

THE EFFECT OF LEADERSHIP STYLE, ORGANISATIONAL CULTURE AND INTERNAL CONTROL ON ASSET MISAPPROPRIATION

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ABSTRACT

Recent fraud cases in Malaysia have become the most serious issue that is related to companies or the public sector. In a company, asset misappropriation has become a major concern to the management of the company because asset misappropriation may seemingly be an insignificant behaviour that will not give so much impact to a company but if it is not treated, it will become worse and it will be difficult to solve. This study analyses the factors that affect asset misappropriation occurrence in a company. Specifically, this study examines the effect of leadership style, organisational culture and internal control on asset misappropriation in an organisation. Using questionnaire survey on 137 employees in a company, this study shows that all three factors; leadership style, organisational culture and internal control have significant influence on asset misappropriation occurrences in the company, although the effect is negative. The findings in this study provide insights on fraud to the management of the company. Consequently, this study can assist the management of the company to execute an effective internal control mechanism as well as establish policies pertaining to fraud activities to ensure that the recent case fraud involving the company will be the last one to occur. In addition, the findings from the study could also motivate employees to prevent any fraudulent activities.

Keywords: Leadership Style, Organisational Culture, Internal Control, Employees, Case Study, Malaysia.

INTRODUCTION

Recent fraud cases in Malaysia have become the most serious issue that is related to companies or the public sector. In a company, asset misappropriation has become a major concern to the management of the company because asset misappropriation may seemingly be an insignificant behaviour that will not give so much impact to a company but if it is not treated, it will become worse and it will be difficult to solve. Based on The Association of Certified Fraud Examiners (ACFE, 2014), survey respondents reported that many organisations lose an estimated 5% of revenues each year to fraud. If applied to the 2013 estimated Gross World Product, this translates to a potential projected global fraud loss of nearly \$3.7 trillion. The median loss caused by the fraud cases in our study was \$145,000. Additionally, 22% of the cases involved losses of at least \$1 million. Fraud activities can be classified into three primary categories namely, asset misappropriation, corruption and financial statement fraud. Among the three categories of fraud activities, asset misappropriations are the most common fraud activities.

Asset misappropriation is accounted for 85% of the cases and are the least costly, causing a median loss of \$130,000. In contrast, although only 9% of the cases involved financial statement fraud, these cases had the greatest financial impact, with a median loss of

\$1 million. Corruption schemes fell in the middle in terms of both the frequency (37% of the cases) and the median loss (\$200,000). It shows that asset misappropriation is the most common fraud activity happening in a company and even though the financial impact is not so significant, but if it is not identified earlier, it would leave a bigger negative impact to the company in the few years of the fraud activities occurring. For example: the case of Enron where investors lost billions of dollars because of these unethical activities. In Malaysia, the most recent case which strikes the whole nation is the 1MDB case. The case of 1MDB should be of particular interest for students and scholars of auditing, accounting and corporate governance since it involves the alleged disappearance of a huge amount of a company's funds; hiding of a significant amount of real losses year after year with the accounting of paper profits originating from repeated fair revaluations of properties or other assets: the case also involves the possibility of repeated cases of audit failures; the probe conducted by various local parties which include the Office of the Auditor General; the lack of evidence of best practices regarding corporate governance being implemented since its formation (Md Ali, 2015).

In 2016, the company (hereafter known as the Company XYZ) has discovered fraud in its 50% owned units in Turkey, which has incurred a stock loss of RM57 million. This contributed to Company XYZ's net loss for its third quarter ending September to increase to RM94.86 million from RM33.90 million a year ago (The Star). The chief executive officer of Company XYZ's parent company said, *"We had started reviewing and communicating with management of the said subsidiary that suffered the stock losses in the third quarter. Subsequent to this, potential fraudulent acts were uncovered in the said subsidiary and these acts are currently a subject of forensic audit."* Recent cases occurred in September 2018 where two officials of Company XYZ, including the managing director, have been remanded for alleged misappropriation of government funds and awarding training contracts worth RM4 million (The Star, 2018). It would be interesting to examine what are the factors influencing the asset appropriation occurrences in the company, Company XYZ.

