

Overview of Behavioural Study on Human Governance Determinants in Automotive Sector

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Abstract: *Practices of governance play a significant role in attaining a high-quality workforce. Establishment of organizational governance has created a definition of human governance. Human governance is a critical factor for enhancing employee satisfaction and ethical conduct in the automotive service sector. The Malaysian automotive industry grew in terms of revenue, production, jobs and local content but failed to enforce honesty in the organization's employees. Corruption is one of the crucial problems in creating a responsible government, considering that it is an indicator that something has occurred in the organization's management. The best approach to addressing this problem is by combining the effort to curb corruption with consideration from the viewpoint of good governance. This paper suggested exploring the relationship between human governance and the risk of corruption. This paper would provide some insight into the effect that determinants of human governance are being used as elements that should lead to combating corruption in the automotive service sector.*

Keywords: Governance, human governance, automotive sector, corruption, determinants

1. Introduction

Governance is the process of decision making which the decision has an impact or consequences based on the decision made. Governance is primarily about how governments and other social institutions communicate, how they respond to people, and how decisions are made in a dynamic environment, according to Graham, Amos, and Plumtre (2003:1). Governance is thus a mechanism by which institutions or organizations make their important decisions, decide who they are participating in the mechanism and how they are accountable. United National Development Programme (1997b:16) states that each field of governance which is the state, the private sector and civil society has a specific role to play in promoting human sustainable development. According to Abdellatif (2003:4), a good governance is necessary for a productive growth can be assessed. Human governance is another area to be discussed in Malaysia in relation to corporate governance.

Managing automotive companies is becoming more complicated in today's corporate climate. When finding the right candidates for organizations is a major challenge for corporate managers, keeping them becomes a far bigger issue. It affects all sectors of business, both manufacturing and service. This research focuses on the behavior of employees reacting to corruption in the automotive industry. The automotive industry is a worldwide large industrial and economic force.

According to the Malaysian Corruption Barometer (MCB,2014), the rate of bribery in Malaysia is higher than in 2013. Lack of public transparency, accountability and dignity, the private sector has the least problem with governance problems that must concern all people of free and democratic society (Siddique, 2010). Corruption is one of the things that government needs to be more attentive to in order to minimize or prevent corruption practices from repeating. In order to create a strong corporate ethics and effective mechanism, good governance practices need to be instilled to every industry.

2. Literature Review

2.1 Human Governance

Human includes something in the decision-making process and human governance defined regarding the importance of internal, external, and belief based on how it drives the human being to act. Employees are one of the essential assets in the company from lower-level management, middle management as well as higher management that they involve in the daily process. Human governance promotes good deeds, where men and women following God walk the right path. The outcome of such a human governance is a truthful individual free from toxic behaviors and abuses.

Throughout management, human governance should be a priority, rather than the other form of governance. A systematic approach to human governance is important, and the aspect that should be part of implementation and consideration is ethical behavior. (Ahmad and Salleh, 2010).

Human Governance, shifting from the internal to the external, or from the spiritual to the physical. Therefore, when analyzing the topic of basic human beings in the context of human governance, the most fundamental components of an internal existence, consciousness, and spiritual aspects of human beings should be referred to in the organization, administrators put these written rules and laws on a pinnacle. But by what means objectivity is employed on the organization's subjective, abstract and complex governance practices to monitor employee behavior, is not feasible (Ahmad, Hamid, Izham, Adha & Hamzah, 2015).

2.2 Human Governance Determinants

Determinants of human governance are important criteria to assist the organization in enhancing employee interest, improving the business policy and processes, and also optimizing the organizational aim. Human governance covering the characteristics of value, religion, belief system, culture and ethics to nurture the culture of trust which produces high ethical values and moral behavior (Salleh and Ahmad, 2010). In the other term, human governance acts as a mechanism to strengthen the core value, ethics, and actions of individuals within the organization that directs the individual's self from within.

To help the organization strengthen the organization's value, ethics and behavior of the employees, this study recommended that leadership, integrity, religiosity, spirituality, culture, training and development, recruitment and selection, and internal policy are the determinant of human governance, Zulkefli et. Al., (2016). the determinants of human governance are leadership, integrity, religiosity, spirituality, culture, training and development, recruitment and selection, and the building of one's capacity and ability to associate one's inner self with one's outer dimension.

2.2.1 Leadership

The most important points about leadership are the ability to directly or indirectly encourage and influence subordinates with the main purpose of encouraging and controlling organizational growth (Hanapiyah, Daud, & Abdullah, 2016). Leader is a person who forces his / her role to consciously or subconsciously affect the group. A leader is mentioned as a driver or the force behind the advances of the people that he leads. According to Pierce & Newstrom (2011) leaders who are able to describe the understanding of the situation for the followers, take uncertain circumstances, define these circumstances and what needs to be done to move forward. Most specifically, individual performance improvement, self-leadership requires unique sets of structured techniques, and guidelines for standards. Self-leadership strategies are classified into three major categories: behavior-centered strategies, automatic reward strategies, and strategies of positive thought (Neck & Houghton, 2006).

