

**REGULATORY ENFORCEMENT OF MINIMUM WAGE POLICY: AN
EXAMINATION OF STREET-LEVEL BUREAUCRATS' DISCRETION IN
MALAYSIA**

MOHAMMED SALAH HASSAN

**FACULTY OF ECONOMICS AND ADMINISTRATION
UNIVERSITY OF MALAYA
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2021

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WAGE POLICY:**

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MOHAMMED SALAH HASSAN

**THESIS SUBMITTED IN FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF DOCTOR OF
PHILOSOPHY**

**FACULTY OF ECONOMICS AND ADMINISTRATION
UNIVERSITY OF MALAYA
KUALA LUMPUR**

2021

UNIVERSITY OF MALAYA
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Name of Candidate: MOHAMMED SALAH HASSAN (Passport No: A11000152)

Matric No: EHA150033

Name of Degree: Doctor of Philosophy (PhD)

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ABSTRACT

Regulatory enforcement is a multifaceted phenomenon that revolves around the concept of discretion of Street-Level Bureaucrats (SLBs). Discretion can be defined as the ability to freely decide how to deliver services to the clients/public. Regulations are enforced by the decisions made by bureaucrats when they interact with clients. By combining street-level bureaucracy and responsive regulation theories, this study is set to examine how different factors shape the discretion of street-level bureaucrats.

This study is built on available literature pertaining to SLBs and policy implementation to provide a comprehensive understanding of regulation enforcement in Malaysia. SLBs are the Labor Inspectors responsible for the enforcement of minimum wage in Malaysia. The study's main contribution is examining how personal characteristics, internal organizational factors, and a multidimensional enforcement style shape the discretion of bureaucrats in Malaysia. The study's main finding highlights that Labor Inspectors in Malaysia demonstrate a range of enforcement style dimensions when enforcing the minimum wage. The novelty of this thesis highlights two primary constructs; willingness to implement and client meaningfulness, and their importance in shaping policy implementation and its effect on street-level bureaucrats' behavior. These constructs are also likely contributing to the imperfect enforcement of the minimum wage policy. Furthermore, this study demonstrates that enforcement style consists of three dimensions; *legal, facilitation, and accommodation*. Finally, this study's empirical finding highlights that street-level bureaucrats' discretion is influenced by various factors that ultimately define the enforcement process.

Keywords: Regulation enforcement, Street-level bureaucrats, Enforcement style, Discretion.

ABSTRAK

Penguatkuasaan undang-undang adalah fenomena pelbagai aspek yang berkisar pada konsep budi bicara birokrat pelaksana. Budi bicara dalam konteks ini dapat didefinisikan sebagai kemampuan birokrat untuk mempertimbangkan secara bebas bagaimana memberikan perkhidmatan kepada pelanggan/orang ramai. Peraturan dikuatkuasakan berdasarkan keputusan yang dibuat oleh birokrat. Dengan menggabungkan birokrat pelaksana dan teori peraturan responsif, kajian ini dijalankan bagi mengkaji bagaimana faktor yang berbeza membentuk budi bicara birokrat. Pelaksanaan kajian ini adalah berdasarkan tinjauan terhadap literatur yang ada untuk memberikan pemahaman yang komprehensif mengenai penguatkuasaan undang-undang di Malaysia. Birokrat adalah ahli birokrasi yang memegang kuasa dalam pelaksanaan dasar gaji minimum. Sumbangan utama kajian ini adalah dalam mengkaji bagaimana ciri-ciri peribadi, faktor organisasi dalaman, dan struktur penguatkuasaan multidimensi membentuk budi bicara birokrat di Malaysia. Dapatan utama kajian memperlihatkan bahawa Inspektor di Malaysia menunjukkan pelbagai dimensi gaya penguatkuasaan ketika menguatkuasakan dasar gaji minimum. Hasil kajian ini mengetengahkan dua konstruk utama yang boleh menyumbang kepada penguatkuasaan dasar gaji minimum yang tidak sempurna: kesediaan dalam pelaksanaan, dan kesungguhan pengguna. Pembaharuan yang diperoleh melalui tesis ini adalah dalam penghasilan pemeriksaan inklusif berkenaan penguatkuasaan undang-undang melalui pengadaptasian teori Lipsky dan Ayres dan Braithwaite dengan menjelaskan kepentingan faktor-faktor yang berbeza yang akhirnya membentuk budi bicara birokrat. Dapatan kajian juga menunjukkan bahawa struktur pelaksanaan terdiri daripada tiga dimensi; *legal, facilitation, dan accommodation*. Akhir sekali, hasil penemuan empirikal kajian ini menunjukkan bahawa budi bicara birokrat dipengaruhi oleh pelbagai faktor yang seterusnya menentukan proses penguatkuasaan.