The main objective of this study is to examine the factors that influence asset misappropriation occurrences among the employees in Company XYZ. Specifically, this study focuses on three factors namely, leadership, organisational culture and internal control. The findings of this study will assist the management of Company XYZ to execute an effective internal control mechanism as well as establish policies pertaining to fraud activities to ensure that the recent case fraud involving the company will be the last one to occur. The remainder of this paper is organised as follows. The next section, Section 2 provides a review of relevant literature. Section 3 outlines the research design. This is followed by Section 4 that presents the results. The final section, Section 5 concludes this paper.

LITERATURE REVIEW

Asset Misappropriation

Asset misappropriation is a kind of fraudulent activity that involves theft or misuse of a company's assets by its employees, management or third parties. According to Kassem (2014), asset misappropriation is an act of stealing a company's asset, or misuses a company's resources for personal use and gaining benefit from the expense of the company. Recently, there have been many asset misappropriation cases identified happening in the organisation. According to Associates Certified Fraud Examination (ACFE) global survey report on fraud and abuse cases in 2018, 89% of all fraud cases are from asset misappropriation schemes and this makes it as the most common type of fraud. Similarly, according to a survey done by PWC in 2011, it is found that 69% of the reported economic crimes are asset misappropriation. Thus, this shows that asset misappropriation is the most common type of fraud activity which will

result in losses to the organisation.

Asset misappropriation is usually perpetrated by employees of the organisation. However, it can be also be done by the management, who is often more capable of disguising or concealing the misappropriations in ways that are difficult to detect. In order to conceal the act of asset misappropriation, the perpetrator will forge false or misleading records or documents (ACFE, 2010). Generally, asset misappropriation is divided into two main categories: (1) the theft of cash and (2) the theft of non-cash assets. There are seven types of theft of cash that are normally used by the perpetrator (ACFE, 2010). The seven types of assets misappropriation are check tampering, skimming, cash larceny, billing, payroll, register and expense reimbursements, inventory and other asset schemes. Examples of theft of non-cash assets are using the company's car for personal reason, bringing home some office stationeries and many more.

Asset misappropriation activities can occur under three different circumstances. Firstly, before the assets are recorded in the books such as skimming. Secondly, while assets are currently held by the organisation such as the misuse of equipment, inventory, supplies, or cash; and the third circumstance is during the process of purchasing goods or services (e.g., billing, expense reimbursement, payroll schemes). In these scenarios, the organisation incurs excess cost for something that is not paid for any goods or services. Studies have shown that these three types of asset misappropriation are the common types of fraudulent activities and give a huge financial impact to the organisations. An organisation should prevent the occurrence of fraud cases. Fraud prevention may save the organisation from a huge loss. However, the fraudulent activities are quite hard to curb although the organisation has the best preventive method. According to Albrecht et al., (2012), even though the organisation has the best strategy to prevent fraud, employees who perceive pressure or opportunity and demonstrate the ability to rationalize the crime may lead to the fraud cases happening. Therefore, the organisation should be proactive in implementing fraud prevention strategies.

The most significant strategy in preventing these fraudulent activities is that the organisation should create a positive culture and instill honesty, openness as well as support for all of its employees. If the organisation accepts 'the rules of game' culture related to risk-taking, it may prevail the rationalize action. Other than that, the organisation must eliminate any loopholes in the system by ensuring a tight internal control. Accounting procedures or systems designed to promote efficiency of internal control, assure compliance with policies will prevent fraudulent activities from occurring. Leadership style is also one of the elements that can curb fraudulent activities. The organisation should improve the segregation of duties to reduce stress among the employees and business units in achieving the performance targets.

Leadership Style and Asset Misappropriation

Leadership style is the way of approaching employees by providing direction, implementing plans and motivating them. The employees see leadership style as the pattern of explicit and implicit actions performed by the leader (Newstrom & Davis, 1993). The first study on leadership style was done in 1939 by Kurt Lewin who led a group of researchers to identify the divergence of leadership styles (Lewin et al., 1939). According to Hasibuan, (2003), leadership that is set by a manager in an organisation will create an environment of harmonious integration and improve employees' enthusiasm in achieving the organisation's goals. Leadership is the way how a leader influences the behaviour of subordinates to be willing to work together and work productively to achieve organisational goals. This previous study has remained quite influential as it established the three major leadership styles.

