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**ISLAMIC WORK ETHICS AND FRAUD DETERRENCE IN THE
MALAYSIAN PUBLIC SECTOR*****Etika Kerja Islam dan Pencegahan Penipuan di Sektor Awam Malaysia***I.K Norziaton,¹ Fadzillah M.D, Yusof dan M.A Emmarelda
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Abstract

The aim of this study is to investigate the relationship between Islamic Work Ethics attributes namely quality of work, wages and, transparency and fraud deterrence. Theory of Planned Behavior is used to form the framework and develop the hypotheses to be examined. The data were collected using questionnaires and out of 200 that were distributed only 101 are usable. Three hypotheses were developed for this study. Two hypotheses are supported, namely quality of work and transparency. This shows that practicing Islamic values in the workplace can contribute to the welfare and prosperity of all stakeholders as a whole.

Keywords: Fraud deterrence, Islamic work ethics, public sector, transparency.

Abstrak

Tujuan kajian ini adalah untuk mengkaji hubungan antara Etika Kerja Etika Islam iaitu kualiti kerja, gaji dan ketelusan dan pencegahan penipuan. "Theory of Planned Behavior" digunakan untuk membentuk rangka kerja dan membangunkan hipotesis. Data yang dikumpul menggunakan soal selidik dan daripada 200 yang diedarkan hanya 101 sahaja boleh digunakan. Tiga hipotesis telah dirangka untuk kajian ini. Dua hipotesis disokong, iaitu kualiti kerja dan ketelusan. Ini menunjukkan bahawa mengamalkan nilai-nilai Islam di tempat kerja boleh menyumbang kepada kebajikan dan kemakmuran semua pihak berkepentingan secara keseluruhan.

Kata kunci: Pencegahan penipuan, etika kerja Islam, sektor awam, ketelusan

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INTRODUCTION

Fraud and corruption have cost more than 5% of the global Gross Domestic Product (GDP) which is estimated at USD 2.6 trillion a year. The statistics showed that Indonesia lost Rp31,077 trillion in 2015, India lost Rs36,400 crore in 2013 and Afghanistan lost US\$12 billion in 2015, due to fraud and corruption activities (www.transparency.org). In terms of population, more than 6 billion people live in countries with a serious corruption problem and the citizen themselves did realise that fraud and corruption is one of the biggest challenges in their countries (Corruption Perception Index Report, 2015). Concerning the PricewaterhouseCoopers (PWC) survey in 2011, 46% of the government and public sector respondents reported to experiencing one or more incidents of economic crime, which were 37% higher than in the year 2009. The total loss caused by fraud in 2018 was USD7 billion, which had increased by USD0.7 billion compared to 2016 (USD6.3 billion) (ACFE, 2018).

According to the Association of Certified Fraud Examiners (ACFE) 2018, the government is the third-highest victims of fraud after public and private companies. The National level had incurred USD200,000 (38%) in losses, state-level had incurred USD110,000 (26%) loss, local level had experienced USD92,000 (31%) loss, and other level had loss of USD58,000 (4%). The highest perpetrators were employees (44%) but they had the least median loss of USD50,000. Fraud involving owner or executives represented 19% of the total perpetrators but they had the highest median loss of USD850,000. Based on the huge impact of fraud towards national financial stability, this had prompted the government and private bodies to establish guidelines to deter, prevent, and detect fraud. To reduce the loss in the organisations, deterrence was said to be the best way to stop fraud before it occurs (Naruedomkul, 2014). Fraud deterrence is through the consistent and credible disciplinary system and it could be curbed if the fraudsters believed that they will be punished if they were to get caught. However, increasing punishment for the crime was not the only answer to deter fraud.