ACKNOWLEDGEMENTS

I would like to thank God for enabling me to complete my doctoral studies. I would also like to express my sincere gratitude and love to my friends and family, especially my parents, for their continued support.

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LIST OF SYMBOLS AND ABBREVIATIONS

NWCC	:	National Wages Consultative Council
JTK		Jabatan Tenaga Kerja (Labor Department)
SEM	:	Structural Equation Modeling
SLBs	:	Street-Level Bureaucrats
MOHR	:	Ministry of Human Resources
ILO		International Labor Organization
MTUC	:	Malaysian Trades Union Congress
SI	:	Statutory Inspection
LV	:	Latent Variable
PLS	:	Partial Least Squares
CFA	:	Confirmatory Factor Analysis
SPSS	:	Statistical Package for The Social Sciences
HTMT	:	Heterotrait-Monotrait Ratio of Correlations
CMV	:	Common Method Variance
VIF	:	Variance Inflation Factor
R^2	:	Coefficient of Determination
Q^2	:	Predictive Relevance
F^2	:	Effect Size

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CHAPTER 1: INTRODUCTION

1.1 Introduction and Background

Regulatory enforcement is a universal phenomenon. It is considered a critical factor contributing to a policy or regulation's success or failure, as the enforcement process determines the outcome of a public policy (Hupe, 2019; Macrory, 2014). However, it has not been sufficiently examined because of its complexity.

A public policy is a set of deliberate actions taken by a government to address a problem in society (Shafritz, 2018). These actions are taken within a cycle of processes that include formulation, implementation, monitoring, and evaluation. Implementing policies is a critical process that defines how the translation of rules and guidelines from words to actions solves a real-world problem (Hupe, 2019; Powell, 2018). Policy implementation also involves bargaining with the target group to observe their compliance with the regulation. Enforcement is the most critical component of policy implementation (Bhorat & Stanwix, 2019; Li et al., 2019; Van Duong et al., 2020). Through enforcement, government employees ensure that the goals of a policy are achieved. As such, enforcement governs compliance (Hawke, 2018; Lipsky, 2010).

Regulations are a set of actions and guidelines enforced by government employees and are undertaken with the intent to benefit the public (Brownsword, 2019), especially labor regulations focused on protecting workers' rights, which are crucial to the growth of a nation. Enforcing policies and regulations is vital to a nation's economy, as it ensures that a set of standards is followed within the market. Regulations and policies are enforced by government employees known as "street-level bureaucrats" (hereinafter SLBs), as defined by Lipsky (1980). These individuals act as the principal custodians of the enforcement process, as their main task is to translate regulations into action. Thus, the

success or failure of any regulation depends on SLBs' actions and behaviors on the frontlines when interacting with the public (Farazmand, 2018; Iskandar, 2021).

The term "street-level bureaucrat" was coined by Lipsky (1980) to refer to public employees such as teachers, labor inspectors, law enforcement officers, lawyers, health workers, and other public-sector workers who deal directly with the public. According to Lipsky (2010), the agencies that employ such SLBs are called "street-level bureaucracies." SLBs interact directly with the public while performing their duties. They are provided with some degree of freedom (discretion) regarding the manner in which they interact with their clients and fulfill their obligations.