The first leadership style is "*Authoritarian or Autocratic*" where the leader tells his or her employees what to do and how to do it, without getting their advice. It means that this style

is used when leaders tell their employees what they want to be done and how they want it to be accomplished, without getting the advice of their followers. Some of the suitable circumstances to use this style is when you have all the information to solve the problem, you are short on time, and/or your employees are well motivated. Some people tend to perceive this style as synonymous to yelling, using degrading language and leading by threats in order to form a positive environment in the organisation. However, that is not the authoritarian style, rather it is an abusive, unprofessional style called “*bossing people around*.” It has absolutely no place in a leader’s repertoire. Next, the second major leadership style is “*Participative or Democratic*” which is described as the leader who includes one or more employees in the decision-making process, but the leader normally maintains the final decision-making authority. This style involves the leader and his or her employees, working together to determine what to do, and how to do it in the decision-making process. However, this type of leadership still gives the authority to the leader in making the final decision. Using this style is not a sign of weakness, rather it is a sign of strength that your employees will respect. Lastly, “*Delegative or Laissez-fair (free-rein)*” leadership style refers to the leader who allows the employees to make the decisions. However, the leader is still responsible for the decisions that are made (U.S. Army, 1973). Practicing this style allows the employees to make decisions on behalf of the leader. However, the leader is still held responsible for the decisions that are made by the employees. This is used when employees are able to analyse the situation and determine what needs to be done and how to do it. On the other hand, Hancott & Daren, (2005) reported that transformational leadership style has been validated against numerous variable outcomes such as the impact on followers’ extra effort, organisational commitment, satisfaction and perceived performance.

A study by Schalkwyk & Steenkamp, (2014) disputed that the practice of high leadership styles is necessary for an organisation. The rules and regulation are inflexible and every legal system retains some elements of fair discretion in order to ensure justice in individual cases. A good leader will take into consideration highly fair discretion for all the employees in order to reduce the number of asset misappropriation occurrences. Besides that, Merton (1957) stated that it is good to have a leader that can provide a good example for the other subordinates. Therefore, the practice of a good leadership attitude will help to reduce the occurrences of asset misappropriation in an organisation. Thus, the first hypothesis is proposed as follows:

H₁: There is a significant relationship between leadership styles and corruption occurrence in Company XYZ.

Organisational Culture and Asset Misappropriation

Culture normally refers to an accepted norm in a community (Voronkova et al., 2019). For example, celebrating an occasion by giving some amount of money to schooling children as a present. The norm has been widely accepted in Malaysia. The term culture originally comes from social anthropology. Kottak, (2002) defined anthropology as the scientific and humanistic study of the human species that pose basic questions of existence, the when and where as well as origination and how everyone changes from where they are now and to where they are going.

The organisational culture imposes a powerful influence on the behaviour of the employees, especially the top management. Based on Hofstede’s, (1993) study on organisational culture over the years, five dimensions to classify and compare cultures have been identified; power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-term/short-term orientation. These dimensions were chosen because of their theoretical implication and relationship to organisational behaviour phenomena (Ghorbani et al., 2008). On the other hand, from the perspective of asset

misappropriation, most previous studies on the relationship between organisational culture and asset misappropriation in the organisation tried to generally focus on the role of culture in influencing the behaviour of individuals within the organisation and its implications. Culture in the organisation can have a positive or negative impact on the way in which the staffs carry out their functions from the point of view of most of these researchers. Understanding the effect of culture on the individual behaviours in the organisation can be used to improve individual productivity within the organisation. It can also be used to make radical changes in the prevailing culture to avoid the negative effects of culture such as fraudulent activities and low performance of the organisation and its working groups.

Asset misappropriation is more likely to occur when individuals within the organisation have an attitude or set of ethical values that expose them to commit fraud, especially when there is a motive to commit a fraud and the conditions are such that a fraud can be committed. Asset misappropriation occurs when the firm has a set of unethical values. Indicators of an unethical organisation culture are dishonest management, personality anomalies, a history of prior year's irregularities, lies and evasiveness and an aggressive attitude towards the company's asset (Lotfi, 2003). Based on an earlier study conducted by Nani et al., (1990), culture and ethical organisation give a negative significant influence on fraudulent activities. The results are accordance with a prior study by Robbins, (2009) which suggested that an organisational culture is a shared value system in an organisation which determines the extent of how employees conduct activities to reach the organisation's objectives. A study by Muceldili et al., (2018) stated that an organisational culture reflects the number of fraudulent activities occurrences in an organisation. Similarly, Nani et al., (2018) found that there is a negative relationship between organisational culture and fraudulent activities occurrences. Hence, the second hypothesis is proposed as follows.