2.2.2 Integrity

According to Pattison and Edgar (2011), integrity is the utmost commitment to local community values. Accordingly, people are said to have a high integrity when their acts comply with the pure principles they hold (Jamiah Manap et al., 2005). The rapid development of organization's management makes the term 'integrity' important and often makes a study of correlation has solve many of the challenges of handling professionalism (Pattison & Edgar, 2011). To the concept of human governance, employee's integrity in the organization refers to the core values, ethics and behaviors that have guided the organization from within itself, covering the value of religion, belief system and culture in order to build confidence and the highest moral behave

2.2.3. Religiosity

Religiosity is the identification of individuals and their devotion to a religion's beliefs and ideals (Bouarif, 2015). Through this context, the term also applies in all religions, such as Judaism, Christianity and Islam. It includes faith in a creed, loyalty to a code of conduct set out in sacred scriptures, and involvement in community practice. Religiosity can be named, in simple terms, the state of one's belief in God, his piety and religious devotion are characteristic (Salleh, 2012). As regards workplace morality, based on Bouarif (2015), Islam believes that working is an act of ibadah (worship) to be discharged with justice, determination and honesty. In Islam, every person will be held accountable and interrogated about how he earned his wealth and how he spent it. Therefore, Islam puts greater focus on responsibilities and duties. Islam encourages people to work on the basis of "ihsaan" (expertise and efficiency).

2.2.4 Spirituality

Karakas (2010) stated that it is possible to differentiate spirituality and religion on the basis of individualism, inclusiveness, non-denominational, universal human feeling, rather than conformity to the values, rituals or practices of a specific organization of organized religions. There's been evidence that managers grasp that prayer can be a source of corporate decision- making accuracy or lesser margin of error.

2.2.5 Culture

Economists narrow the definition down to shared values and beliefs governing interaction between individuals. Culture is "shared" between group members in all definitions, and these shared values can indeed define the group. We may also distinguish two mechanisms by which culture operates: social norms and formal structures. Social norms are informal

laws, guided by interaction regulating values and beliefs, which are communicated which maintained by community members. Institutions are formal rules regulating contact between individuals and are often affected by values and beliefs. Institutions can be in peace with each other, or in direct conflict (Greif 1994; Huntington 2000; Fernandez 2008; Barr and Serra 2010).

2.2.6 Training and Development

The process of gaining or transmitting knowledge, skills, and abilities (KSA) known as training and development required to perform a particular activity or function. The advantages of training and development, for both employers and employees, are also strategic in nature and thus much wider. A comprehensive training and development plan helps to focus on the requisite expertise, skills and behaviors to achieve organizational goals and also to build competitive advantage (Niazi,2011).

2.2.7 Recruitment and Selection

As (Omisore & Okofu, 2014) explained when applying for vacancies in the company, recruitment is the process of identifying and attracting suitably qualified employees. It's a set of practices that a company uses to recruit applicants with the requisite skills and attitudes. Recruitment is the method of creating a pool of qualified applicants for vacancies in organizational employment. Recruitment, in the simple words, refers to identifying, recruiting and screening processes to obtain the right people that cover the candidates' characteristics of experience, abilities, skill and attitudes before they are allowed to join the company.

2.2.8 Internal Policy Control

According to Aramide & Bashir (2015), the internal control system process within the organization covered activities for efficient and effective operation, economic transparency efficiency and compliance with relevant laws and regulations. New public administration (NPM), and an international policy reform movement sets out significant improvements in the management of public treasures in many countries, promoting a good management system that works towards efficiency, effectiveness and accountability that can only be achieved through an effective internal control system. Internal control plays a significant role in influencing management performance and is mandated with providing fair assurance of the reliability of financial statements, compliance with laws and regulations and to ensure good corporate governance (Abdulkadir, 2014).