According to the Corruption Perception Index (CPI), Malaysia was ranked 61 out of 180 countries in 2018 and had a score of 47 (Corruption Perception Index Report, 2018). Malaysian corporations unveiled that fraud remains a major problem and was an inevitable cost of doing business in this country. Moreover, a report produced by the Global Financial Integrity found that developing and emerging economies lost USD7.8 trillion in illicit financial flows from 2004 through 2013, with illicit outflows increasing at an average rate of 6.5 per cent per year - nearly twice as fast as global GDP. The illegal capital outflows stem from tax evasion, crime, corruption, and other illicit activities and Malaysia was top 10 in the exporter of

illicit capital with an average of USD41,854 million between 2004-2013 (Global Financial Integrity Report, 2015). KPMG Fraud Report, 2013 found that 83% of Malaysians acknowledged that fraud is a problem when doing business in the country and 84% of Malaysians believed that the biggest threat to industries in Malaysia in years to come is bribery and corruption. Over the years, the Malaysian government has increased its effort in combating fraud and corruption. Some of the efforts are the establishment of the Malaysian Institute of Integrity in 2004 specifically for monitoring the National Integrity Plan (NIP), the formation of National Consultative Committee on Political Funding (JKNMPP) in 2015, highlighting 'Fighting Corruption' as one of the initiatives in Government Transformation Program (GTP) in 2010 and strengthen Malaysian Anti-Corruption Commission (MACC) with additional staff and power. The latest initiative that was introduced by the government is the establishment of the National Anti-Corruption Plan (2019-2023). Unfortunately, despite all these efforts, fraud and corruption still occur.

Why fraud has become a serious problem nowadays? According to the KPMG Fraud Report 2013, the most common factors that contributed to this unethical behavior are poor communication of organization's code of ethics (81%) and poor ethical culture within the organization (38%). Besides, it has been mentioned by previous researchers that one of the fraud triangle elements, which is a rationalization, was caused by a lack of personal integrity and moral reasoning. People propensity to commit fraud depends on their ethical values and their circumstances (Abdullahi, et al., 2015). This ethical culture aims at making all employees in the organization realize that fraudulent behavior is wrong (Nijenhuis,2016). This is mainly because 30% of the business failures are the result of internal corruption and employee dishonesty. Siregar and Tenoyo (2015) discovered that entities are threatened by fraud due to the lack of ethical values. Another study found that one's moral values and standards which control the pressure to compromise employees' ethical values were the factors that influenced unethical behavior (Haron et al., 2011). This shows that ethical values and moral conduct are two important factors that can contribute to unethical issues, hence, both factors need to be instilled in individual employees.

From an Islamic perspective, ethics is defined as an action accepted as norms that do not contradict with Islamic rules (Aldulaimi, 2016). Maududi (1967) stated that there are several guidelines for IWE, one of them emphasizes on the job performed by individuals must be decent (quality of work), which can prevent a Muslim from committing a sinful act such as cheating, bribery, manipulating others or any act that can possibly create conflict in organizations. Cited in the Quran that for those who struggle, with the blessing from Allah S.W.T, He will make it possible for him to

earn something (wages). More transparent ways of working will reduce the opportunity for corrupt behavior and will reduce the grounds for others to suspect corruption (Osborne, 2004). Ali (1992) also highlighted that IWE is a set of moral principles toward work that can differentiate between good and bad, right and wrong. Therefore, it is clear that implementing, understanding, and practicing IWE will prevent individuals from such unlawful, illegal, and unethical act and behavior. A research conducted by Mohammad and Quoquab, (2016) had found that practicing values of Islam at the workplace contributes to the welfare and prosperity of all stakeholders as a whole. This is because Islam has a comprehensive guide in organizing socio-cultural, economic, and political affairs that have been established under Islamic Work Ethics (IWE). IWE has several differences as compared to other religious work ethics in terms of *halal* and *haram*, purity of intention, employment in Islam, and the employer-employee relationship. Abbas, (2008) had provided 11 foundations in IWE including quality of work, wages, and transparency. The previous study had found that there is a relationship between Islamic spirituality and workplace deviance (Bhatti, 2016). Hence, it is vital to extend the literature in a broader perspective by examining the relationship between quality of work, wages, and transparency, and fraud deterrence.