H₂: There is a significant relationship between organisational culture and corruption occurrence in Company XYZ.

Internal Control and Asset Misappropriation

Internal control is a system that controls business operation. It consists of policies and procedures which are implemented by the management and followed by the staffs of the organisation to gain reasonable assurance in order to ensure the achievement of the 15 organisation's objectives (IAASB, 2009). Internal control plays a role in ensuring the creditability of information, effectiveness and efficiency of operations and compliance with the laws and regulations (Campbell & Hartcher, 2010; Ghani & Said, 2010). According to COSO, (2013), internal control in an organisation includes control environment, risk assessment, information and communication, control activities and monitoring of control. A good internal control system can help an organisation to detect loopholes and address potential issues before they become severe problems. Control environment refers to the ethical value in the organisation. The ethical value in the organisation includes the structure, segregation of responsibility and authority among employees, personnel policies and procedures, as well as the attitudes and awareness of the management regarding the importance of internal control towards the business operation.

According to COSO, (2013), control environment gives a direct impact to the mindset of employees within the organisation and strengthens the whole internal control system. A good control environment will ensure a good internal control system, which helps to reduce the occurrences of misappropriation. Risk assessment is done to identify any risk in the organisation. The management will take an appropriate action once the risk has been identified. The risk might affect the achievement of the organisation's objectives. After risks have been identified and assessed, the management will take appropriate actions as to whether to bear the risk or eliminate it. The management needs to consider the impact of the action taken to the

business operations as well as the external environment in order to identify and assess the risks (COSO, 2013). Information is the internal and external collection data of the organisation (Ghani et al., 2011). The related business data will be processed by the manager and staffs in the organisation. This shows that the organisation is concerned about any event occurring inside or outside the organisation. After the information been collected, communication processes will take place among the employees.

In order to prevent asset misappropriation or any fraudulent activities from occurring within organisations, the Committee of Sponsoring Organisations (COSO, 1992) suggested that an effective internal control system should be complemented with good control activities, effective accounting system, effective monitoring process, effective communication among stakeholders and shareholders as well as a good environment. Prior studies suggested that organisations with weak internal controls are vulnerable to any fraudulent activities including asset misappropriation (Said et al., 2013). The weaknesses of internal control include the lack of the segregation of duties, lack of physical safeguards, improper authorization, improper documents and records, overriding existing controls and an inadequate accounting system. Many studies have found that overriding existing internal controls creates the greatest opportunity for asset misappropriation schemes (Albrecht, 2008). Based on an earlier study by Nani et al., (2018), internal control gives a significantly negative influence on fraudulent activities. There is a negative relationship between the effectiveness of internal control and fraud. It means that the higher effectiveness of internal control implemented by the organisation, then the lower the number of fraud cases occurring. The results are in accordance with the theory that suggests that effective internal control would reduce the tendency of fraud (Arens, 2006). Therefore, this study is essentially conducted to measure the influence of organisational culture towards asset misappropriation in Company XYZ. Hence, the following hypothesis is developed to address the relationship between internal control system and asset misappropriation as below:

H₃: There is a significant relationship between internal control and corruption occurrence in Company XYZ.

RESEARCH DESIGN

Sample Selection

The participant for this study consists from lower to upper ranks from Assistant Executive to Top Management in Company XYZ. The total sample for the company is more than 4,000 employees consisting the main headquarter and every region in Malaysia. Therefore, the sample selection of this study focuses on 400 employees who are located in main headquarter. In total, 399 questionnaires were distributed, and 137 employees have participated in this survey.

Research Instrument and Data Collection

The research instrument in this survey is via questionnaire that was adapted from (Omar, Johari & Hasnan, 2015) with some modification to suit the context of the study. The questions are selected according to the variables that were used in this study. According to Dunn & Huss, (2004), in order to develop a good questionnaire, the questions must effectively capture the information needed to answer the study's research questions. Therefore, the questionnaire is revised to ensure that it can be used in the current context of corruption in Malaysia. The distribution of the questionnaire is personally administered. This is to ensure that the data can be collected within a short period of time. The respondents can also obtain clarifications with regards to any doubts that they might have in the questions.