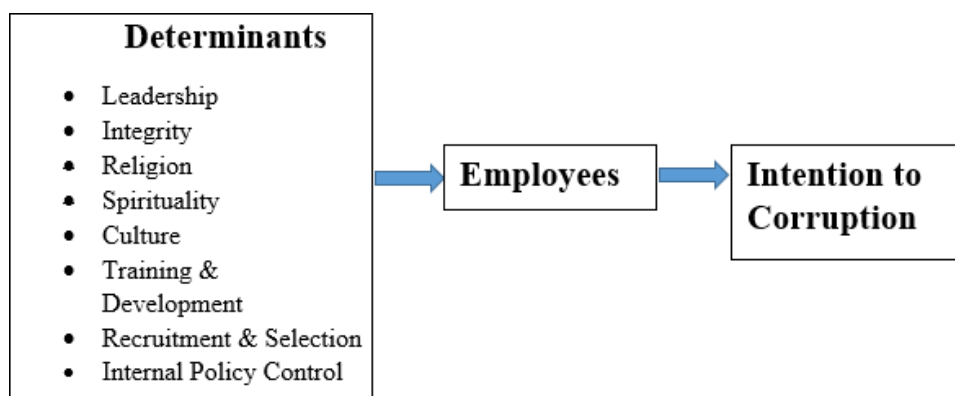


Figure 1.1: Proposed Human Governance Determinants Framework

3. Automotive Sector

Automotive industry plays an important role in growing countries' earnings. Due to its size and significance in the global economic context, the automotive sector remains a large international industry that attracts the continued attention of project management researchers (Taylor and Taylor, 2008). The vast majority of the developed nation has expressed concern about the importance of good governance in the automotive industry. Good governance in the automotive sector promoted quality decision-making, transparency, enhanced service delivery, effective use of resources and a commitment to good organizational efficiency. Good governance reflects accountability, transparency, authority and system of obligation, and makes precise decisions within the sector.

3.1 Global Automotive Industry

The global automotive industry has undergone significant changes since the invention of the automobile. The industry has transformed from being dominated by the USA in the early 1900s to being divided between a variety of different countries, each with their own unique strengths and weaknesses (Alvarez & Marsal,2020). The underlying technology has also experienced radical technological innovations, with the increasing popularity of diesel, hybrid and fully electric vehicles helping to diversify the market. Changes in the regulatory environment and internal production processes have also molded the industry, making more efficient cars accessible to the mass public. In years to come, automotive companies in Brazil, India and China (part of the BRIC group) are likely to continue to grow their share of the global market, while concomitant rise in environmental concerns are likely to bring substantial changes in how the industry adapts and evolves in the future (McKinsey&Company,2020).

Auto companies face significant risks because of the breadth and scope of their international operations. Even in those countries where they do not manufacture automobiles, companies face significant corruption risks because of relationships with government customers government regulators. These relationships create real risks for bribery. Compliance programs in the auto industry face real challenges. A first step is an audit and risk assessment – it will take time and will expose a number of major risks. The challenge is to design and implement an effective global compliance program which is tailored to an audit and risk assessment (Fabian, 2017).

3.2 Malaysian Automotive Industry

The automotive industry plays an important role in transforming Malaysia from an agricultural nation to an industrial nation, which translates into high-value economic activity, improved living standards and higher-paid employment. When the industry continues to move forward, more high-value positions will be available, including manufacturing engineers, robotics engineers, as well as product, process and device designers (Wad, 2009b). Malaysian automotive industry is an important and strategic part of our manufacturing sector. The automotive industry is a buzz about the connected car and the innovations that will drive connectivity in our future.

We also hear how our travel experiences will be influenced by the connected car by enabling autonomous driving cars, delivering automated real-time traffic data, increasing protection and allowing for more personalization.

Although conventional automobiles continue to dominate the automotive market, they are

slower to respond when it comes to the automotive future than other industry players. Look no further than consumer demand for connectivity, customization and control in order to understand why the car market is opening up to competition. While the automotive industry has certainly changed over the last decade, as influences from unfamiliar competitors and consumer expectations learned in adjacent industries begin to impact the market, it is forced to change more rapidly. Automotive most effective players will be those who embrace and direct the transition, rather than oppose it (Fadhlin et al., 2012).

4. Expected Outcome

This paper focuses on employee behavior against corruption in the Automotive services industry. The paper goal is to understand and explain the human governance determinants in combating corruption in Automotive sector by using determinants matrix to measure the behavior of employees in the organization toward corruption.

Human governance determinants as a mediator in the relationship and provides new insights into human governance knowledge about the role of human governance practices in improving employee's behavior in automotive sector, which has been overlooked. Human governance practices can have a major impact on the effectiveness of implementing human governance determinants measures for improved results by better aligning with organizational goals and objectives.

In addition, determinants are an important factor that will influence the behavior of employees in order to fight corruption. It is important to inculcate this element in ensuring that every employee in the sector also operates in a productive atmosphere, practices and respects ethical and moral principles and demonstrates positive behavior. Human governance is very important criteria as it defines whether or not employees can accomplish their goals with the highest personal interest. Human governance also tends to improve the reputation of the employee as well as of the organization.

5. Conclusion

Human Governance refers to the governance which is more than what is achievable or perceived by the senses, experience, common sense and feelings. Human governance is an internal, inside- out and value-based conviction to guide the human as the sentient being to behave (Arfah Salleh & Aziuddin Ahmad, 2008,2009). This study intends to provide a better understanding of the path to effective execution of human governance performance enhancement initiatives. Through having a deeper insight into the possible role of human governance in improving the impact of performance enhancement best practices in Automotive Sector, managers would be able to build comprehensive and efficient performance enhancement program in preventing corruption in the organization.

Combating corruption is vital to the environment of most developed countries confronted by transition economies. Therefore, thorough reconstructions and changes the existing policies to find ways and alternatives to reduce the corruption that is obviously needed to realize the aspiration, Zulkefli et. Al., (2016). The proposed framework seeks to help the government unite people to respect honesty, transparency and other core values, resulting in more successful solutions to combat corruption in Automotive Sector.

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