satisfactory degree of reliability. A test variable is considered acceptable when it has a minimum value of 0.7 (Hair et al., 2010). The reliability study indicated that the ethical climate and integrity were relevant and trustworthy measures for assessing the Malaysian public sector. The results could have been because all questionnaire items were sourced from published journals or publications and had undergone empirical testing or conceptualisation.

**Table 2. Reliability statistics**

|                 | Cronbach's Alpha | Items (n) |
|-----------------|------------------|-----------|
| Ethical Climate | 0.894            | 31        |
| Integrity       | 0.944            | 27        |

Based on Table 2, the questionnaire reliability was determined using Cronbach's alpha values, which evaluated the degree of acceptability and relatedness among the objects in a set. The respondents' understanding of the questions was measured using reliability analysis. The average correlation between the items assessing the concept helped one to determine Cronbach's alpha. Chua (2020) stated that values  $\geq 0.7$  are good and reliable. To be deemed trustworthy and genuine and allow further investigation, Cronbach's alpha values from the pilot study are required to be statistically positive and acceptable (at least 0.7).

## RESULTS

**Table 3. Descriptive analysis**

| Demographic     | Status      | Frequency | Percentage |
|-----------------|-------------|-----------|------------|
| Gender          | Male        | 12        | 40.0       |
|                 | Female      | 18        | 60.0       |
| Age (Years)     | 26–40       | 12        | 40.0       |
|                 | 41–55       | 17        | 56.7       |
|                 | >56         | 1         | 3.3        |
| Race            | Malay       | 29        | 96.7       |
|                 | Chinese     | 1         | 3.3        |
| Religion        | Islam       | 29        | 96.7       |
|                 | Buddhism    | 1         | 3.3        |
| Education Level | Certificate | 2         | 6.7        |
|                 | Diploma     | 4         | 13.3       |
|                 | Degree      | 9         | 30.0       |
|                 | Master      | 14        | 46.7       |

| Demographic                | Status    | Frequency | Percentage |
|----------------------------|-----------|-----------|------------|
|                            | PhD       | 1         | 3.3        |
| Monthly Income (RM)        | < 3000    | 2         | 6.7        |
|                            | 3000–4500 | 11        | 36.7       |
|                            | 4500–6000 | 10        | 33.3       |
|                            | > 6000    | 7         | 23.3       |
| Position or Grade          | 29–40     | 11        | 36.7       |
|                            | ≥ 41      | 19        | 63.3       |
| Working Experience (Years) | 6–10      | 9         | 30.0       |
|                            | 11–15     | 8         | 26.7       |
|                            | 16–20     | 6         | 20.0       |
|                            | 21–25     | 3         | 10.0       |
|                            | 26–30     | 3         | 10.0       |
|                            | ≥ 31      | 1         | 3.3        |
| Marital Status             | Single    | 3         | 10.0       |
|                            | Married   | 27        | 90.0       |

Table 3 indicates the demographic of the respondents, so a descriptive study was done depending on them. Table 3 featured questions on gender, age, colour, education level, monthly income, position or grade, working experience, marital status, religion, and demography section. The descriptive analysis determined that 12 were male (40.0%) while 18 were female (60.0%). Most of the UUM officers at Grade  $\geq 29$  were female. The results aligned with the statement of the former Chief Secretary to the State (KSN), Tan Sri Dr Ali Hamsa, that female officers are the majority group in the public service (57.5%), which consists of the highest management up to the executive group.

Twelve leaders (40.0%) were 26–40 years old, 17 (56.7%) were 41–55 years old, and one (3.3%) was  $> 56$  years old. Twenty-nine respondents were Malay (96.7%), and one was Chinese (3.3%). Twenty-nine respondents were Muslim (96.7%), and one respondent was Buddhist (3.3%). The results indicate that Malays and Muslims monopolized the Grade  $\geq 29$  positions. This result was due to the government stipulation that 90% of public sector job opportunities are for Bumiputera. Two respondents held the Sijil Tinggi Pelajaran Malaysia (STPM) certificate (6.7%), four had a diploma (13.3%), nine had a bachelor's degree (30.0%), 14 had a master's degree (46.7%), and one was a Doctor of Philosophy (3.3%). This result aligned with the Malaysian public service qualifications, where the minimum qualification for the Assistant Officer Grade 29 position is an STPM certificate or equivalent.