The questionnaire has five parts, which are Part A, Part B, Part C, Part D and Part E. The first Part A contains (5) questions that address the Asset Misappropriation Occurrence in Company XYZ for example “I usually used an office vehicle for personal reasons”, “I usually took some of the office assets without superior permission.”, “I usually bring home some of the office assets for personal use” and “I usually add extra hours to the actual hours worked for overtime claim”. Next, Part B contains (5) questions that address the Organisational Culture that determine the culture in Company XYZ such as “Have set of rules, policies and work manuals, as work guidance”, “Has established an internal control system designed to prevent and detect fraud and corruption” And “Emphasis on employees on the consequences of violating internal control code of work”. Whilst, for Part C contains (5) questions that address the Leadership Styles in Company XYZ. For instance, “Enable the staff to decide on their own how to go about their work”, “My department give the power to the staff to be their own boss most of the time” and “Officers ensure the lower position staff carry out the instruction from higher position staff without questions”. Next, for Part D contains (5) questions that address the Internal Control of the officers in Company XYZ such as “Systematic inspections conducted periodically to ensure effective functioning of whole system”, “Standards or pre-determined plans and actions are compared, evaluating implementation and efficacy in order to identify corrective action” and “Periodic checks conducted on execution of prevention plans and compliance level of regulations”. Lastly, for Part E consists (7) questions that address the demographics of the respondents. The respondents are required to give their basic information such as gender, age, education level, job position, department, year of service in Company XYZ and their working experiences.

The data collection was gathered after the respondent has been identified. The data collected by using the distribution of questionnaire via Google form and personally meet up one by one of the respondents.

RESULTS AND DISCUSSION

Descriptive Analysis

The descriptive analysis Table 1 shows the mean and standard deviation (M(SD)) of the variables in the study. Internal control scored the highest mean (2.5985(0.90797)), followed by leadership style (2.5967 (0.74153)). The least score was organisational culture with the mean of 2.4690 and a standard deviation of 0.82718. The dependent variable, asset misappropriation among employees in Company XYZ had a mean score of 3.2818 and a standard deviation of 0.72011. The respondents were 137 in total.

	N	Minimum	Maximum	Mean	Std. Deviation
Asset Misappropriation	137	1.20	5.00	3.2818	0.72011
Leadership Style	137	1.00	5.00	2.5967	0.74153
Organisational Culture	137	1.00	5.00	2.4690	0.82718
Internal Control	137	1.00	5.00	2.5985	0.90797
Valid N (listwise)	137				

Reliability Analysis

This study conducted reliability analysis by using Cronbach’s alpha (α) to measure the reliability of the scale. Table 2 displays the Cronbach’s alpha coefficient for dependable variable is 0.926 equal to $\alpha = 0.930$. This indicates that the internal consistency for reliability for all 15 scaled statements in the dependents variable was excellence result. Therefore, the values of Cronbach’s Alpha for this study were considered reliable and valid. Based on Table

2, the Cronbach's alpha coefficient for the overall scale is 0.901 ($\alpha = 0.904$). This indicates that the internal consistency for reliability for all 13 scaled statements in the independent variables is excellent. Meanwhile, the Cronbach's alpha for leadership style shows 0.680 equal to $\alpha = 0.677$ (4 statements); organisational culture shows 0.868 equal to $\alpha = 0.880$ (4 statements) and internal control shows 0.924 equal to $\alpha = 0.925$ (5 statements).

Section	Variables	No of Scale Item	Cronbach's alpha	Cronbach's Alpha Based on Standardized Items
<u>Dependent Variable</u>				
A	Asset Misappropriation	5	0.707	0.719
<u>Independent Variables</u>				
B	Leadership Style	4	0.68	0.677
C	Organisational Culture	4	0.868	0.88
D	Internal Control	5	0.924	0.925
	Overall IV	13	0.901	0.904

Normality Test

The normality test of sample distribution shows the results of the skewness and kurtosis for the dependent variable and independent variables in Table 3. The standard errors for skewness and kurtosis for dependent variables and independent variables are 0.207 and 0.411 for this study sample, (N = 137). The dependent variable "*Asset Misappropriation*" values for skewness and kurtosis are 0.097 and 0.099 respectively. The skewness value is 0.097 is less than 1, meaning that the data is normal, and it is slightly positively skewed.

