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Effect of Training and Development, Recruitment and Selection, and Internal Control Policy on Corruption Risk

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Abstract

The challenging world of business on corruption issues, the organization's need to improve the rules, regulations, policies and guidelines especially in human resource practices to develop and enhance the quality of employees in terms of ethical, behaviour and moral conduct. The objective of this study is to look at the effects of training and development, recruitment and selection, and internal control policy on corruption risk. This study involves three different organizations which are the federal government, state government and statutory bodies. The respondents involved in this study are whom that have authorities in making decisions for the organization. Stratified sampling technique was used in the selection of sample. The analysis of bootstrapping for this study represents two elements which are recruitment and selection, and internal control policy are accepted with the t-value above 1.65 respectively. However, training and development is not significant. Hence, it shows that, recruitment and selection, and internal control are two important elements that are needed to be strengthened in order to improve the quality of employees in the organization, thus bringing success to the organization as a whole. Result of this study also contributed to the body of knowledge rotten apple theory.

Keywords: Training and development; Recruitment and selection; Internal control policy; Corruption risk; Partial least square.

1. Introduction
1.1. Background of Study

Development of country leads to large infrastructure construction projects along with complexities and uncertainties (Guo et al., 2014). As such the risks of corruptions and misconducts are more prevalent. The difficulties of managing corruption risks due to complex interfaces (Osipova and Eriksson, 2013), along with varieties of stakeholders (Olander and Landin, 2005) can seriously compromise these projects. Other than that, the lack of transparency, integrity and accountability in the public spheres and governance issues in the private sectors, are something that must be of a concern to all citizens of a free and democratic society (Islam and Ismail, 2011). Hence, in order to reduce the corruption risks, the related parties should undertake intensive efforts and measures. According to the president of International Transparency (TI) Malaysia, training and development, recruitment and selection, and internal control policies are the factors that will lead and improve the corruption risks in Malaysia (Akhbar, 2015). However, the success of the organization and human management, depends on the effectiveness of human resource practices such as the effectiveness of training and development programs, good recruitment and selection structures and processes and also the effectiveness of internal controls.

"Training" refers to a systematic approach to learning and development to improve individual, team, and organizational effectiveness (Goldstein and Ford, 2002). Alternatively, development refers to activities leading to the acquisition of new knowledge or skills for purposes of personal growth (Aguinis and Kraiger, 2009). There is documented evidence that training activities have a positive impact on the performance of individuals and teams. Training activities can also be beneficial in regard to other outcomes at both the individual and team levels (e.g., attitudes, motivation, and empowerment). However, the role of trainers or supervisors is very important in training (Sharma and KU, 2013) in order to develop an effective training program. Recruitment and selection methods, and opinions have changed over the course of time. It was once the policy to fill the position as quickly as possible but as time has progressed, organizations have realised that the recruitment and selection methods they employ can have serious effects on how the organization operates, and thus the turnover the organization makes (Quinn, 2014). Attracting and recruiting the best employees is critical to success in all sectors and to all types of organizations, regardless of size (Cullen and Farrelly, 2005). Putting the wrong person into the wrong position just to fill it can

have dire consequences to your organization, it may cause poor employee morale, low productivity and lost opportunities, all of which will have a negative impact on your organizations bottom line (Quinn, 2014).

Internal control is the process of ensuring efficient and effective organizational activities, reliable financial accountability and fulfilling law and regulation requirements (Aramide and Bashir, 2015b). It is a process that are planned and affected by people responsible in governance and management to ensure goals attainment. Thus, internal control is very important and directly affect management performance as employees involved are responsible in assuring reliable financial reporting, abiding of laws and regulations and support good governance (Abdulkadir, 2014). Hence, all these elements are connected to each other in order to build an effective, efficient and successful organization. Hence, in order to improve the human value and quality, it is important to make sure that, the training that conducted are based on the training need analysis, the recruitment and selection of new employee are based on the guideline prepared, and both of the activities need a proper control by the organization. through those activities, it will help the organization to close the risk of corruption.

1.2. Problem Statement

Corruption risks are present in varying degrees in different activities in all the organizations involved in government or non-government function or business (Sharma *et al.*, 2016). The conceptualizing corruption by suggesting that sector-specific typologies of corruption risks are useful method that encourage understanding of corruption without attempting to define it in a way that is inherently contestable or inappropriately succinct (Cover and Mustafa, 2014). According to Malaysia Anti-Corruption Commission (2015) stated that, corruption risks are refer on ranked in the order of high, significant, and moderate and low ratings of corruption. It is important to ensure that corruption risks within the organizations are not only addressed but actions are taken to stop and or prevent it from happening. Corruption risk continues to confound many companies, and as compliance officers and governance professionals struggle to keep up with regulatory changes, one thing is certain: this year, companies believe they will face an increased risk of corruption due to global expansion (Maharaj, 2016).