SLBs shape regulatory enforcement, that is, government workers interact directly with citizens and ultimately shape the outcome of a regulation (Baldwin & Cave, 1999; Paddock, 2014). The routines and coping mechanisms they establish to deal with ambiguities and work-related stress are attempts to manage the implementation of regulations and cope with the demands of the public (Hupe & Hill, 2015).

The enforcement of regulations depends on the behavior of bureaucrats in their face-to-face interactions with clients, as the latter play a crucial role in ensuring compliance with such regulations. Bureaucrats in each organization may differ in terms of their job scope; however, they are likely to have many factors in common and behave similarly, as their work conditions are alike (Hupe & Hill, 2015; Lipsky, 2010).

Regulatory enforcement is susceptible to several challenges that necessitate collaboration between the bureaucrats tasked with the enforcement of a regulation and the clients whom it affects (Hupe & Hill, 2015; Vinzant et al., 1998). The enforcement of regulations is a core concept in public policy and administration. Enforcement is analyzed and examined within the ambit of policy implementation and involves a bottom-up

approach that is mainly focused on SLBs' behavior (Hupe & Hill, 2015; Saetren, 2005); therefore, gaining an in-depth understanding of implementation is critical for comprehending the enforcement stage.

Mazmanian and Sabatier (1983) formulated an influential characterization of implementation, describing it as the execution of a vital decision for transforming a policy into practice. The process depends on two factors. First, bureaucrats decide to identify the problem to be addressed; second, guidelines must be followed so that the regulation's objectives are accomplished. There are several phases, beginning with the passage of necessary regulations, followed by the implementation of agencies' policy decisions and, finally, SLBs' enforcement of regulations on target groups. The enforcement process determines the projected and intended effects of regulations on the public (Meter & Horn, 1975; Meyers & Vorsanger, 2007).

Three approaches frame the study of implementation. The first is the top-down approach, which is focused on the agencies responsible for implementation. It involves directing and controlling the behavior of bureaucrats. Implementing agencies are affected by their hierarchy and authority to implement policies (Homsy et al., 2019; Thomas, 2006). The second is the bottom-up approach, wherein SLBs are the primary agents and main custodians shaping the entire implementation stage. This approach deals with government officials contacting the target group or clients/the public. It promotes flexibility in decision-making and helps officials utilize scarce resources to implement a policy (Hill & Hupe, 2009; Lipsky, 2010). The third is the mixed approach, in which two factors are primarily considered, namely, the agency responsible for implementation and the implementing body's hierarchy, guidelines, and internal organizational capacity to implement policies. This approach is also focused on the individual bureaucrats accountable for implementing and enforcing regulations. The third approach is a hybrid

of the first two, in which they are combined to better understand the implementation of public policy (Powell, 2020; Buffat et al., 2016).

It is difficult to enforce labor regulations, especially those related to the minimum wage, in developing and developed nations (Broecke et al., 2017; Borat & Stanwix, 2019). Borat and Stanwix (2019, p. 4) emphasized that “the literature does broadly agree that enforcement of and compliance with minimum wage laws are low in most developing countries. Formal enforcement efforts are weak, and a substantial proportion of workers still receive sub-minimum wages.” In addition, efforts to enforce labor laws in Southeast Asian nations highlight a trend of weak enforcement, which is deeply related to the characteristics of the enforcers and their decision-making freedom (Munguia, 2019; Hill & Hupe, 2016). Strong evidence suggests that it is common in developing countries for the overall enforcement of regulations to be plagued by low levels of effectiveness because the bureaucratic organizations responsible for enforcement lack sufficient capacity (workforce) and/or ability or they exhibit a low level of motivation to enforce regulations (Almeida & Ronconi, 2012; Kanbur & Ronconi, 2018).

Hill and Hupe (2009) stated that the implementation stage has been criticized for overlooking the analysis of regulatory enforcers and policy environment. This occurs because of the challenges faced by researchers in considering the overwhelming number of constructs outside the implementation phase. To overcome this problem, there is a need to conduct a comprehensive examination of the critical factors that influence the individuals who enforce regulations, while focusing on understanding how SLBs deliver regulations and policies to the public and which factors shape their behavior during interactions with clients.