The remainder of this paper is structured as follows. The following section briefly explains the literature review and hypotheses development. The third section describes the research design. The results of the study are reported in the fourth section, and the conclusions and the implications of the study are presented in the final section.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

IWE emphasizes that every Muslim must persistently pursue whatever work is available as what Prophet Muhammad (peace be upon him) preached “no one eats better food than which he eats out of his work”. Work in Islam means doing good work that can benefit both the individual and the community. A Muslim must put effort into something that can benefit the individual and society. Therefore, the quality of work done is important to achieve Islamic goals. Quality of work is one of the categorized work-related sayings of Prophet Muhammad (Ali and Owaihan, 2008). Prophet Muhammad said that “God blesses a person who perfects his craft (does the job right). It means that the quality of work can be derived if a person performs his work and did it in the right way. Right action can be classified based on its conformance to the set of moral rules whilst the wrong action means that it is in opposition to the standard moral set (Othman, 2016). Othman (2016) surmised that a strong work ethic is created from a set of values based on the commitment and diligence of an individual worker.

In IWE, quality of work refers to discipline and commitment. Discipline and commitment are important factors that eventually steer the Muslim community towards becoming an economically and politically viable entity. Commitment can be defined as a force that connects an individual to a step of relevance action to certain target and it involves ‘behavioral terms’ that explain an act of commitment. Organizational commitment is an employee’s psychological attachment to an organization and can be seen from employees’ loyalty towards the organization, motivation to incorporate goals of the organization and thus, commit oneself to the organization (Salahudin et al, 2016). One of the indicators of high organizational commitment is when employees are ready to work hard to improve their companies (Salahudin et al, 2016). Salahudin et al. (2016) identified that there was a positive relationship between IWE and organizational commitment. The findings were parallel to the meaning of commitment in IWE whereby working in an organization is part of an obligation and the obligation to contribute to society drives the commitment to work. Other studies had found that the higher the organizational commitment, the lower will be the level of employee fraud (Manurung D. et al, 2015). Ethical values significantly enhance employees’ commitment. One of the practical implications of these findings is that organizations who desire positive organizational outcomes must consciously promote high ethical conducts by rewarding/sanctioning ethical/unethical behaviors (Obalola, M. et al, 2012).

However, there are contradicting findings in organizational commitment towards unethical behavior. Other factors that might influence the commitment of employee towards organization are such as emotional exhaustion, personal accomplishment, supervisor and co-worker contact (Leiter et al.,1988; Myer et al., 2004). As a result, these may affect the employee’s commitments towards their workplace behavior. Furthermore, McLaverty and Drummond (1993) discovered that workers doing routine job faced difficulty in identifying whether their time at work was spent effectively and the work effort has resulted from the work pressure. According to Dahl, et al. (2009), participation in decision making is part of the quality of work measurement. Unfortunately, there is a lack of evidence that participation in decision making will improve employees’ job performance (Scott-Ladd et al., 2006). Therefore, based on the above argument, the hypothesis will be:

H1: There is a relationship between quality of work and fraud deterrence in the Malaysian public sector

That principle guidance for wages has been underlined in the Quran, Surah An-Najm, verse 39 (53:39);

“That man can have nothing but what he strives for”

The verse explains for those who struggle, with the blessings from Allah S.W.T, He will make it possible for them to earn something (Othman, 2016). It was stated that work ethic is associated with economic and non-economic activities. Therefore, it must contain values that can motivate workers to connect between economic and cultural values (non-economic) (Othman, 2016). The highest level of unethical behavior can be created if elements of reward and pressure are combined (Steven and Chun, 2005). It means that if employees feel that they are not being well paid by their employer and having the pressure to fulfil the requirement of their household, this can lure them towards unethical behaviour. Thus, when employees are not satisfied with their wages earned, their justice will be affected negatively, thus, this situation will cause deformation in the institution's culture. Over 40 years of research conducted, wages were found to be the top motivator for employees who were involved in unethical behaviors. A good wage is an extrinsic reward that can affect an employee's emotional and familial wellbeing (Wiley, 1997). Furthermore, Riham, (2008) stated that a comprehensive ethics program should integrate with the system of reward and punishment.