Fighting the plague of corruption is the greatest challenge in any society unless the organizations are prepared to resist corruption issues (Luo, 2005). Mitigation of corruption risks requires the full commitment of top managers (Stewart and Kringas, 2003) and continuous intervention from all level of management in the organization. The challenge for organizations nowadays, is to reconcile the management practices with the overall governance structure. So that, the human resource practices which are important in employees' management may be aligned with organization's strategic objectives (Too and Weaver, 2014). According to Akhbar (2015), there are three factors influencing the increase of corruption risk in organizations which is training and development, recruitment and selection, and internal control policy. All these factors are termed as negligence factors which need commitments from the employers and employees in the organizations. Based on the analyses of police corruptions in colonial Singapore, it had been indicated that two out of seven factors effecting the corruption risks were; its poor recruitment and selection procedures and its lack of training programmes (Quah, 1978;2001). It means that, these three factors are important and need to be highlighted in mitigating the corruption risk.

The Corruption Perception Index (CPI) 2016 reveals that Malaysia is at the 55th place out of the 175 countries around the world (Transparency International, 2016). Corruption is an implication of poor administration or governance which arises when an individual or organization has absolute power over a good or service, discretion over making decisions, limited accountability and integrity, and high pressure (Transparency International, 2014). All the factors that have been highlighted will provide the opportunity to the employees or individuals to involve in corruption. The corruption problem will increase because the employees who have an authority will make a decision without following the policies. This is especially when the organization failed to recruit and select the best candidate, failed to give an effective training, and also failure in control all the activities in the organization. Hence, it encompasses an example of failure in managing power to align with the organization policies.

According to Tranparency International (2018), Malaysia corruption index score is decreasing since 2014 from 52 to 47 in 2017. It indicate that, the ranking of corruption is also decreasing from 50 (2014), 52 (2015), 55 (2016) and 62 (2017). Based on the situation, it means that, the risk of corruption in the organization increase every year. Malaysian Corruption Barometer 2014 states that the incidence of bribery and corruption in Malaysia is higher as compared to that reported in 2013 (Malaysia Corruption Barometer, 2014). The lack of transparency, integrity and accountability in the public sphere, no less than governance issues in the private sector, is something that must engage all citizens of a free and democratic society (Islam and Ismail, 2011). It is important to highlight that, the responsibility of human or employees, employer and individuals is important to fight corruption and reduce corruption risk in the organization. Thus, it is important to take a comprehensive action in order to mitigate the corruption by monitoring the risk and opportunity that might increase the involvement of corruption in Malaysia.

2. Literature Review
2.1. Training and Development

Training and development is an indispensable strategic tool for effective individual and organisation performances. Thus, organizations are spending money on it with confidence that it will earn them a competitive advantage in the world of business (Birdi *et al.*, 2008; Edralin, 2004; Lynton and Pareek, 2000; Weil and Woodall, 2005). Training and development is a technique use to enhance employees' relevant skills, knowledge and competence, resulting significant improvements of employees' performance on current jobs and future assignments (Birdi *et al.*, 2008; McNamara, 2009; Parce and Robinson, 2011). Employees' training and development is also a

strategic conduit facilitating the learning of job related knowledge, skills, ability and behaviour that are crucial for efficient performance capable of enhancing organizational effectiveness (Parce and Robinson, 2011). Means that, training and development program is an important activities that need to be held continuously.

The main objective of training is to improve the skills, knowledge, ability and the growth of employees in the organization. However, how far is the effectiveness of training and development programs are, in helping the organization reduce its corruption risks? This is because, the development of ethics programmes has been considerably expanded in businesses (Guillen *et al.*, 2002; Trevino and Weaver, 2001; Weaver *et al.*, 1999). However, depending on the diverse ways those ethics programmes are implemented (Trevino & Weaver, 2001), and specifically on the organizational mechanisms implemented, greater or lesser effectiveness in promoting ethics may be detected.

Corruption is one of the root causes of extreme poverty, conflict and state fragility (The Hague Academy for Local Governance, 2017). Effective training and development programmes would help in the improvement of employees' behaviour and attitudes toward the jobs and also uplift their morale (Pallavi and Kulkarni, 2013). Corruption is more related to the behaviour and moral conduct of employees in the organization. It is important to the organization and training department to identify the relevance of training to be conducted based on training needs analysis. The training needs analysis will help the training team to construct the best and effective training and development program. It is important to note that organizations must be able to identify the needs for training and development and select suitable techniques for these needs, plan how to implement them and thereafter evaluate outcomes (McCourt and Derek, 2003).