Lipsky (2010) and Hupe and Hill (2015) conceptualized regulatory enforcement as a form of regulatory control that involves performing several real-time tasks through

direct interactions with citizens. This is the final component of implementing any public policy, as it ensures the enforcement of a regulation on the target groups or clients (Macrory, 2014; Van Duong et al., 2020). Through regulatory enforcement, SLBs guarantee the enforcement of regulations and policies and compliance by the target group. Enforcement is a critical part of the implementation of any regulation. Bureaucrats are the primary agents who ensure the enforcement of regulations; thus, they play a crucial role in putting a regulation into practice. Furthermore, enforcement relies on various factors, which determine SLBs' ability to decide on matters freely (exercise discretion) when interacting with the public (Tummers et al., 2012; Lipsky, 2010; Lo et al., 2009).

Lipsky (2010) stated that SLBs are also called “frontline bureaucrats” as they can shape the implementation and enforcement of regulations. They include the employees in the public sector who interact directly with citizens. They exercise discretion and possess the ability to decide on the proper course of action to be taken while performing their duties.

Over the past decade, SLBs have inspired numerous debates and discussions in public policy research. Lipsky (2010) examined how various factors affect the use of discretion by SLBs in his theory of street-level bureaucracy, wherein the central concept revolves around the idea of discretion (Hupe & Hill, 2020). Based on the concept of discretion in the regulatory enforcement literature and public policy field, in this study, discretion is defined as the perceived ability to decide on matters freely during interactions with clients during the implementation and enforcement of regulations and public policies. This is in line with Lipsky's theory, in which discretion was conceptualized as the freedom to decide how SLBs would enforce regulations and determine the course of action to be taken, which would eventually shape the enforcement process. Moreover, Lipsky's theory (2010) highlights the main factors influencing

discretion, such as personal characteristics and internal organizational factors, which shape how bureaucrats manage their responsibilities and overall behavior on the front lines.

While examining enforcement efforts by SLBs, their behavior when dealing with clients/the public should be considered to fill the gaps between a regulation's intention and the delivery of public services, as highlighted by research on the implementation stage conducted within the boundaries of Lipsky's theory. Examinations of how a policy or regulation is transformed into action are typically forsaken because of the misconception that regulations are enforced naturally post-formulation (Durose, 2011a; Smith, 1973).

Augmenting Lipsky's theory, Ayres and Braithwaite (1994) illustrated how the success or failure of regulatory enforcement depends on the individuals in charge of enforcing regulations and policies enacted through an examination of officials' enforcement style. The theory is based on a discussion of how enforcement behavior should be a multi-dimensional effort focused on the use of persuasion as the primary method of ensuring compliance and culminating in the use of deterrence when the target group fails to comply. Thus, a multidimensional enforcement style composed of legal enforcement, facilitation, and accommodation underlies SLBs' enforcement efforts, the analysis of which explains how SLBs behave during the enforcement process (de Boer, 2019).

Therefore, these theories emphasize the idea of a public servant—working directly with the public—as the primary determinant of successful regulation enforcement (Farazmand, 2018; Hill & Hupe, 2002; Tummers & Bekkers, 2014).

According to the traditional school of thought, the first step in regulatory enforcement is to uncover an undesirable behavior, or example of non-compliance, through detection (Hill & Hupe, 2002). Detection is performed by SLBs who focus on the sectors of society known for a high level of non-compliance, especially when it is cheaper and more feasible for the target group to avoid compliance. The government's main task is to enforce regulations irrespective of the constituents of the target group. In most developing countries, regulatory enforcement relies heavily on tips from the public, in which individuals report undesirable behavior through hotlines and whistleblowing processes. However, enforcement agencies often receive unreliable information, which can hinder the achievement of enforcement objectives (Baldwin et al., 2012).