With regards to the relationship between wages and fraud deterrence, a Report to the Nation by ACFE 2016 and 2018 suggested that top management with higher salary contributes to greater losses to the organization due to fraud. Financial gains triggered several dishonest behaviors by employees. Lotriet (1999) found that the fairness of remuneration (wages) should be reflected by the productivity levels. He gave an example from South Africa, whereby the majority of the employees have low wages, given that South Africa has 23 shorter working days in a year as compared to other countries. Based on the above arguments, the hypothesis is developed:

H2: There is a relationship between wages and fraud deterrence in the Malaysian public sector

Transparency is one of the four primary concepts of IWE. The difference between IWE and professional ethics is that IWE emphasizes more on intention rather than the result. The intention of a person can be reflected by the level of transparency. Transparency is a precondition for propagating and realizing the ethical and moral foundation (Ali et al., 2008). Prophet Muhammad (peace be upon him) said that "he who cheated on us is not one of us" and "those who declare things frankly, will not lead to each other destruction", underlies the significant of transparency in any business and work, and the necessity for enhancing trust and reducing problems in the workplace (Ali et al., 2008). The principle of transparency in the Quran guarantees social control and report, thus, unethical behaviors such as corruption and discrimination can be avoided (Taufiq, 2015).

The presence of God-fearing leadership is critical to having a transparent rule. It is clear that if a system is not transparent, the development of a country will remain an illusion. Corruption practices indicate that the organization has a lack of transparency. Therefore, it is important that all governments, private companies, non-profit organizations, banks, and other organizations adopt better transparency and accountability. Transparency is necessary to create a sense of trustworthiness and accountability. Prompt in honesty or trustworthiness is one of the effective ways to reduce fraud (Behavioral Insight Team, 2012). Corruption can be effectively fought against Muslim countries if we have strict accountability. Individuals without a sense of strict accountability will engage in corruption when the financial gain in that action is higher than the penalty. Transparency might also come from the system implemented in organizations. One has found that the increase in a transparent reporting system can prevent unethical behavior because the system will be the first line of defense to restrict unethical behavior. Furthermore, transparent ways of working will reduce the opportunity for corrupt behavior and will reduce the grounds for others to suspect corruption (Osborne, 2004). Besides, research has found that the level of a leader's transparency will change according to a situation. Rightfully, leaders must keep their transparency level at higher phase even when the organization is going through tough financial times because it will create a long term benefit and increase the effectiveness of the leader (Crumpton, 2011). Therefore, the hypothesis will be:

H3: There is a relationship between the transparency and fraud deterrence in the Malaysian public sector

METHODOLOGY

Data Collection

This study uses questionnaires for data collection. The questionnaire was replicated from Abbas Ali (1988), Chanzanagh et al. (2011), Rebecca et al. (2000) and was altered to suit the current study. The distribution of questionnaires was done through electronic devices and was personally administered. The electronic survey design such as Survey Planet was chosen because it is easy to be administered. The questionnaires were distributed to 200 public servants under the Ministry of Agriculture (MOA) and its agencies. However, only 101 (51%) were returned and usable. The questionnaire comprises of 30 items that are divided into five main sections. Section A requests respondents to complete 4 items related to their demographic profile. Section B requests respondents to complete 11 items on e-procurement fraud intention. Section C, D and E requests respondents to complete 15 items related to the quality of work, wages, and transparency. The questionnaire used a 5-point scale ranging from '1' as strongly disagree to '5' as strongly agree.

Fraud Deterrence Model

The dependent variable in this study is fraud deterrence. The main experimental variables are quality of work (QWork), wages (Wages) and transparency (Trans). The control variable in this study is gender (Gen) and age (Age). The following is the model on fraud intention deterrence to test the hypotheses in this study.