The role and responsibility is the main key for the employee in doing their task. The interactive, engaging anti bribery and anti-corruption training programmes will ensure employees at all levels understand their roles and responsibilities in protecting your business from the risk of briberies and corruptions (Interactive Service, 2017). Most of the anti-corruption trainings that currently exist for the police in developing countries lack appropriate focus and are not provided in the manner of coherent concentration (Hope, 2017). In Singapore, the training programmes are focusing on reinforcing the ethical values to training police officers while enhancing their awareness on disciplinary-related issues including corruptions, an annual Ethics Seminar has been held since 2002 (Quah, 2006). Corruption problems are not related to the changes of technologies, languages and environment, but it is related to the behavioural, ethical value, and moral conduct of the employees. Hence, employees' training and development programmes are important aspects of Human Resources which are needed to be studied and focused on.

2.2. Recruitment and Selection

Recruitment and selection methods have changed and opinions have evolved over the course of time. Recruitment and selection are critical processes for organizations. In recent years, there has been growing evidence that the formation of a positive psychological contract with employees provides the basis for a positive outcome in terms of organizational commitment and motivation (Anyim *et al.*, 2012). According to Costello (2006) recruitment is described as the set of activities and processes used to legally obtain a sufficient number of qualified people at the right place and time so that the people and the organization can select each other for their own best short and long term interests. Boxall *et al.* (2009), highlighted five different questions an organization has to answer to have an effective recruitment strategy in order to pursue its survival and success. Those questions are "Whom to recruit?", "Where to recruit?", "What recruitment sources to use?", "When to recruit?" and "What message to communicate?". Analysis of recruitment strengths and weaknesses, analysis of the requirements and also identifying sources for candidates are all steps required in the planning of attracting candidates (Armstrong and Taylor, 2014). According to Raphael (2010) planning for future jobs and employees' needs as well as the way the organization performs within its various functions is an essential aspect.

Recruitment is a human resource management function, which has a critical impact on the institutional performance of an organisation. Non-transparent recruitment processes likely result in recruiting staff that is prone to corruption and that is not sufficiently qualified. The process of recruiting and selecting all categories of employees into both private and public companies has been a matter of concern to many and needs due attention. If the human resource management (HRM) functions in an organization that makes political (or otherwise influenced) appointments without a proper focus on the right qualifications and skills needed for a job in the public sector, and in even private companies, these appointments may affect productivity (Vinayan, 2015). Furthermore, unfair and opaque processes cause organizational mistrust, staff demotivation, a decline in ethical behaviour and decreasing administrative performance. Public service bodies are open to high levels of scrutiny, thus openness and transparency in recruitment and selection play a key role in ensuring their integrity.

Treisman (2000), noted that corruption is a contributory factor for the failure of most developing countries to develop and that, results from recent studies show that there is a correlation between higher perceived corruption and lower investment and growth. Hiring new employees can be considered as a challenging part of human resource planning. Existing employees face conflicting issues in working with them (Anyim *et al.*, 2012). Furthermore, one has to navigate through state and corporate rules, policies and procedures, and also deal with different types of personalities, needs and crises. This is because according to Froschheiser (2008), putting the wrong person into the wrong position just to fill it can have dire consequences to your organization, it may cause poor employee morale, low productivity and lost opportunities- all of which will have a negative impact on your organization's bottom line. In order for an organization to sustain competitive advantage, each step in the recruitment and selection process needs careful time and consideration (Argue, 2015). Decisions made in the recruitment and selection stage will

impact the company in the future. Bad decisions made in the selection process may be costly for an organization. Therefore, this is one of the major processes in strategic human resource management (Argue, 2015).

Ethics require individuals to uphold values that are set by various professions. It has been noted that the root in the police force starts at the recruitment stage, and therefore, to end it, it is upon all involved to uphold ethics and redirect energy to fighting insecurity (Gommans and Musumbu, 2014). People involved in the process of recruitment, selection and appointment must consider relevant legislation and codes of practice governing the processes and must not alter them in any way. It is therefore very risky to appoint the wrong person at the helm of the company mindful of the fact that a little error in the recruitment process can have serious consequences for companies' survival and success. Storey (2009). Hence, recruitment and selection also one of the important function in human resource management that needed to studied.

2.3. Internal Control

Internal control is the process of ensuring efficient and effective organizational activities, reliable financial accountability and fulfilling law and regulation requirements (Aramide and Bashir, 2015a). It is a process that is planned and affected by the people responsible in governance and management to ensure goals attainment (Mawanda, 2008). Internal control not only focusing on the financial reporting, but it need to implementing for the whole organization such recruitment and selection, and training and development. According to The Institute of Internal Audit (2014), Internal audit should assess the effectiveness of anti-bribery and anti-corruption programmes to help anticipate the risks, and identify the existence of potential and actual incidents. Thus, internal control is very important and directly affected management performance as employees involved are responsible in assuring reliable financial reporting, adherence to laws and regulations and supporting good governance (Abdulkadir, 2014).

