

PRACTICES OF WHISTLEBLOWER WITHIN AN ORGANIZATION IN MALAYSIA

NARUJIN B. AMBIKIN



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PRACTICES OF WHISTLEBLOWER WITHIN AN ORGANIZATION IN MALAYSIA

NARUJIN B. AMBIKIN



**Dissertation submitted in partial fulfillment
for the degree of Master Human Capital
Management (MHCM)**

**SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYSIA SABAH
2008**

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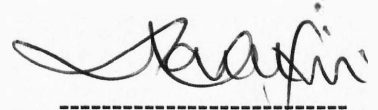
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DECLARATION

I hereby declare that the material in this dissertation is my own except for the quotations, excerpts, equations, summaries and references which have been duly acknowledgement.

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TITLE : PRATICES OF WHISTLE BLOWER WITHIN AN ORGANIZATION IN MALAYSIA

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VIVA DATE : 24 JUN 2008

DECLARED BY

1. SUPERVISOR

(DR. ARSIAT BAHON)

Amah
17/7/08

2. CO-SUPERVISOR (If Any)

(.....)



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Last but not least, this dissertation is dedicated to my wife, Jusiem Joinol, whose love has remained unbelievably strong through the seemingly countless trails in our lives. Yet knowing the hardships and valleys make one truly appreciate the blessing in our midst. And also dedicate this dissertation to all my children, who changed my life infinitely for the better the moment you all were conceived and also bringing incredible joy into my life during every breath I take.

ABSTRACT

The practices of whistle blower are an important component of the Malaysia Airlines to identify the employees and employers perception. On the recent development and implementation issues of whistle blowing on the potential harms and benefit of whistle blowing practices in the organization. The act of someone who exposes a violation wrong doing, the disclosure of information that relates to something of public interest, could be a disclosure of a wrong doing or can refer of a disclosure a serious threat. The whistle blower will be satisfied with the out come of his or her whistle blowing when the organization corrected or terminated a wrong doing and did not retaliate against him or her. The organizational and societal support to whistle blowers or wrong doers is also crucial in determining the out comes of whistle blowing. Lastly the willingness of the organization to change a questionable practice, determines whistle blowing effectiveness.



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ABSTRAK

ORGANISASI DI MALAYSIA DALAM MEMPRAKTIKKAN 'WHISTLE BLOWER'

'Whistle Blower' merupakan komponen penting bagi Syarikat Malaysia Airlines untuk mengenalpasti persepsi para majikan dan pekerja berkenaan dengan 'Whistle Blower' dipraktikkan di syarikat tersebut. 'Whistle Blower' boleh didefinisikan sebagai rintihan seseorang yang disebabkan rasa ketidakpuas hati seseorang pekerja yang mana mampu mengundang seseorang individu tersebut mendedahkan perbuatan salah laku orang lain, mahupun pekerja lain, yang mana perbuatan salah laku yang dilakukan itu mampu mengancam keselamatan dan ketenteraman individu lain yang tidak bersalah. Selain itu perbuatan salah laku itu mampu menjatuhkan imej syarikat tersebut. Oleh yang demikian untuk membuatkan perbuatan seperti 'Whistle Blower' ini berkesan, kerjasama daripada semua anggota syarikat melibatkan diri dalam praktikal ini mampu menjayakan dan mengelakkan perbuatan salah laku di sesebuah organisasi dihindarkan.



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CHAPTER ONE

INTRODUCTION

1.0 Research Background

A whistle blower is an employee, former employee or member of any organization especially a business or government agency, who reports misconduct to people or entities that have the power and presumed willingness to take corrective action. Generally the misconduct is a violation of law, rule, regulations and a direct threat to public interest such as fraud, health, safety, violations and corruption. The term of whistle blower derives from the practice of English 'bobbies' who would blow their whistle when they noticed the commission of the crime. The blowing of the whistle would alert both law enforcement officers and general public of danger.

The majority of whistle blower cases are based on relatively minor misconduct. The most common type of whistle blower is 'internal whistle blower' who report misconduct to another employee or superior within their company or agency. In contrast, external Whistle blower report misconduct to outside person or entities. In these cases, depending on its severity and nature whistle blower may report the misconduct to lawyers, the media, and law enforcement or watchdog agencies or to other local state or federal agencies¹.