Model:

$$FD = \alpha + \beta_1(QWork) + \beta_2(Wages) + \beta_3(Trans) + \beta_4(Gen) + \beta_5(Age) + \varepsilon$$

Where,

FD = Fraud Deterrence

Wages = Wages

Trans = Transparency

Gen = Gender

Age = Age

Demographic Analysis

Demographic analysis is able to assist the researcher to evaluate the characteristics of the respondents. There are 4 demographic questions which include gender, age, positions, and length of services, as follows.

Table 1: Frequency of the Respondents' Gender

Demographic criteria	Frequency	Percentage (%)
Male	38	37.6
Female	63	62.4

Based on Table 1, the total respondents of 101 comprised of 63 females and 38 males which represent 62.4% and 37.6% respectively. According to Capezio and Mavisakalyan (2016), they found out that an increase in women representatives in the company's board or higher-level management is associated with a decreased in the probability of fraud. 1% increase in women representatives will lower the probability of fraud by 1.06%. The findings were similar to a study conducted by Nagel (1983) which discovered that women were much less likely to commit violence or serious property crimes than men.

Table 2: Frequency of the Respondents' Age

Demographic criteria	Frequency	Percentage (%)
21-30	21	20.8
31-40	71	70.3
41-50	6	5.9
51-60	3	3

The respondents' age is between 21 to 60 years old. Majority of the respondents' age is the range of 31 to 40 years' old which represent 70.3% while 20.8% of the respondent are between 21 to 30 years old. The remaining 5.9% and 3% of respondents are between 41 to 50 and 51 to 60 years old, respectively.

Table 3: Frequency of the Respondents' Position

Demographic criteria	Frequency	Percentage (%)
Support Group	33	32.7
Middle Management	66	65.3
Top Management	2	2

With reference to Table 3 above, 65.3% of the respondents hold a middle management position. Another 32.7% is in the support group while the remaining 2% of the respondents are from top management.

Table 4: Frequency of the Respondents' Length of Service

Demographic criteria	Frequency	Percentage (%)
<1 year	7	6.9
1-10 years	67	66.3
11-20 years	20	19.8
>20 years	7	6.9

The respondents are categorized into four groups according to their length of service. Majority of the respondents had served between 1-10 years (66.3%), and the remaining respondents have a length of service between 11-20 years (19.8%). Approximately 7 respondents had served less than 1 year and more than 20 years, respectively.

Descriptive Statistics

Descriptive analysis run on the variables with the purpose to analyze the pattern of the answers given by respondents in this study. The scale given is a 5-point Likert scale with 1-Strongly Disagree, 2- Disagree, 3- Fair, 4- Agree and 5- Strongly Agree. Mean is used to represent the average answers made by the whole respondents. The details of the mean for each question are represented below: -

Table 5: Quality of work

No.	Questionnaire	Mean
B1	Laziness is immoral	4.56
B2	Dedication to work is a virtue	4.40
B3	We must constantly strive to achieve better working results	4.80
B4	Cooperation and collaboration is one of the most important principles in work	4.67
B5	One should carry out work to the best of one’s ability	4.81

As shown in Table 5 above, the average score for each question between the mean of 4.40 and 4.81. Based on the result, respondents do not totally agree with the quality of work criteria because there is variability in the answer given. However, all means are statistically the same as the scale maximum rating of four which is agreed. The highest mean score is 4.81 for B5, where it means that most of the respondents agreed that ‘One should carry out work to the best of one’s ability’. Respondents also agree with question B3 (mean score of 4.80) and with question B4 (mean score of 4.67). The remaining questions which are B1 and B2 scored at 4.56 and 4.40 respectively.