Internal control over operations is comprised of policies, procedures, and personnel intended to enhance the effectiveness and efficiency of firm operations and safeguard assets (Lawrence *et al.*, 2014). High level of corruptions at the top management level, poor transparency, bad financial disclosures and lack of understanding of accounting policies and procedures among the staff are the main causes of poor financial accountability in the local government level. An effective monitoring system is an ongoing assessment programme that oversees the design, implementation and effectiveness of controls in mitigating risks (Gyebi and Quain, 2013). Hence, it is important for the organization to review all the mechanism that included the components of training and development, recruitment and selection, and internal control policy. That is, in order to ensure they are capable of improving ethical values, appointments of right persons and relevant controls in reducing the corruption risks

New Public Management (NPM), which is an international public reform movement, formulates significant improvement in endorsing good management system through effective internal control system by working towards efficiency, effectiveness and proper accountability (Campbell, 2008). Resistance to corruption is an important policy of the company besides implanting attitude and ethics as basis for performance for management and all level of employees (Pornchai, 2016). It is important for the organization to draw up audit processes and internal control system, in order to check and balance appropriately. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission divided internal control systems into five categories. COSO is a "joint initiative of the five private sector organizations and is dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control and fraud deterrence" (Muller and Drax, 2014).

According to the study Ge *et al.* (2014) by using a sample of Chinese firms, stated that after controlling for known determinants of corruptions and internal control strength, firms with strong internal controls exhibit significantly less corporate corruption. According to Aziz *et al.* (2015) stated that proper and systematic internal control system is very important because it helps to grow the confidence among the stakeholders. Moreover, it will help to reduce the allegation against the government officials who are practising cronyism and nepotism in the public sector. A comprehensive anti-bribery and anti-corruption programme should include entity-level, process-level, and transaction-level controls (The Institute of Internal Audit, 2014). Lack of the comprehensive anti-corruption will expose the organizations to a high of risks of corruption to achieving established operations, reporting, and compliance objectives. Comprehensive controls are needed to combat bribery and corruption risks. The development of effective controls requires in-depth knowledge of an organization's internal and external operations (The Institute of Internal Audit, 2014). Hence, internal control is one of the important variable that need to be studied in order to mitigate the corruption risk in the organization. The organization need to give more attention in strengthening the organization internal control to improve the performance and quality of employees.

2.4. Rotten Apple Theory

In corruption perspective, rotten apple theory is an individualistic perspective of police corruption that views police deviance as the work of isolated individuals ("rotten apples") who avoid detection during the screening and selection process (Gottschalk, 2012). Corruption is one of the misconduct activities that directly related to the ethical of employee in the organization. This study has adapted the rotten apple theory. According Chandrasekaran and Raza (2015) in rotten apple theory, corruption depends on leadership, individual characteristics, ethical and moral failure as well as organizational culture. Align with the characteristic of the theory, in order to improve the employee quality in term of value, ethical and moral conduct, the organization need to give attention on the effective recruitment and selection process, training and development, and also the internal control. All three variables are important to make sure that, the employee passing the quality screening and selection process, get well training on misconduct, and the activities in the organization well control.

Behaviour is the main factor that drives human in doing something. Good or bad behaviour will give a good and bad impact into the organization, society and also into the work itself. The theory is well accepted by many organizations as it focuses on the individual factors of white collar crime, misconduct and unethical behaviour. As the focus is on individual level, organization can avoid responsibility and only consider organizational problem when group or systemic corruption erupts (Punch, 2003). Furthermore, when serious misconduct occurred and repeated, there seems to be a tendency to consider crime as a result of bad practice, lack of resources or mismanagement, rather than acts of criminals.

3. Methodology
3.1. Research Method
Pahang is selected as a state wherein this study was conducted. It is located in the eastern region of Malaysia. A total of 120 respondents from 10 different government agencies had participated in this study. Pahang is the largest state in the region when compared to Terengganu and Kelantan. The organizations were divided into three main categories which are the federal government, state government and statutory bodies. The method of selection of samples for this study was the stratified random sampling technique. Respondents who are involved in this study are related to the organization's decision making authority. The questionnaire distributed is divided into three different parts. For the first part, the questions asked about the respondents' demographic profile. While the second section focused on training and development, recruitment and selection, and internal control policy. Finally, the third section focused on corruption risk as a dependent variable. The measurement for this study was adopted from the study conducted by Zulkefli et al. (2016b) that consist of training and development (11 items), recruitment and selection (10 items), internal control policy (8 items). However, the measurement for corruption risk adapted from OECD and U4 Anti-Corruption Resource Centre (2015) that consists of 10 items. The selection of this measurement is related to the employees who involve in decision making and expose to the opportunity of committing corruption. The corruption risk questions ware structured to match together with the government agencies that have an authorities in decision making for the organization which is from lower leader (supervisor) until managerial level.