Regulatory enforcement, especially that of labor regulations, depends heavily on how bureaucrats behave on the front lines, which consequently shapes the enforcement process. When enforcing regulations, they must respond efficiently to clients' demands and guarantee compliance through a mixture of deterrence and persuasion measures (Bhorat & Stanwix, 2013).

The regulatory enforcement of labor laws was first introduced in the UK in 1833, where the practice of employing labor inspectors emerged (International Labour Organization, 2010). Since then, labor inspection has been conducted by inspectors and enforcement agencies in many countries worldwide. Inspection agencies are managed differently in various countries based on their political systems and levels of economic development, means of providing political and professional support, and national priorities. The resource distribution of manage enforcement agencies differs significantly between countries, as it is fundamentally dependent on the bureaucratic system and the commitment of political institutions to achieving regulatory enforcement success (Baldwin et al., 2012; Hill & Hupe, 2002).

The purpose of labor inspectors and enforcement agencies is to supervise and enforce the labor regulations that are commonly compatible and consistent with the standards laid down in the International Labor Organization Conventions (International Labour Organization, 2010).

In Malaysia, the Department of Labor of Peninsular Malaysia in the Ministry of Human Resources (MOHR; or the Departments of Labor in Sabah and Sarawak) is responsible for the enforcement of labor regulations. In addition, the National Wage Consultative Council (NWCC) deals with the policy formulation and evaluation that directly address minimum wage regulations.

The Department of Labor is responsible for enforcing the 12 Labor Laws, including minimum wage regulations. Enforcement is performed through statutory inspections (SI) on the employers' premises by labor inspectors tasked with handling enforcement (Department of Labor of Peninsular Malaysia, 2017). The National Wage Consultative Council oversees all aspects of enforcing minimum wage regulations. According to the International Labor Organization (ILO), labor inspectors enforce labor standards in the workplace (International Labour Organization, 2020).

Malaysian labor inspectors were introduced to public service after Malaysia ratified the Labor Inspection Convention of 1957 on July 1, 1963. This convention deems labor inspectors the custodians of the enforcement of all the labor standards in the country (International Labour Organization, 1947). Thus, the SLBs tasked with enforcing the minimum wage are labor inspectors (Department of Labor of Peninsular Malaysia, 2017). Overall, inspectors are powerful mainly because they are given the discretion to freely decide how to deal with clients (Raaphorst, 2018). However, given the complexity of implementing labor regulations, the enforcement of these regulations has been difficult. The translation of policies into actual measures involves addressing issues in ways that

require the inspectors to move beyond the mere adoption of regulations (Lipsky, 2010; Baldwin et al., 2012).

Broecke et al. (2017) and Bhorat and Stanwix (2019) indicate that the enforcement of the minimum wage policy and general labor laws and policies in developing nations is inadequate and has not achieved the laws' goals. Bhorat and Stanwix (2019, p. 4) emphasized that "the literature does broadly agree that enforcement of and compliance with minimum wage laws are low in most developing countries. Formal enforcement efforts are weak, and a substantial proportion of workers still receive sub-minimum wages." Munguia (2019) emphasized in his study on employment and minimum wage enforcement that emerging economies, especially those in Southeast Asia, share a tendency toward deficiency in the enforcement of labor laws, which may be related to the characteristics of the government employees tasked with the enforcement of these regulations. The ineffectiveness of enforcement officials in ensuring that the target group complies with regulations is a factor that most developing countries share (Almeida & Ronconi, 2012; Kanbur & Ronconi, 2018).

SLBs face tremendous challenges, as enforcement demands cross-boundary activities across various government agencies. These bureaucrats' main task is to select the best method of enforcing regulations. Hence, their ability to act freely determines their behavior on the front lines (Lipsky, 2010; Hill & Hupe, 2019). Therefore, while analyzing minimum wage enforcement in Malaysia, attention must be paid to the factors affecting labor inspectors' ability to decide their course of action freely (exercise discretion). In addition, SLBs are directly involved in ensuring compliance with, and resolving issues related to, minimum wage regulations in Malaysia. Thus, it is also essential to study bureaucrats' enforcement style and how it influences how they exercise discretion (Hupe & Hill, 2015).