The Professional Group (Grade  $\geq 41$ ) comprises individuals appointed by the Public Service Commission (SPA), where the minimum required qualification is a bachelor's degree. Two respondents had a monthly income  $< \text{RM } 3000$  (6.7%), 11 earned RM 3000–4500 monthly (36.7%), while 10 respondents earned RM 4500–6000 monthly (33.3%). Eleven respondents were Grade 29–40 officers (36.7%), while 19 respondents were Grade  $\geq 41$  (63.3%). Nine respondents had 6–10 years of work experience (30.0%), eight had 11–15 years of work experience (26.7%), six had 16–20 years of work experience (20.0%), three had 21–25 years of work experience (10.0%), three had 26–30 years of work experience (10.0%), and one respondent had  $\geq 31$  years of work experience (3.3%). Most respondents had government-level management and administration experience based on this service period. Although more respondents had  $< 10$  years of work experience, it contributed to government administration.

Most respondents who had served for  $\geq 31$  years were  $\geq 50$ . This group was a minority group as the mandatory government retirement age is 60. Lastly, three respondents were single (10.0%), and 27 were married (90.0%).

**Table 4. Correlation coefficients**

|                 |                           |  | <b>Integrity</b> |
|-----------------|---------------------------|--|------------------|
| Integrity       | Pearson correlation       |  | 1                |
|                 | Significance (two-tailed) |  |                  |
|                 | N                         |  | 30               |
| Ethical Climate | Pearson correlation       |  | 0.599**          |
|                 | Significance (two-tailed) |  | < 0.001          |
|                 | N                         |  | 30               |

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

Table 4 shows the strength of the variables by means of correlation, which is applied to investigate the link between dependent and independent factors. This study noted the relationship between the independent variable—ethical climate—and the dependent variable—integrity. There was a 5% two-tailed significant level correlation test. The studies showed that integrity was favourably correlated with an ethical environment. The correlation for ethical climate and integrity was 0.599 ( $p = 0.001 < 0.05$ ) (Table 4). Thus, the hypothesis was supported

**Table 5: Model Summary**

| <b>Model</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error of the Estimate</b> |
|--------------|----------|-----------------|--------------------------|-----------------------------------|
| 1            | .599a    | .359            | .336                     | .32277                            |

a. Predictors: (Constant), Ethical Climate (EC)

Table 5 reveals the R-squared value of 0.359, meaning that the independent variables in the model explain 35.9% of the variation in the dependent variable. This suggests a moderate level of explanatory power. This implies that while the model captures some variation, additional factors may influence the dependent variable.

**Table 6. ANOVA**

| <b>ANOVA</b> |            |                       |           |                    |          |                    |
|--------------|------------|-----------------------|-----------|--------------------|----------|--------------------|
| <b>Model</b> |            | <b>Sum of Squares</b> | <b>df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b>        |
| 1            | Regression | 1.631                 | 1         | 1.631              | 15.656   | <.001 <sup>b</sup> |
|              | Residual   | 2.917                 | 28        | .104               |          |                    |
|              | Total      | 4.548                 | 29        |                    |          |                    |

a. Dependent Variable: Integrity (IN)

b. Predictors: (Constant), Ethical Climate (EC)

Table 6 shows the findings of the Analysis of Variance (ANOVA), which helps one understand the link between the dependent variable, Integrity (IN), and the independent variable, Ethical Climate (EC). The model's summary is presented in Table 6, and the statistical significance of the findings is elaborated below. The ANOVA table reveals a Regression Sum of Squares (SS) of 1.631 with 1 degree of freedom (df), indicating the variation in the dependent variable explained by the predictor. The Residual Sum of Squares (SS), representing the unexplained variance, is 2.917 with 28 degrees of freedom (df). The Total Sum of Squares (SS), the combined variance of explained and unexplained portions, is 4.548. These findings demonstrate that the Ethical Climate accounts for a substantial portion of the variance in Integrity.