4. Result and Discussion
4.1. Construct Validity
Construct validity testifies to how well the results obtained from the use of the measure fit the theories around which the test is designed (Sekaran and Bougie, 2010). The question here is does the instrument tap the concept as theorized? This can be assessed through convergent and discriminant validity. First, it is important to look at the respective loadings and cross loadings to assess if there are problems with any particular items. A cut-off value for loadings at 0.5 was used as significant (Hair et al., 2010). As such, if any items which has a loading of higher than 0.5 on two or more factors then they will be deemed to be having significant cross loadings. From Table 1 it is observed that all the items measuring a particular construct loaded highly on that construct and loaded lower on the other constructs thus confirming construct validity. Figure 1 represents the algorithm analysis that showed the respective loading for each variable.

Table-1. Cross Loading

Construct	Items	Training	Recruitment	Internal Control Policy	Corruption Risk
Training & Development	S2F1	0.578	0.383	0.357	0.44
	S2F10	0.757	0.433	0.339	0.355
	S2F11	0.747	0.492	0.311	0.344
	S2F2	0.724	0.439	0.339	0.388
	S2F5	0.828	0.518	0.337	0.376
	S2F6	0.828	0.512	0.348	0.43
	S2F7	0.809	0.485	0.323	0.361
	S2F9	0.763	0.466	0.401	0.402
Recruitment & Selection	S2G1	0.446	0.656	0.575	0.375
	S2G10	0.324	0.71	0.446	0.542
	S2G2	0.604	0.68	0.366	0.511
	S2G3	0.308	0.657	0.374	0.373
	S2G4	0.348	0.693	0.319	0.358
	S2G5	0.377	0.671	0.257	0.384
	S2G6	0.506	0.655	0.474	0.402
	S2G7	0.568	0.808	0.474	0.534
	S2G8	0.406	0.661	0.379	0.414
	S2G9	0.39	0.746	0.492	0.595
Internal Control Policy	S2H1	0.47	0.493	0.822	0.407
	S2H2	0.369	0.52	0.81	0.4
	S2H3	0.222	0.449	0.733	0.356
	S2H4	0.327	0.373	0.805	0.345

	S2H5	0.354	0.433	0.737	0.361
	S2H6	0.235	0.394	0.633	0.392
	S2H7	0.393	0.414	0.616	0.431
	S2H8	0.37	0.519	0.852	0.493
Corruption Risk	S4Q10	0.339	0.52	0.37	0.793
	S4Q2	0.429	0.475	0.382	0.757
	S4Q3	0.312	0.381	0.433	0.723
	S4Q4	0.425	0.472	0.503	0.793
	S4Q5	0.446	0.479	0.431	0.795
	S4Q6	0.235	0.424	0.291	0.666
	S4Q7	0.194	0.418	0.311	0.704
	S4Q8	0.577	0.592	0.397	0.692
	S4Q9	0.403	0.607	0.435	0.776