¹ Wikipedia the Free Encyclopedia

Whistle blowing can be helpful to the company or harmful. When the company encourages people to speak out and when employees trust their managers to be fair, potential whistle blowers are more likely to report potentially damaging situation internally rather than going outside of the company. When internal reporting occurs, companies then have the option to deal with the situation on their own terms and in their time. Internal disclosures can also make the company aware of potentially damaging conditions before they become crisis. Finally, internal whistle blowing handled in an ethical and compassionate way by managers signals other employees that it is safe for them, too, to become the eyes and ears of the company.

Malaysia Airlines is the flag carrier of Malaysia. Malaysia airlines operates flights from its home base, Kuala Lumpur International Airport and its secondary hub in Kota Kinabalu, despite a financial restructuring exercise in 2006, Malaysia Airlines maintains a strong presence in Southeast Asia, East Asia, South Asia, Middle East and on the Kangaroo route between Europe and Australasia, Malaysia Airlines also operates transatlantic flights from Kuala Lumpur to Newark via Stockholm and transpacific flights from Kuala Lumpur to Los Angeles via Taipei. In 1997, the airline flew the world's longest non-commercial, non stop flight from Boeing field in Seattle to Kuala Lumpur, flying eastward passing the European and African. Continents and breaking the great circle distance without landing record for an airliner on a Boeing 777-200 ER.

Kota Kinabalu International Airport, serves the city of Kota Kinabalu, the state capital of Sabah Malaysia. It is located about 8 km southwest of the city. It is the second busiest airport in Malaysia after Kuala Lumpur International Airport with over million passenger movements in 2006 for domestic and international flights. It is the main gateway into the state of Sabah and into Borneo. In 2006, about 2 million unique tourist visited Sabah through this airport.

1.1 Problem Statement

MAS vows to protect whistleblowers, February 2, 2006 at 1.40 P.M. (Malaysia kini news and view that matter).

"We are facing a crisis in Malaysia Airlines," said managing director Idris Jala, that the national airline Malaysia Airlines (MAS) needs RM4 billion to turnaround, and with various cost cutting and rationalization measures including reducing some international routes, it aims to score an all time high profit of RM500 million 2008. In a novel approach to identifying corruption and security risks, the airline said it has introduced a "Whistle-blower" policy designed to curb poor practices.

Malaysia Airlines (MAS) has invited employees to report corruption, security risks and other bad practices at the national carrier under a new 'whistleblower' policy. The airlines new Managing Director, Datuk Idris Jala has encouraged employees to report any knowledge of graft, negligence, safety and security issues or abuse of power to an Independent Committee.

"This policy is being introduced to provide a safe and acceptable way for you to raise your concerns about malpractice affecting MAS without fear or repercussions," he said in a circular.

"It allows you to raise matters in an independent and unbiased manner" said Idris, who took over at the loss-making airline last December.

1.1.1 Disciplinary Action

Idris said employees would not be expected to prove their allegations and vowed to protect those who passed on information.

"Any attempt to retaliate against, victimize or intimidate a whistleblower making a good faith report is a serious violation and shall be dealt with by way of disciplinary action,"

The indicated form in **Figure 1.1**, for the 'whistle blower' particulars to raise any nature of concerns as stipulated in the boxes, with the supporting documents to a particular issues to be raised to the management, where by the committee concerned upon received will study the cases being raised whether to proceed or not.

Figure 1.1: Official Form



PRIVATE & CONFIDENTIAL

OFFICIAL FORM
"OUR BUSINESS OUR CONCERN"

YOUR PARTICULARS

Name
(As per NRIC / Passport /
Registration Document)

Position

Division / Department

Staff No.

Office Address

Office Telephone No.

Contact / Handphone No.

MemoID

NATURE OF YOUR CONCERN

Please mark (X) where applicable

☐ Commission of Fraud, Bribery and/or
Corruption

☐ Negligence

☐ Abuse of Position

☐ Unauthorized Use of Company's Money,
Properties and/or Facilities

☐ Involve in Conflict of Interest and/or
Business Opportunities Positions

☐ Commission of Unlawful Acts

☐ Others

☐ Non-Compliance with Company's Policies and
Code of Conduct

☐ Disclosure of Company's Information including
Products and/or Services without Proper Authorization

☐ Exposure of Company's Properties, Facilities and/or
Staff of the Company to the risks of Safety and Security

☐ Commission of Acts which intimidate, Harass and/or
Victimise any members of the Board of Directors,
Management or Staff of the Company