For the first independent variable "*Leadership Style*" values for skewness and kurtosis are 0.602 and 1.028 respectively. The skewness value is 0.602 is less than 1, meaning that the data is normal, and it is slightly positively skewed. The result for second independent variables was "*Organisational Culture*" values of skewness and kurtosis are 0.215 and -0.074. The skewness is 0.215 is less than 1, meaning that the data is normal, and it is slightly positively skewed. The last result for independent variables was "*Internal Control*" value of skewness and kurtosis are 0.086 and 0.039. The skewness is 0.086 is less than 1, meaning that the data is normal, and it is slightly positive skewed. The skewness values for all independent variables and dependent variable is less than 1, indicating that the data is normally distributed.

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
<u>Dependent Variable</u>					
Asset Misappropriation	137	0.097	0.207	0.099	0.411
<u>Independent Variables</u>					
Leadership Style	137	0.602	0.207	1.028	0.411
Organisational Culture	137	0.215	0.207	-0.074	0.411
Internal Control	137	0.086	0.207	0.039	0.411
Valid N (listwise)	137				

Correlation Analysis

This study performed the Correlation analysis to examine the relationship between independent variable and dependent variable. The analysis was performed using the Pearson Coefficient Correlation, parametric correlation tool. Table 4 shows that the first correlation

between leadership style and assets misappropriation is negative with strongly correlated with asset misappropriation ($r = -0.524$; $p < 0.01$). The result indicates that to a high extent, the better leadership style would decrease the number of asset misappropriation cases, and vice versa. The significant relationship result is consistent with the findings in Nani et. al (2018)

Next correlation is between organisational culture and asset misappropriation is negative with strongly correlated with asset misappropriation ($r = -.843$; $p < 0.01$). The result indicates that to a high extent, the better organisational culture applied would decrease the number of asset misappropriation cases, and vice versa. The significant relationship result is consistent with the findings in Nani et al., (2018).

Last correlation is between internal control and asset misappropriation is negative with strongly correlated with asset misappropriation ($r = -.796$; $p < 0.01$).). The result indicates that to a high extent, the better internal control implies in the organisation would decrease the number of asset misappropriation cases, and vice versa. The significant relationship result is consistent with the findings in (Nani et al., 2018).

	Asset Misappropriation	Leadership Style	Organisational Culture	Internal Control
Asset Misappropriation	1			
Leadership Style	-.524**	1		
Organisational Culture	-.843**	.355**	1	
Internal Control	-.796**	.379**	.761**	1

** . Correlation is significant at the 0.01 level (2-tailed).

Multiple Linear Regression

Multiple linear regressions can be used to examine the linear relationship between one dependent variable and two or more independent variables. Thus, it can be used to determine the relationship between independent variables and dependent variable in this study. There were three independent variables, which are leadership style, organisational culture and internal control. The results of the multiple linear regression analysis are presented in Table 5. The result show the R square is 0.807. This indicates that 80.7% of the variation in asset misappropriation is explained by the variation in leadership style, organisational culture and internal control.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.898 ^a	0.807	0.803	0.32002

Note: a. Predictors: (Constant), Leadership Style, Organisational Culture, and Internal Control
Note: b. Dependent Variable: Asset Misappropriation

Based on Table 6, the result shows that coefficient of internal auditor training is significant with p-value is 0.000 ($p > 0.001$). Similarly, the coefficient of organisational culture and internal control are both significant with p-value is 0.000 ($p < 0.001$) each. Therefore, all the three main hypotheses developed in previous chapter are supported. This study shows that internal control system influences the quality risk-based audit.

Based on the findings, it can also be observed that for every change in leadership style, the asset misappropriation occurrences would decrease by 0.212 while for every change in organisational culture, the asset misappropriation occurrences would decrease by 0.460 and for every change in internal control, the asset misappropriation occurrences would decrease

by .246.

Model		Coefficients ^a			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	5.609	.113		49.677	0.000
	Leadership Style	-.212	.040	-.219	-5.277	0.000
	Organisational Culture	-.460	.051	-.529	-8.943	0.000
	Internal Control	-.246	.047	-.310	-5.198	0.000

Note: a. Dependent Variable: Asset Misappropriation

The first hypothesis, H1 predicts that there is a relationship between the leadership style and asset misappropriation in Company XYZ. Based on the analysis, it was found that there is a significantly negative relationship between these two variables. The finding is similar to an earlier study conducted by Nani et al., (2018) which also revealed a significant but negatively correlated relationship between whistle blowing practice and the employees' job satisfaction. The results imply that the majority of the respondents perceive themselves as having a bad leadership style. Hence, the first objective is achieved.