Bold values are loadings for items which are above the recommended value of 0.5

Figure-1. Algorithm Analysis
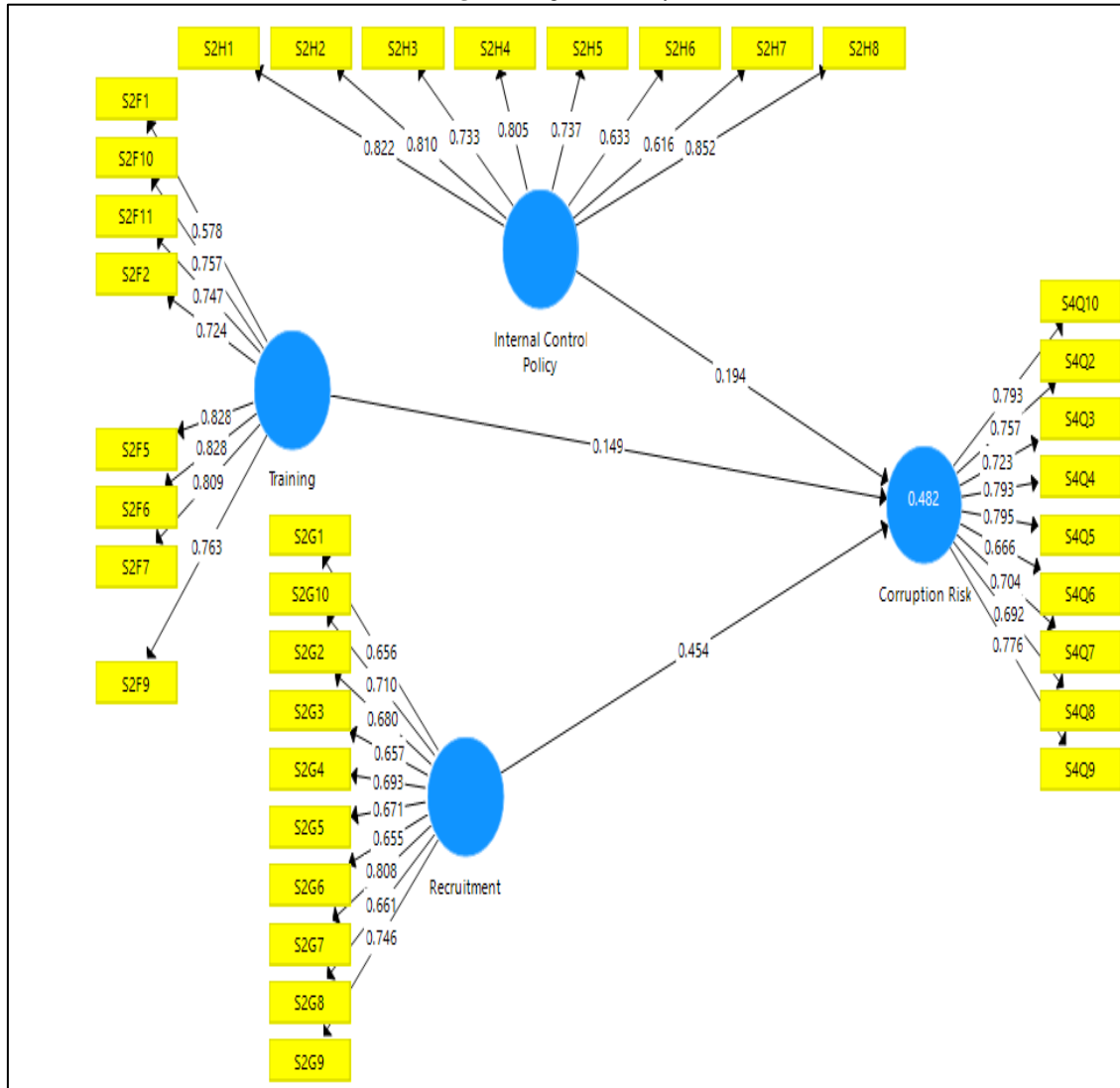
4.2. Convergent Validity

Next is convergent validity analysis which is the degree to which multiple items to measure the same concept are in agreement. As suggested by Hair *et al.* (2010) the criteria that are involved to assess convergent validity are factor loadings and average variance extracted. High outer loadings on a construct indicated the associated indicators have much in common, which is captured by the construct. The loadings for all items exceeded the recommended value of 0.5 (Hair *et al.,* 2010). The average variance extracted (AVE) measures the variance captured by the indicators relative to measurement error, and it should be greater than 0.50 to justify using a construct (Barclay *et al.*, 1995). The AVE were in the range of 0.483 to 0.5. According to Fornell and Larcker (1981), AVE that is less than 0.5 can also be accepted with composite reliability that is higher than 0.6 that makes the convergent validity of the construct is still adequate. The results show that all the four constructs, which are training and development, recruitment and selection, internal control policies, and corruption risk are all valid measures of their respective constructs based on their parameter estimates and statistical significance (Chow and Chan, 2008).

Table-2. Convergent Validity

Construct	Items	Loading	CR	AVE
Training & Development	S2F1	0.578	0.915	0.575
	S2F10	0.757		
	S2F11	0.747		
	S2F2	0.724		
	S2F5	0.828		
	S2F6	0.828		
	S2F7	0.809		
	S2F9	0.763		
Recruitment & Selection	S2G1	0.656	0.903	0.483
	S2G10	0.71		
	S2G2	0.68		
	S2G3	0.657		
	S2G4	0.693		
	S2G5	0.671		
	S2G6	0.655		
	S2G7	0.808		
	S2G8	0.661		
	S2G9	0.746		
Internal Control Policy	S2H1	0.822	0.913	0.571
	S2H2	0.81		
	S2H3	0.733		
	S2H4	0.805		
	S2H5	0.737		
	S2H6	0.633		
	S2H7	0.616		
	S2H8	0.852		
Corruption Risk	S4Q10	0.793	0.918	0.556
	S4Q2	0.757		
	S4Q3	0.723		
	S4Q4	0.793		
	S4Q5	0.795		
	S4Q6	0.666		
	S4Q7	0.704		
	S4Q8	0.692		
	S4Q9	0.776		