Table 6: Wages

No.	Questionnaire	Mean
C1	I prefer to work with low income and less responsibility instead of work with higher income with more responsibilities	2.39
C2	A person should receive full wages based on their work is done	4.31
C3	Competition to improve quality should be encouraged and rewarded	4.27
C4	Those who obtain wealth through work are more honorable than those who obtain wealth through inheritance	4.06

C5	Money earned through gambling, manipulative monopoly, bribery and are alike are harmful to the society	4.68
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Table 6 highlighted on the average mean score between 2.39 and 4.68. Questions C2, C3, C4 and C5 are on the scale of four which is 'agree'. However, question C1 on 'I prefer to work with low income and less responsibility instead of work with higher income with more responsibilities' has a mean score of 2.39. This suggests that the respondents might accept a higher responsibility if they are being offered with higher income by the organization. The highest mean score of 4.68 portrays that respondents would agree to 'Money earned through gambling, manipulative monopoly, bribery, and other equivalents are harmful to the society'.

Table 7: Transparency

No.	Questionnaire	Mean
D1	I am very careful in using office equipment's because I think they are under my responsibilities	4.44
D2	The value of work is judged by good intentions compared with the results obtained	3.08
D3	Justice and generosity in the workplace are necessary conditions for society's welfare	4.25
D4	Exploitation in work is not admirable	4.49
D5	Progress on the job can be obtained through self- reliance	3.91

Table 7 above illustrates the average mean score for each question between 3.08 and 4.49. The highest mean score is 4.49 which highlighted that the respondents agreed on the 'Exploitation in work is not admirable'. On the other hand, 2 out of 5 questions have an average mean score of 3.08 and 3.91 (D2 and D5). These variances indicate that the respondents might view the output obtained from the work done with good intentions is important and some respondents might think that other factors will also influence their job progress. This finding is supported by a study conducted by Johari and Yahya (2016) who mentioned that task significance and work involvement were able to influence job progress.

Table 8: Fraud Deterrence

No.	Questionnaire	Mean
E1	Sometimes I work on a personal matter instead of work for my employer	2.56
E2	I used to use office equipment without permission	2.50
E3	I used to falsify receipt to get reimbursement for extra money than I spent on business expenses	1.28
E4	I used to take an additional or a longer break than is acceptable at my workplace	2.58
E5	I used to come in late to work without permission	2.27
E6	I used to call in sick when I am not	1.64
E7	Sometimes I intentionally worked slower than I could have worked	2.00
E8	I used to discuss confidential company information with an unauthorized person	1.59
E9	I used to leave work early without permission	2.02
E10	Sometimes I put less effort into my work	2.23
E11	I used to drag my work in order to get overtime	1.34

Table 8 concerns fraud deterrence. If the respondents ‘strongly disagree’ or ‘disagree’, they would give a rating of 1 or 2. Based on the result, respondents did not totally disagree with the workplace deviant listed in the questions. However, all mean scores were statistically the same at the scale minimum rating of 2 which indicates disagree. The lowest mean score is 1.28 for the question ‘I used to falsify receipt in order to get reimbursement for extra money than I spent on business expenses’ (E3). The result shows that majority of the respondents did not falsify receipt in order to get reimbursement from their office. The respondents also strongly disagree with question E6 and E11. It means that most of the respondents never lied about their medical leave and never extended their working hours just to get overtime. The remaining questions which are E1, E2, E4, E5, E7, E8, E9, and E10 have means score of 2.56, 2.50, 2.58, 2.27, 2.00, 2.02 and 2.23 respectively. The low means score earned could possibly be due to the questions in this section were negatively worded.

RESULTS AND DISCUSSION

Pearson’s Correlation Analysis

Table 9 proves that multicollinearity is within the acceptable range and all the variables remained in this study.

