

EDITORIAL: THE ROLE OF TRANSPARENCY AND MANAGEMENT INTEGRITY IN ORGANISATIONAL SUSTAINABILITY

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Abstract: The International Conference on Accounting, Business and Economics (ICABEC), which is a conference held by the School of Maritime Business and Management, Universiti Malaysia Terengganu, is aimed at bringing together researchers to discuss emerging issues concerning organisational practices and behaviours. This Special Issue compiles ten selected articles that were presented during the 4th ICABEC. With the theme “Thriving in the Emerging Economies: Transparency and Management Integrity”, ICABEC highlights good ethical conducts, exemplary best practices and top-notch alternatives that should be the focus of organisations that wish to remain viable in the ever challenging environment. In this Special Issue, three important aspects in organisational sustainability are identified. Firstly, ensuring high ethical conduct is a prerequisite towards efficient and effective utilisation of organisational resources. Secondly, development of sustainable organisational agenda is significant in sustaining the livelihood of the community and future generations. Thirdly, strengthening policies, rules and regulations might be required to align organisational goals towards achieving sustainable agenda. It is hoped that this Special Issue will be able to relay important messages to the organisations and related stakeholders on the importance of transparency and management integrity in ensuring the sustainability of organisations. Relevant policy implications are also expected to assist organisations in gearing their efforts towards practising high ethical conduct that can benefit them in its entirety.

Keywords: Transparency, management integrity, organisational sustainability.

Introduction

Globalisation, technological advances and internet revolution have created intense competition that require organisations to struggle to attain sustainable development. The endeavour towards getting and maintaining organisational success is made even challenging with the instability in the economic environment that is caused by economy, political, and social pressures. An aspect that is equally important towards organisational sustainability is the existence of good ethical conduct, through transparency and management integrity within the entities and their surroundings. Transparency and management integrity form a strong foundation for trust among organisations’ stakeholders. When trust is strongly established in an organisation, investors and other important stakeholders tend to continue their support of the organisation. Conversely, the future

of an organisation with poor trust among its stakeholders is questionable and this relates very much to the sustainability of the organisation. Moreover, transparency and integrity in the fields that affect society’s sustainability are continuously called for to reduce the expectation gap among the public.

In capturing this increasing importance, an international conference with the theme “Thriving in the Emerging Economies: Transparency and Management Integrity” was held in August 2016 which gathered interesting and relevant articles pertaining to the issue. This special issue of JSSM compiles ten best manuscripts to commemorate the success of the 4th International Conference on Accounting, Business and Economics (ICABEC) which was organised by the School of Maritime Business and Management, Universiti Malaysia Terengganu.

Highlights of Research

This special issue begins with the article by Abdullah, Ahmad and Ariff titled “Combating Corruption for Sustainable Development of Public Services in Malaysia: Governance and Corruption Risk Assessment”. As asserted in many research findings on corruption, proactive measures should be taken to strengthen prevention and detection (Poerting & Vahlenkamp, 1998). Here, the authors propose the Smart Governance Matrix based on five governance measures to assess the corruption risk of organisations. Based on their sample, they find that enterprise governance, data governance and human governance can predict the likelihood of corruption in organisations, and that the matrix can be reliably used in typical for-profit and non-profit organisations. The study concludes that strengthening enterprise, data, and human governance is essential to eliminate corruption risk that hampers the sustainable development of the public sector in Malaysia.

The second article titled “Decision Making Approach of Direct Feeder Service via Port Klang in Malaysia” by Rahmatdin, Rahman and Othman sets a benchmark for current assessments of overall direct feeder service of route parameters which connect Port Klang and five potential ports or trade partners as alternatives. The research responds to the call by Hsu and Hsieh (2007) who had suggested that the optimal decision of direct service is more preferred than the hub and spoke service. Based on AHP-Fuzzy Link Based and Evidential Reasoning method, they find that the Port Klang – Laem Chabang route is the most preferred sailing route that can optimize feeder vessel utilisation, reduce environmental pollution, and potentially gain high returns for both feeder operators and ports.

Next, Salleh and Noor investigate attitudinal factors that can predict consumer willingness to consume functional food. Their study is motivated by the aim to investigate the current eating habit that is linked with sustainable livelihood and good general well-being. This

type of research is important because the World Health Organisation (WHO) has reported that unhealthy food, unhealthy eating habits and less physical activity may lead to the global burden of non-communicable diseases, which although non-infectious, are often referred to as chronic diseases (WHO, 2015). By using multiple regression analysis, they find that reward and necessity are predictors of willingness to consume functional food, whereas confidence and safety failed to explain the dependent variable. In addition, they have proved that self-efficacy is a significant moderator of the relationship between attitude dimensions and willingness to consume functional food. Therefore, to further encourage the public to consume healthy food, relevant authorities can focus on the reward and necessity of consuming healthy food consistently and that the access to obtain the food should be made easy.

The following study chooses a targeted fishing port in assessing its sustainability by evaluating proactively the associated risks. Salleh and Halim propose a model for analysing environmental risks arising from fisheries activities in Tok Bali Fishing Port, Malaysia. They find that water pollution is a focal environmental risk arising from fisheries activities in Tok Bali Fishing Port. They arrive at this finding by utilising a two-step approach that is prioritising environmental risk via Analytic Hierarchy Process method and suggesting mitigation strategies for minimising the risk losses from fisheries activities by using a decision-making rating tool. Long-term strategies including law enforcement, strategic fisheries management practices and environmental education to the fishermen are proposed in order to minimise environmental risks from fishing activities especially water pollution risk.