Note: S2F3, S2F4, S2F8, S4Q1 were deleted due to low loading below 0.5

4.3. Discriminants validity

Next step is to test the discriminant validity. The discriminant validity of the measures (the degree to which items differentiate among constructs or measure distinct concepts) was assessed by examining the correlations between the measures of potentially overlapping constructs. Items should load more strongly on their own constructs in the model, and the average variance shared between each construct and its measures should be greater than the variance shared between the construct and other constructs (Compeau *et al.*, 1999). As shown in Table 4, the squared correlations for each construct are less than the average variance extracted by the indicators measuring that construct indicating adequate discriminant validity. In total, the measurement model demonstrated adequate convergent validity and discriminant validity.

Table-3. Fornell-Larcker Criterion

	Corruption Risk	Internal Control Policy	Recruitment	Training
Corruption Risk	**0.746**			
Internal Control Policy	0.536	**0.756**		
Recruitment	0.663	0.602	**0.695**	
Training	0.519	0.46	0.618	**0.758**

Diagonals (in bold) represent the average variance extracted while the other entries represent the squared correlations

4.4. Cronbach's Alpha and Composite Reliability

Cronbach's alpha coefficient was used to assess the inter item consistency of our measurement items. Table 4 summarizes the alpha values and composite reliability. As seen from Table 4, all alpha values are above 0.6 as suggested by Nunnally and Bernstein (1994). The composite reliability values also ranged from 0.861 to 0.900 which exceeded the recommended value of 0.7 (Hair *et al.*, 2010). Interpreted like a Cronbach's alpha for internal

consistency reliability estimate, a composite reliability of 0.70 or greater is considered acceptable (Fornell and Larcker, 1981). As such it is concluded that the measurements are reliable.

Table-4. Cronbach's Alpha and Composite Reliability

Construct	Cronbach's Alpha	Composite Reliability
Corruption Risk	0.900	0.918
Internal Control Policy	0.890	0.913
Recruitment and Selection	0.861	0.903
Training and Development	0.892	0.915

4.5. Path Coefficient

Table 5 below shows the path coefficient of each variable. Based on the result, recruitment and selection are the factor that effect the corruption risk with the beta value of 0.454, internal control policy and corruption risk 0.194 and training and development 0.149. When the path coefficient is positive, indicating a positive influence; when is a negative value indicating the negative influence (Huang *et al.*, 2013).

Table-5. Path Coefficient

| Construct	Corruption Risk
Internal Control Policy	0.194
Recruitment	0.454
Training	0.149

4.6. Bootstrapping Analysis

Next, this study conducts the bootstrapping analysis to test the four hypotheses generated. Figure 2 and Table 6 present the results. The R^2 value was 0.482 suggesting that 48.2% of the variance. A close look shows that recruitment and selection and internal control policy was positively related to corruption risk (b = 0.454, p<0.01), (b=0.194, p<0.05) respectively. However, based on the bootstrapping testing, the variable of training and development are nor significant. Thus, the results indicated that two variables which are internal control policy and recruitment and selection were supported and the variable training and development was not supported.

Table-6. Bootstrapping Testing

	Standard Value	Standard Error	T-Value	R^2	Supported
Internal Control Policy -> Corruption Risk	0.194	0.098	1.998*	0.482	YES
Recruitment -> Corruption Risk	0.454	0.118	3.609**		YES
Training -> Corruption Risk	0.149	0.085	1.561		NO

Figure-2. Result of the Path Analysis
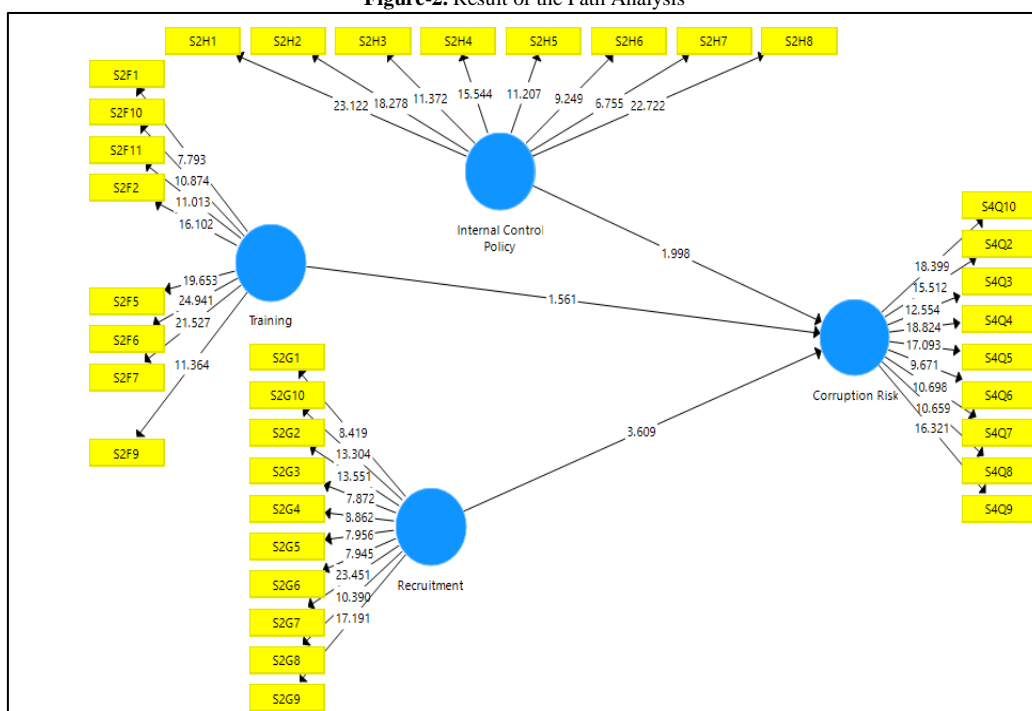
5. Conclusion