☐ Involvement in Politics or other Hazardous and/or
Unlawful Activities

☐ Failure to meet Professional Standards

SUPPORTING DOCUMENTS

Please mark (X) where applicable

Do you have any documents to support your concern?(If yes, please attached)

☐ Yes

☐ No

PARTICULARS OF YOUR CONCERN

Concern against

Details

Signature

Date

Please forward this form together with any supporting documents to :-

Mohd Izani Ashari
John Tob Chiewwee
Raja Azura Raja Mahayuddin
Capt. Ahmad Zursaidi
Jeff Nor Jetty

03-21635258
03-21655091
03-78403283
03-78404177
03-87772726

or
or
or
or
or

izani@malaysia-airlines.com.my
john@malaysia-airlines.com.my
azura@malaysia-airlines.com.my
ahmad@malaysia-airlines.com.my
jeff@malaysia-airlines.com.my

Fax to

Or

03-21635213

Email to

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Received By

Date

2

Source: Malaysia Airlines (2006)

4

In fact, the rationale behind Malaysia Airlines whistleblower policy, according to Managing Director Idris Jala, that Malaysia Airlines have handled in terms of the financial restructuring and a lot of things but the problems is the human factor. The human factor, the culture, the way things have been the norm of Malaysia airlines over the years. It has been very difficult for Malaysia Airlines because these people are cohesive and have a certain way of doing things.

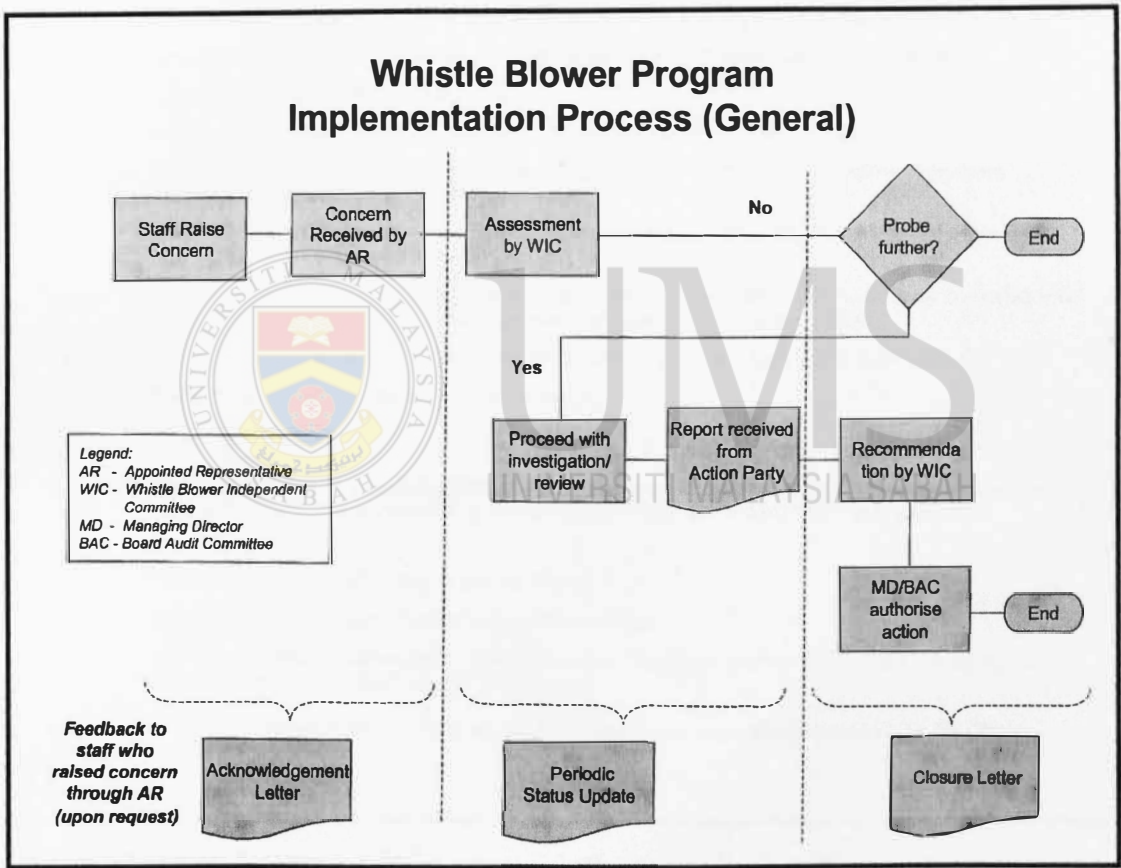
The culture within an organization is important. An organization which is very hierarchical and top down which does not have a culture of allowing employees to express dissenting opinions or is not seen to take feed back or suggestions seriously is unlikely to be successful in effectively implementing a whistle blower policy. In this research a carefully developed whistle blower policy, which encourage good faith reporting of serious misconduct, in tandem with existing theories (Organization Theory) and discourages frivolous complaints, creates greater trust in the organization.