Understanding the level of satisfaction among flood victims when sheltered in evacuation service centres during flood disaster is the motivation behind the study carried out by Padlee, Razali, Zulkiffli and Hussin. They target the flood victims for their research because flood often occurs in Malaysia and the victims

can be adversely affected; including potential loss of income and lives of family members (Akasah & Doraisamy, 2015). The researchers collect responses of questionnaires distributed to evacuees in three selected districts in East Coast states that were badly affected by flood events in 2014. The findings show that most evacuees perceived that the quality of the services provided to them was good and they were satisfied with the services provided in the evacuation centres. Hence, the facility provider should always aim to achieve high satisfaction among flood evacuees in future flood occurrence.

Do foreign direct investments (FDI) and trade openness lead to sustainable development in Malaysia? This is a very intriguing question posed by Ridzuan, Ismail and Hamat. It is commonly known that FDI inflow is associated with the abundance of natural resources in a country (Poelhekke & van der Ploeg, 2013). Therefore, to maintain the balance between economic growth and environmental consideration in all parts of planning and management is imperative for a country's sustainability. Their study uses annual data from 1970 to 2013 to provide evidence that foreign direct investments do lead to sustainable development via economic growth, income distribution and environmental quality. However, they find no evidence for similar influence by trade openness. They further suggest that Malaysian policymakers revise the existing policies to attract more sustainable foreign direct investment besides making trade more open by involving more free trade agreements in order to achieve the country's sustainable development goals.

The employment and utilisation of resources must be effective and efficient to achieve business stability and sustainability. Shariff, Krishnaswamy, Abdullah and Ang study an emerging sustainability issue in Malaysia, i.e., the migration of Malaysian intellectuals to work abroad; that potentially results in the nation's brain drain. In addition, existing policies and strategies introduced by Malaysian government were inadequate to address the issue (National

Economic Advisory Council, 2010). Based on survey, they find a significant positive relationship between higher expectation, perceived opportunities and lack of security in the intention of Malaysian intellectuals to settle abroad for work. Hence, economic policies such as the New Economic Model are essential in securing high quality human resource by offering sustainable business environment and income.

The eighth paper of this issue also deals with sustainability, where the authors, Wahid, Aziz, Kamaludin and Anang examine the potential effects of energy consumption and economic growth in driving climate change pressure. This is alarming because the energy used in economic development has led to an upsurge in carbon dioxide emissions in Malaysia (Begum *et al.*, 2015). The findings reveal the presence of a long-run relationship among carbon dioxide emissions, consumption of energy resources and economic growth in Malaysia and Indonesia between 1980 and 2011. Their study implies that since emission through economic growth cannot be avoided, more efforts should be done to find, use and promote renewable energy. Minimising the negative impact of economy growth on emission level through the use of renewable energy is an agenda important to the sustainable development of both business and society.

Next, Kamaludin, Aziz, Ibrahim and Radam present the results of their survey on consumers' willingness to pay for an improved domestic water services in the state of Terengganu, Malaysia. Given that access to water is a basic human need, setting up a high water tariff would not be well accepted by society as the underprivileged would be denied of their basic need if they are not able to pay for it. However, by providing low water tariff, service providers are challenged with the inability to provide and recoup the cost of doing business involving the technological advances required to provide clean and continuous water supply. The survey discover that reducing the frequency of water interruption is the most important water service attribute to the population. They assert that

the water services sustainability is essential in providing the population with safe and clean water. The desired level of sustainability in water services can be achieved when frequency of water interruption is minimized.

Lastly, the paper by Sulub, Salleh and Hashim looks at the validity of the hypothetical expectation of higher Corporate Governance Disclosure and Corporate Social Responsibility Disclosure in Islamic banks. Such disclosures are deemed important as they play a significant role in improving levels of corporate transparency, corporate image and firm sustainability (O'Dwyer & Gray, 1998). The authors find that while comparatively higher transparency levels of Corporate Governance Disclosure and Corporate Social Responsibility Disclosure are ideally predicted for Islamic banks, the disclosure levels were surprisingly lower in the annual reports of Islamic banks. In responding to this awkward finding, the authors recommend some possible remedies in order to reform Corporate Governance Disclosure and Corporate Social Responsibility Disclosure in Islamic banks. Due to the seemingly low disclosure level among the Islamic banks in Malaysia, this may hinder Islamic banks to be competitive and sustainable in the economic development.

Conclusion

After the 4th ICABEC, the organising committee had successfully selected relevant articles on organisational sustainability that are worth shared in printed publication. We believe that the readers of the *Journal of Sustainability Science and Management* would find the findings and suggestions presented by these ten articles useful.

In the spirit of these studies, achieving sustainable business agenda is a way to contribute towards sustainable service to society. The findings and suggestions presented in these articles can add new varying perspectives of sustainability as compared to the commonly published articles in the journal.

Four articles on livelihood sustainability reveal interesting findings on healthy food consumption, flood evacuation centre service quality, carbon dioxide emission in the region and willingness to pay for water service. Two articles related to maritime environment in Malaysia describe the current situation at the Tok Bali fishing port and the direct feeder service in Port Klang. Next, two articles on the economic sustainability show the importance of foreign direct investment and not suffering from brain drain in the country. Finally, this special issue also presents two articles on the corruption and low transparency and why it is imperative to combat these issues to achieve efficient and effective utilisation of organisational resources.

We find that all of the included articles are important in the sustainability management of the country, especially when transparency and management integrity in organisations are upheld high. Through practising transparency and integrity, organisations can further prosper, while the nation can enjoy lasting stability and success. Nevertheless, this certainly requires actions, not merely reported for forming positive image among the public. Otherwise, such noble concept remains as a management fad rather than solution.

We hope that the information presented here will be useful to researchers, academicians and related stakeholders interested in the important role of transparency and management integrity in establishing long-term organisational sustainability. This should lead to the development of more effective policies, rules and regulations for improving the welfare of the existing public and future generations.

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