Corruption is a crucial issue that needs to be given more attention and focus. The involvement of individuals, government, organizations, employees, employers and others are important to reduce the issues of corruption. In the organizational context, human resource practice plays an important role in order to hire and develop the employees. In addition, recruitment and selection, and training and development are also the factors under the human resource practice. Based on the result of this study, recruitment and selection significantly affected the corruption risk. It shows that, recruitment plays an important role to select the right person for the organization. Supported the result, if recruitment selection processes are questionable or corrupt, then agencies are unlikely to be able to recruit or keep people who will improve the ethical climate of the agency (Independent Commission Agaists Corruption, 2017). However, it's not only to choose the right person for the organization, but the person in charge to recruit and select new employees also need to be the right person. It is because, it is to ensure, and the recruiter will follow all the guidelines and policies.

The second variable is the training and development. Civil servants should also be taught on the institution's code of ethics. Code of ethics is an important element for each employee in the organization. So that, it is pinnacle for the organization to give more attention and commitment to training all the staff on a regular basis involving full range of ethics related issues also belongs to an internal integrity management system, to raise awareness of key integrity challenges and build civil servants' ability to identify and manage improper conduct. Based on the result of this study, training and development is not significant to the corruption risk. Indeed, some of those programmes were designed only to improve the company's external image–mainly due to external pressures exerted by certain socioeconomic institutions (e.g., the government, media, society, stakeholders, etc.), and usually work rather as window-dressing (Trevino and Weaver, 1999), resulting in insignificant effects on employees' ethics.

The third variable for this study is internal control policies. Based on the result, it shows that, the internal control policies significantly affect the corruption risk. To support the findings, strong internal controls seem to reduce the extent of corruption; however, institutional factors and the associated incentives also play a significant role in the effectiveness of internal controls (Ge *et al.*, 2014). Each organization has their rules, regulations and policies that are needed to be followed. Similar to recruitment and selection, and training and development, both variable have their own rules, and policies. The failure of these elements in improving the ethical, skills, knowledge, ability and also in choosing the right person may be influenced by the lack of internal control in the organization. Internal control systems that are only form, without substance, are less effective.

In conclusion, all the elements that are used in this study are important to fight and put a lid on the corruption risk. Other than that, each element also is connected to each other and does not stand alone. Hence, it is important for the organization to strengthen all the stated elements. In order for anti-corruption efforts to be truly effective and to reduce the human sufferings which corruptions may cause, compliance professionals have to do not "just this" or "just that," but everything, in short comprehensive and concerted efforts. In addition, misconceptions about the sources of corruption risk must be corrected in order to direct resources where they would be most effective, as well as it is pertinent to understand where their organizations are most vulnerable in order to apply strong internal controls to these areas.

The findings of this study are subjected to at least two limitations. Firstly, the data collection was collected to the single state that might be a cause for possible responses bias. Secondly, the small responses rate for this study will affect the generalization result of the study. This research has thrown up many questions in need of further study. Since this study are gives more attention on government department, for the future research, it is important to conduct a survey on others types of organization such as private organization, government link company or even multinational company. This is because, through different of samples, the comparison between organization will be made and comprehensive conclusion can be more applicable and acceptable. Next, future research might explore this study by using a large number if sample in order to generalized the result of the study. Other than that, Since this study are focusing on the direct effect between variables, it is recommended that further research the association of other factors such as employee compensation, or other demographic profile as a control variable. All the variables are important to highlight the capability of employee in doing their task or job activities and also improve the individual value.

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