Regarding Malaysia's minimum wage regulation, the Wages Council Act was passed by Parliament in 1947, becoming the first fundamental tool in Malaysia's efforts to protect labor rights. Malaysia has introduced various labor laws since then. A brief explanation of the labor laws in Malaysia is given below.

- The Wages Council Act (1947): Enforced by the Department of Labor in the Ministry of Human Resources, this law deals with employees who are not part of any union.
- The National Wage Consultative Council Act (2011) and the Minimum Wage Order (2012 and 2020): These laws grant power to the National Wage Consultative Council, making it accountable for leading research on the minimum wage in Malaysia and making a recommendation to the government on the minimum wage. The National Wage Consultative Council may conduct research concerning all aspects of the minimum wage, including its implementation and enforcement. The Minimum Wage Order was first enforced in 2013 (Shankar, 2019; Senasi et al., 2021); it set the basic wage at RM900 for employees in Peninsular Malaysia and RM800 for workers in Labuan, Sarawak, and Sabah. In 2020, the minimum wage rate was increased to RM1,200 for workers in Peninsular Malaysia and RM1,100 for workers in Labuan Sarawak and Sabah, as stated in the Minimum Wage Order of 2020 (Minimum Wage Order, 2020). This order gives workers the legal right to demand to be paid the revised minimum wages.

Enforcing labor regulations, especially the minimum wage, is highly problematic because some terms are ambiguous and require situational adjustments (Dingeldey et al., 2021). This, in turn, makes the enforcement context conducive to SLBs' use of discretion (Benassi, 2011; Hupe & Hill, 2015). There are differences in bureaucrats' ability to ensure effective implementation and enforcement across countries due to the existence of various political systems and resource capacities, which contribute to the prevalence of different enforcement qualities. This suggests that poor outcomes regarding the minimum

wage policy are associated with the quality of the bureaucracy (enforcement agencies) and its ability to ensure effective enforcement (Bhorat & Stanwix, 2019; Doig & Norris, 2012; Rothstein, 2011). Despite the importance of the topic, academic research on the enforcement of labor regulations, especially those related to the minimum wage, is scarce (Bhorat & Stanwix, 2013).

1.2 Problem Statement

In most nations, transforming regulations and policies into actions poses a considerable challenge, as it requires SLBs to behave professionally and respond effectively to the related clients (Hupe, 2019; Hupe & Hill, 2015). To combat the wage exploitation of low-skilled workers, the Malaysian government enacted the National Wage Consultative Council Act 2011 and the Minimum Wage Order 2020. Before the regulations came into force, no policy measure addressed low-skilled workers' wages, nor were there regulations addressing local and foreign low-skilled labor. Thus, the Minimum Wage Order 2012 was the first regulation in Malaysia to guide the implementation of a policy to combat the wage exploitation of low-skilled workers.

According to the ILO, minimum wage enforcement remains problematic because of the lack of action on the part of governments, even though several member states have ratified the Wage Convention 1970 and Labour Inspection Convention 1947 (International Labour Organization, 2019). Ronconi (2010) argued that the problem does not lie in the absence of labor laws or policies in developing countries but rather in the widespread non-compliance with existing regulations due to “imperfect enforcement” combined with insufficient commitment to the enforcement process and limited institutional resources, all of which are yet to be addressed.

Kanbur and Ronconi (2018) highlighted the fact that weak enforcement is correlated with low levels of compliance in developing countries. Moreover, according

to Ronconi (2019), most of the labor force in developing countries does not receive any of the legal benefits to which it is entitled. In regulation enforcement, three significant issues are confronted: 1) conducting inspections of clients and ensuring compliance, 2) addressing issues regarding SLBs (labor inspectors) and how they exercise discretion in enforcing the regulations, and 3) addressing issues with the external factors that influence SLBs' ability to act freely during the enforcement of regulations (Lipsky 2010; Hupe & Hill, 2015; Ronconi, 2019).