The regression's mean square is 1.631; the mean square for the residual is 0.104. Computed as 15.656, the F-statistic shows the ratio of the explained variation to the unexplained variance. This high F-value implies that the model somewhat strongly forecasts Integrity, the dependent variable. Reported to be <0.001, the significance level (p-value) is well below

the accepted 0.05 threshold. This suggests that there is a statistically significant link between ethical climate and integrity. Stated differently, the model offers convincing proof that Integrity is significantly predicted by Ethical Climate. Consequently, the findings underline the important part Ethical Climate plays in affecting Integrity. With a statistically significant F-test, it is evident that organisations fostering a positive ethical climate can potentially enhance levels of integrity among individuals or within teams. These results underline the need to establish and preserve an ethical workplace as a component of more general approaches to encourage moral behaviour and decision-making.

**Table 7. Coefficient**

| Coefficients              |                             |            |                           |       |       |
|---------------------------|-----------------------------|------------|---------------------------|-------|-------|
| Model                     | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig.  |
|                           | B                           | Std. Error | Beta                      |       |       |
| 1 (Constant)              | 1.633                       | .671       |                           | 2.433 | .022  |
| EC                        | .666                        | .168       | .599                      | 3.957 | <.001 |
| a. Dependent Variable: IN |                             |            |                           |       |       |

Based on Table 7, the coefficients provide further insights into the relationship between the independent variable, Ethical Climate (EC), and the dependent variable, Integrity (IN). The unstandardized coefficients (B) indicate the magnitude and direction of the relationship between Ethical Climate and Integrity. The constant (B = 1.633) represents the predicted value of Integrity when the Ethical Climate is zero. This suggests that even in the absence of a perceived ethical climate, a baseline level of Integrity exists. The unstandardized coefficient for Ethical Climate is B = 0.666, indicating that for every one-unit increase in Ethical Climate, Integrity increases by 0.666 units, holding other factors constant. This positive coefficient suggests a direct and meaningful relationship between Ethical Climate and Integrity.

The standardized coefficient (Beta) for Ethical Climate is 0.599, representing the strength of the relationship in standardized terms. This value implies that Ethical Climate is a moderately strong predictor of Integrity, as higher values of Ethical Climate correspond to higher levels of Integrity. The t-statistic for the constant is 2.433 with a p-value of 0.022, indicating that the intercept is statistically significant. The t-statistic for Ethical Climate is 3.957 with a p-value < 0.001, showing that Ethical Climate significantly predicts Integrity. This outcome proves that there is no chance of a link between ethical climate and integrity. These results highlight the need to encourage a good ethical environment to improve honesty.

The statistically significant results suggest that organisations that prioritize ethical behavior and create an environment promoting ethical values are more likely to see an increase in integrity among individuals or teams. The magnitude of the relationship, as indicated by the unstandardized and standardized coefficients, highlights Ethical Climate as a crucial factor influencing integrity.

## DISCUSSION

The extent to which workers embrace organisational norms and regulations is plausibly involved in the connection between the ethical environment and integrity. This study's ethical climate centered on organisational members' perception and acceptance of organisational policies and procedures. The results demonstrated that governmental policies and laws effectively established a favorable ethical environment that fostered the promotion of integrity among civil workers. The government significantly emphasizes fostering integrity within the public sector, as it is a fundamental basis for providing transparent and efficient services to the public. The government has attempted to cultivate integrity and moral standing by introducing measures, such as the NACP, for 2019–2023. Hence, a favorable organisational climate can be cultivated by employees who follow ethical rules and laws.