Table 9: Pearson's Correlation Analysis

Variables	Fraud Deterrence	Quality of Work	Wages	Gender	Age
Fraud Deterrence	1				
Quality of Work	0.420**	1			
Wages	0.154	0.564**	1		
Transparency	0.366**	0.538**	0.584**		
Gender	-0.025	-0.029	0.188	1	
Age	0.118	0.134	-0.069	0.054	1

* significant at 0.05 level; ** significant at 0.01 level

Based on the analysis, there is a significant positive correlation between the quality of work and fraud deterrence ($r=0.420$), which indicates that an increase in quality of work will increase fraud deterrence. Also, there is a significant positive correlation between transparency and fraud deterrence ($r=0.366$). It indicates that an increase in transparency will also increase fraud deterrence. Furthermore, there is a positive relationship between quality of work and wages ($r=0.564$), quality of work and transparency ($r=0.538$) and wages and transparency ($r=0.582$). However, there is no significant correlation between fraud deterrence and wages ($r=0.154$). This means that an increase in wages does not affect fraud deterrence.

Multiple Regression Analysis

The results in Table 10 shows a multiple regression model with 3 predictors and 2 control variables at $R^2=0.242$, $F(5,94)=5.998$, $p=0.000$. Based on the findings, it shows that 24.2% of the variance in fraud deterrence is explained by the quality of work, wages, transparency, gender, and age.

Table 10: Multiple Regression Analysis

Independent Variables	Coefficients	t-statistics	p-value
(constants)	-0.357	-0.744	0.459
Quality of Work	0.395	3.403	0.001***
Wages	-0.251	-2.027	0.052
Transparency	0.298	2.549	0.012**
Gender	0.124	0.633	0.528
Age	0.074	0.491	0.625
R ²	0.242		
Adjusted R ²	0.202		
F-value	5.998		
p-value	0.000		

*Note: ***Significant at 0.01 level; **Significant at 0.05 level; and *Significant at 0.10 level*

Hypothesis 1 suggests that there is a relationship between quality of work and fraud deterrence. The hypothesis was supported with a positive significant relationship at $p < 0.01$ ($r=0.420$, $\beta=0.395$, $t=3.403$) where an increase in 1 unit of quality of work will deter fraud by 0.395. According to Othman, K. (2016), quality of work in Islamic perspective is the obligation of the employee towards their employer in terms of honest manner, timely, trustworthy, committed and give the best effort to the organizations. A few researchers have found that if employees are committed to their organizations, they will report to the authorities if they witness any unethical behavior, therefore, fraud in organizations can be deterred (Masal, E. Et al, 2017). Another finding by Manurung et al (2015) reported that there is a positive effect of organizational commitment and employee fraud. Besides that, Pfeifer C. (2010) had also stated that employee work effort will have an impact on workplace deviant. Quality of work is a broader concept and job satisfaction is one of the many possible outcomes of quality of work (Dahl et al., 2009). Quality in work can be achieved if employees are satisfied with their working life. A researcher has found that there is a negative relationship between job satisfaction with employee fraud (Rinendy, J.2017). This means that the more employees who are dissatisfied with their job, thus, the more unethical behavior will occur in organizations. Above previous research also indicated that quality of work has a significant relationship with unethical behaviors such as employee theft, misappropriation of assets, and corruption.

In addition, the third hypothesis, H3, suggests that there is a relationship between transparency and fraud deterrence. This hypothesis is supported because there is a positive relationship between transparency and fraud deterrence at $p < 0.05$ ($r = 0.366$, $\beta = 0.298$, $t = 2.549$). Increase in 1 unit of transparency will deter 0.298 unit of fraud. Wells (2004) stated that transparency is part of a new approach to fraud deterrence. Whilst this significant finding is supported by the study of Meijer (2009) which mentioned that transparency can encourage better performance and reduce corruption. Besides that, the lack of transparency in reporting mechanism will also lead to financial losses and fraud. Transparency has been touted as an ideal solution to reduce fraud and corruption. This is because transparency is necessary to create a sense of trustworthiness and accountability from the public towards the government. Transparency itself can be influenced by many factors, especially in the government sectors. According to Vries and Sobis (2016), transparency will only be effective with the existence of civil society towards public officials. The absence of critical society will give an impact on the effectiveness of transparency to reduce corruption or unethical behavior.