There is a consensus that labor regulation enforcement is weak and ineffective in the developing world (Bhorat & Stanwix, 2019; Broecke et al., 2017). Bhorat and Stanwix (2019, p. 4) emphasized that “the literature does broadly agree that enforcement of and compliance with minimum wage laws are low in most developing countries. Formal enforcement efforts are inadequate, and a substantial proportion of workers still receive sub-minimum wages.” Minimum wage enforcement and overall employment in developing countries, especially in Southeast Asia, reflect a common trend of weak enforcement because of factors pertaining to the enforcers themselves (Munguia, 2019).

Furthermore, evidence indicates that in developing countries, there is a common tendency toward weak and ineffective regulation enforcement (Almeida & Ronconi, 2012; Kanbur & Ronconi, 2018). Regarding Malaysia's effort to enforce minimum wage regulations, the previous Minister of Human Resources, M. Kulasegaran, emphasized that “30% of employers are not complying with the minimum wage ruling” (Bernama, 2019), indicating the challenges faced when attempting to enforce the minimum wage.

Research on the implementation of the minimum wage policy in Malaysia has shown mixed outcomes. Most research has shown that minimum wage implementation continues to encounter profound challenges, eventually resulting in negative impacts on the economy (Huling, 2011; Ibrahim & Said, 2015; Saari et al., 2016). In addition, many

sectors in the Malaysian economy do not comply with minimum wage requirements, which tend to result in the reduction of the benefits enjoyed by workers to accommodate the increase in their wages (Alhabshi & Khalid, 2016; Rusly et al., 2017; Senasi & Khalil, 2015).

Malaysian employers have argued against the new minimum wage rates, which increased from RM900 in 2013 to RM1,200 in 2020. The Federation of Malaysian Manufacturers highlighted the fact that employers are not opposed to adjusting the minimum wage rates in Malaysia. However, they have complained about the fact that the government has not offered comprehensive roadmaps to enforce minimum wage regulations (Lee, 2020).

The Malaysian Trade Union Congress (MTUC) warned that implementing a minimum wage policy could involve manipulation by employers wanting to exploit low-skilled workers' wage enforcement processes. Therefore, according to them, the government should ensure that corporations comply with the minimum wage regulations to protect workers' rights (Solomon, 2020).

These arguments show that the minimum wage regulations in Malaysia are essential for protecting labor rights. However, in addition to receiving pushback from employers, those attempting to implement them have encountered many challenges from stakeholders. For example, employee unions demand higher rates, whereas employers' federations indicate that employers are unlikely to comply with them, which hurts Malaysia's economic recovery (Malaysian Employers Federation, 2020; Vinod, 2020).

The research on labor regulations in developing countries has highlighted several issues that may be encountered during the enforcement process, emphasizing the fact that the enforcement of minimum wage regulations is impacted by the bureaucrats enforcing

such regulations and showing that the success of such regulations depends on the actions taken by bureaucrats during enforcement (Bhorat & Stanwix, 2013; Hill & Hupe, 2019; Lipsky, 2010).

In Malaysia, labor inspectors play a significant role in enforcing labor regulations, specifically those related to the minimum wage (Department of Labor of Peninsular Malaysia, 2017). However, the Malaysian government needs to focus on addressing minimum wage implementation and ensuring the effectiveness of enforcement agencies. Enacting strong regulations alone does not always ensure that the policy's goals have been achieved. Instead, the minimum wage regulations rely heavily on their enforcement and the SLBs tasked with achieving the policy's objective (Bhorat & Stanwix, 2013).

Nevertheless, the existing research has not adequately addressed the question posed in this study. While some researchers have utilized qualitative data, this thesis is based on a quantitative approach to remedy the gap in the literature. The mixed outcome of the research on the minimum wage policy has inspired the current study's primary focus on the enforcement of such regulations and the factors affecting labor inspectors' use of discretion when enforcing the minimum wage.

In conclusion, the minimum wage regulations in Malaysia face unique challenges, resulting in imperfect enforcement. The enforcement process is deeply dependent on the bureaucrats who enforce the minimum wage policy. Examining the factors that shape the use of discretion by SLBs can create a scientific path toward understanding the factors shaping the enforcement of the minimum wage policy in Malaysia.