Like these results, Susilowati et al. (2021), Halbusi et al. (2021), and Koodaman et al. (2020) demonstrated that an ethical atmosphere could enhance employees' integrity practices in both the public and private sectors. A conducive setting influences a person's ethical behavior. Koodaman et al. (2020) demonstrated that humans mainly gain knowledge by

perceiving and copying their peers' behaviour. Thus, a moral atmosphere creates a favorable climate and adherence to organisational ethical principles. This setting affects employees psychologically and encourages positive behavior (Halbusi et al., 2021; Susilowati et al., 2021).

The organisational ethical climate substantially affects organisational ethics, such as organisational citizenship behavior (OCB), whistleblowing, and deviation issues. Organisational ethics rely entirely on these factors and integrity (Da'as et al., 2019; Chih et al., 2019; Ana Sofia et al., 2018; Nur Kamariah & Norizah, 2017). The organisational ethical setting can improve employees' perception of ethical behavior and resolve ethical issues (Da'as et al., 2019). Such a setting emphasizes employees' agreement on organisational regulations, rules, and laws. The OCB includes activities that exceed basic job expectations, such as aiding colleagues and active participation in corporate initiatives. An ethical climate can develop a favorable atmosphere that improves employees' OCB (Chih et al., 2019). Employees tend to exhibit OCB in a setting that encourages and aids ethical conduct, which fosters employees' feelings of being appreciated and respected. This environment also increases employees' organisational dedication. A favorable ethical setting increases the efficiency of addressing whistleblower and malpractice concerns (Ana Sofia et al., 2018; Nur Kamariah & Norizah, 2017). Employees who perceive a strong ethical atmosphere are likelier to report unethical behaviors without concern about reprisal. Thus, organisational operations rely heavily on ensuring openness and accountability.

A robust ethical environment enhances employee morale, decreases turnover, and promotes overall performance. Kaptein (2011) demonstrated the correlation between a favorable ethical climate and increased work satisfaction and organisational commitment levels. This correlation was due to employees perceiving a greater alignment between their beliefs and the firm's. Employees in such settings are more inclined to disclose unethical conduct and abide by company principles, which fosters a culture characterised by integrity and responsibility. Conversely, employees in a deficient or unfavorable ethical environment may perceive their participation in unethical conduct as justified as they believe that the organisation tolerates or even promotes such behaviour. Such behaviour can lead to substantial legal and financial consequences and decreased trust in those involved (Kaptein, 2011).

## **CONCLUSION**

This study demonstrated that the ethical climate could affect public sector integrity practices. An organisation that implements an ethical atmosphere with maximum effectiveness might improve its integrity procedures. Organisational members establish an ethical atmosphere by strongly adhering to established rules and laws while maintaining positive attitudes. The likelihood of integrity concerns decreases as the organisational ethical atmosphere increases. Hence, this ethical climate is vital for cultivating a favourable organisational culture and atmosphere. The ethical climate is also a metric to evaluate the implementation of integrity practices.

The ethical atmosphere and integrity share a basic connection. Nevertheless, future studies should examine this interaction in other settings and industries. The leadership influence on ethical climate development in various domains is worth investigating. Integrity is a universally uniting behavior, regardless of an individual's organisational association. Thus, examining the effects of industry leaders on ethical climates and practices of integrity can yield a more thorough insight.

Qualitative or mixed-method strategies can yield diverse results. Qualitative research can yield in-depth insights into employees' and leaders' subjective experiences with integrity and ethical climates. Mixed-method research involves quantitative and qualitative methodologies and can enable a comprehensive understanding of the influencing factors of integrity practices and ethical climates. Ethical climate and integrity are fundamentally related to organisational success and sustainability. The ethical climate forms the environment that either fosters or hinders integrity and affects the behavior of individuals and organisations. This dynamic requires leaders as their actions and decisions establish the organisational tone. This relationship must be comprehended and nurtured to achieve long-term organisational success. Organisational prioritisation of the ethical climate and integrity can establish a strong ethical foundation, enhance the organisational reputation, and positively affect stakeholders and employees. Researchers should examine this relationship and present deeper insights into how ethical climates can be cultivated effectively and how integrity can be promoted.

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