Secondly, H2 was developed to achieve this second objective where the second hypothesis was tested to determine the influence of organisational culture on asset misappropriation. The analysis shows that the overall mean for the perceived pressure is considered low in which it indicates that the respondents demonstrate poor organisational culture. The result for organisational culture in this study revealed that there is a significant and negatively correlated relationship between organisational culture and asset misappropriation among employees of Company XYZ. The findings of this study show consistent results with studies done by Nani et al., (2018); Robbin, (2009), which conclude that the organisational culture is a shared value system in an organisation which determines the extent to how employees conduct activities to try to reach the organisation's objectives. The significant but negatively correlated result shows that better organisational culture in the organisation would decrease the number of asset misappropriation cases. The main findings for the organisational culture indicate that there is a significantly linear relationship between the organisational culture and asset misappropriation occurrences. As such, the second objective is achieved.

Thirdly, H3 was developed to achieve this third objective where the third hypothesis was tested to determine the influence of internal control on asset misappropriation. The result for internal control in this study revealed that there is a significant relationship between the internal control and asset misappropriation among employees of Company XYZ. This indicates that in the Company XYZ, the internal control will give an impact towards the increase or decrease number in asset misappropriation cases. The finding is consistent with the results previously observed by Nani et al., (2018). A previous study conducted by Arens, (2006) also found similar results where effective internal control would reduce the tendency of fraud. Prior research discovered that a poor internal control would create more opportunities for fraud to happen (Kassem & Higson, 2012). Additionally, according to other studies such as studies by Dellaportas, (2013); Lou & Wang, (2011) which indicated that other elements such as poor documentation of policies, separation of roles and responsibility which is not clear, lack of physical control for the company's assets allow opportunities for fraud to exist, especially asset misappropriation. Hence the management should strengthen the company's internal control. As such, the third objective is achieved.

CONCLUSION

This study examines the influence of leadership style on asset misappropriation occurrences. The results for the leadership style are in line with other studies such as Nani et al., (2018) and the Fraud Triangle theory which explains that pressure will make employees tend to commit fraud, regardless of whether it is a financial or a non-financial problem. These problems induce stress at work where as an instance, a particular leadership approach of a boss induces pressure that will make employees act not in accordance with what is desired by the leader. This study also examines the influence of the organisational culture on asset misappropriation occurrences. This research also revealed that the organisational culture has a significant as well as negative impact on the asset misappropriation occurrences among Company XYZ employees where the existence of a positive culture would decrease the number of asset misappropriation cases occurring. The results and findings are in line with other studies such as Nani et al., (2018) where there is a negative relationship between the organisation's ethical culture and fraud. It means that better culture integrated in an organisation ensures lower number of fraud incidences happening in the organisation. Finally, this study examines the influence of internal control on asset misappropriation occurrences. The main findings for the internal control indicate that there is a significantly linear relationship between internal control and asset misappropriation occurrences.

This study is not without limitations. The scope of this research is limited to only the employees from one company. Therefore, the number of respondents was also considerably low. Other limitations in this research include the possible existence of various forms of bias, subjectivity and interpretation which are inherent in questionnaires, all of which may also limit the findings' generalizability. Fixed-choice questionnaires generally assume an unstated general knowledge of the topic investigated, and require the respondents to answer questions that he or she might be ignorant of or have different understandings based on their own personal perceptions. The outcome might be slightly biased at best or plainly misleading. This study could also provide more insights on fraud to the management of Company XYZ.

The findings of this study can assist the management of Company XYZ to execute an effective internal control mechanism as well as establish policies pertaining to fraud activities to ensure that the recent case fraud involving the company will be the last one to occur. The Human Resource department of Company XYZ also could use the findings from this research to assess whether the employees of Company XYZ are well compensated in which it could perhaps prevent the asset misappropriation fraud to occur. This research also would add to the existing literature on the fraud elements and its influence on fraud, particularly asset misappropriation in the context of government-linked companies (GLC). Finally, the research could also be valuable to the academic literature, policy makers, internal auditor and stakeholders.

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