However, hypothesis 2 was not supported because there is an insignificant relationship between wages and fraud deterrence ($r = 0.154$, $\beta = -0.251$, $t = -2.027$, $p = 0.052$). The increase or decrease in wages will not give an effect on fraud deterrence. Hence, hypothesis 2 is rejected. This finding is supported by Greenlee et al. (2007) where highly paid employees also committed fraud. Erickson M. (2006) found that there was no consistent evidence that executive's equity incentives increase the likelihood of accounting fraud. This means that incentive was not part of the factors that attract management level to commit fraud. Moreover, money was not the main reason why employees engage in fraud. Abdullahi and Mansor (2015) highlighted that there is a strong relationship between low wages and fraud, this occurred in countries that have a poor standard of living and its government was put under financial pressure such as Uganda. However, according to Quah (2007), an increase in wages was able to minimize corruption cases by public servants in Singapore. In another research done by Quah (2016), in comparison with six Asian countries which are Cambodia, Myanmar, Philippines, Pakistan, Vietnam and Brunei Darussalam, showed that the first 5 countries happened to have an increase in corruption due to low salaries. Quah (2016) explained that these 5 countries had issues on political stability, absence of violence and long conflict with the military. As a result, their public servants have been put under pressure to cope with their cost of living. Hence, it can be concluded that wages might have an effect on fraud deterrence based on the social surrounding, political stability and study population. Since Malaysia is considered as one of the developing countries and Malaysia did not have any conflict with the military as well as its political structure is stable,

wages are not part of the factors that can assist fraud deterrence in Malaysia public sector.

CONCLUSION

Based on the study, it is apparent that the quality of work and transparency can assist the government to deter fraud among public servants. It involves an action-based commitment to ethical behavior that starts with top management. This commitment must come from a strong ethical culture in public organizations. Transparency is mandatory and needs to be upheld by all public administration. A public servant has been given a responsibility to serve the public therefore, the government has to instill transparency in public service through education, training, and enforcement. To achieve work quality, it involves two conditions which are the responsibility from employer (government) towards its employees (public servant) and responsibility from employees towards employer. The government must prepare facilities that take into consideration all the religious and humanistic factors. It is said that several facilities include reading facility, *halal* cafe, childcare center, pharmaceutical, post office, small bank, IT center, sport center facilities, and health clinic can improve the quality at workplace. Thus, in return, the obligation of a public servant towards government is to work in an honest manner, timely, trustworthy, committed and give their best effort.

Implications of this study are broad, towards academic, government as the policymaker, public servant, and as well towards the citizen. This is because fraud issues are considered as a national issue and the effort to deter them are considered as a national responsibility. In academic research, this topic will give additional evidence to support the previous findings on IWE influences with fraud deterrence in the Malaysian public sector. Therefore, government as the policymaker and the regulator can use this study as a guideline to implement work ethics with suitable code towards their employees. This study can be highlighted to the Malaysian government that Islamic Work Ethics (IWE) is the most applicable work ethics because; the majority of the public servant are Muslims and IWE promotes work-life balance. Moreover, Malaysia's Corruption Perception Index (CPI) is dropping every year since 2014 (ranked 50) until 2017 (ranked 62) and the Auditor-General Report had highlighted much on misappropriation of assets cases. If the government successfully implement IWE which is proven to be able to deter fraud, the framework and guidelines will be adopted by the private sector. Nevertheless, the government policy must be made known to the public servant in order to deter fraud. Public servants are considered as liaison officers between the regulators and citizens. They must be seen transparent, honest, and hardworking towards their job. Therefore, it is important for them to apply the work ethics that had been set by the regulators through an effective awareness program. This program also acts as a

fraud deterrence where it increases the public servant's knowledge about ethics and fraud. Due to public servants have a huge responsibility in managing public funds, hence, they must be seen compatible, efficient, and transparent towards the citizens. As mentioned above, implementing IWE will lead to better quality work and it is critical because it helps public servants to implement good behavior conduct without enforcement. Also, it is worthy to note that good behavior and ethics should come from their inner self.

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