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In Figure 1.2, in the 'Whistle blower' Program Implementation Process (General) where staffs raise the concerns to the appointed representative, through there 'Whistle blower' Independent Committee will asses whether to proceed further or not. If there is no case, it will be closed. If there is case the investigation will be carried out and review will be conducted and forwarded to action party for onward recommendation to 'Whistle blower Independent Committee' to be submitted to the Managing Director and Board Audit Committee for authorization and further action.

Figure 1.2: Whistle Blower Program Implementation Process



Source: Malaysian Airlines (2006)

In **Figure 1.3**, where some of the categories of concerns which can be raised, as stipulated from number One to Twelve. Similarly, goes to the categories of concerns which will not be considered, from number One to Four.

Figure 1.3: Categories of Concern

**CATEGORIES OF CONCERNS WHICH CAN BE RAISED PURSUANT TO
“OUR CONCERN OUR BUSINESS” POLICY**

1. Commission of Fraud, Bribery and/or Corruption.
2. Negligence.
3. Abuse of Position.
4. Unauthorised use of Company’s Money, Properties and/or Facilities.
5. Involve in Conflict of Interest and/or Business Opportunities Positions.
6. Commission of Unlawful Acts.
7. Non-compliance with Company’s Policies and/or Code of Conduct.
8. Disclosure of Company’s Information including Products and/or Services without Proper Authorization.
9. Exposure of Company’s Properties, Facilities, and/or Staff of the Company to the risks of safety and security.
10. Commission of Acts which Intimidate, Harass and/or Victimise any members of the Board of Directors, Management or Staff of the Company.
11. Involvement in Politics or other Hazardous and/or Unlawful Activities.
12. Failure to meet Professional Standards.

**CATEGORIES OF CONCERNS WHICH WILL NOT BE CONSIDERED
PURSUANT TO “OUR CONCERN OUR BUSINESS” POLICY**

1. Concerns which are found to be False.
2. Concerns which are found to be Malicious.
3. Concerns which attempt to Defame any members of the Board of Directors, Management or Staff of the Company.
4. Concerns which are found to have No Basis or Not Supported with Sufficient Evidence.

Source: Malaysia Airlines (2006)

Notably, when there is a change it will also pose certain challenges like people ganging up to go against the system or they might not reveal certain activities. So now, there is a platform to get access to the right information or the right news, what is happening internally. Katherine Miller (2006). Organizational Communication: approaches and processes, 4th Edition USA, Thomson.

On the other hand, if employees do not feel safe in speaking out within their company, they are likely to seek remedies outside the organization. Such remedies include taking their complaints to government agencies or the media, or pursuing legal alternatives that can in themselves result in the losses and ramification of union intervention.

Amazingly, retaliation against whistle blowers seems fairly standardized across the organizations. Dworkin and Baucus(1998) suggest that it most commonly falls into four categories, nullification in which managers seek to neutralize whistle blowers and their information through intimidation; isolation, in which access to information and resources is taken away from whistle blower ; defamation , through which whistle blowers reputation, qualification and even sanity are called into question and finally , expulsion when the employer finally forces the whistle blower out through firing or forced resignation. In some cases whistle blowers have been expelled from an entire industry through blacklisting.

1.2 Aim of the study

The significance of this study is to explore the practices of whistle blower in Malaysia Airlines. How is the perception to the employees with regards to the implementation of the whistle blower policy?

Based on researcher's findings and reading on previous thesis journals and research papers not so much study had been conducted on "whistle blower" in Kota Kinabalu. Hence this study hoped to assist any organization or individual that interest in knowing the practices of "whistle blower" development and implementation issues in future in Kota Kinabalu.

1.3 Research Objectives

The objectives of the research were to:

- a) To explore the practices of whistle blowing in Malaysia Airlines, Kota Kinabalu.
- b) To identify the employees and employers perception about this practices.
- c) To identify the potential harms and benefit of whistle blowing practices in the organizations.