1.3 Research Questions and Objectives

The aim of this study was to analyze the enforcement of minimum wage regulations in Malaysia, centering on the use of discretion by labor inspectors and the

factors that shape SLBs' ability to decide freely how to handle situations on the frontlines in addition to the factors determining the course of enforcement efforts. Accordingly, this study's aim was to address the following research questions:

- I. How do SLBs' personal characteristics (willingness to implement policies, client meaningfulness, and rebelliousness) shape their use of discretion?
- II. How do internal organizational factors (workplace aggression, perceived supervisory support, role expectations, and physical workload) shape SLBs' use of discretion?
- III. To what extent does SLBs' multi-dimensional enforcement style (legal enforcement, facilitation, and accommodation) shape their use of discretion?

The core objectives of this dissertation are as follows:

- I. To identify how personal characteristics shape inspectors' use of discretion during client interactions.
- II. To examine how an organization's internal factors shape an inspector's use of discretion.
- III. To investigate how SLBs employ the three enforcement style dimensions and how they shape labor inspectors' use of discretion during the enforcement process.

1.4 Scope of the Study

This study is an examination of how regulations are enforced, focusing on the minimum wage in Malaysia. In it, SLBs' practices when interacting with clients are examined by surveying labor inspectors between November 2019 and February 2020. Moreover, the study is based on an analysis of the relationship among three sets of factors concerning labor inspectors' use of discretion in Malaysia. The study's findings can help stakeholders better understand the unique issues involved in the enforcement of minimum wage regulations in Malaysia.

The study is set in a confined system focused on SLBs as the primary enforcers of minimum wage regulations and is focused on their use of discretion (ability to act freely). Its aim is to investigate how government officials employ discretion during the enforcement of regulations and the factors affecting their freedom to act by examining their characteristics, such as rebelliousness, willingness to implement policies, and client meaningfulness. In addition, the study is based on an analysis of how internal organizational factors shape their use of discretion. In this study, the three dimensions that underline SLBs' enforcement style and how they shape the use of discretion by SLBs are examined. The findings of this study can enhance the knowledge of regulation enforcement and understanding of how various factors shape the use of discretion by SLBs; it is also an attempt to provide an answer to the question of why imperfect enforcement persists. Finally, the study addresses the gap in regulation practices, which hinders the effectiveness of SLBs during the enforcement process.

1.5 Significance of the Study

This study contributes to the literature on regulatory enforcement by evaluating how various factors shape the use of discretion by SLBs. This analysis thus enriches the literature on regulatory enforcement. A limited number of researchers have examined this phenomenon in Malaysia. To date, research on the minimum wage in Malaysia has mainly been focused on analyzing its economic impact on the economy.

Most of the literature is based on the assumption that minimum wage regulations have been enforced appropriately. In addition, researchers have yet to prove the economic influence of the minimum wage on workers' wages and the impact of labor inspectors on compliance. In contrast, this study enhances the understanding of how various factors shape the use of discretion by government employees while enforcing regulations. As such, this study offers a comprehensive understanding of SLBs' ability to act freely and

clarifies their interactions with clients through an examination of their enforcement style. Therefore, this thesis offers a unique examination of the factors contributing to the imperfect enforcement of minimum wage regulations.

Although a few studies have been focused on minimum wage regulations in Malaysia, none have analyzed the enforcement style of SLBs and how it shapes bureaucrats' decision-making freedom. This inquiry is necessary because it is important to examine the role of the multidimensional enforcement style of labor inspectors and their personal characteristics and conduct an analysis of how such factors determine the enforcement of the minimum wage policy. Furthermore, this study's findings highlight the importance of internal organizational factors as the primary constructs influencing bureaucrats' behavior during the enforcement process. The research on SLBs has considered neither the enforcement style as a primary variable nor how this enforcement style influences enforcers' use of discretion.

Combining the theories of Lipsky and Ayres and Braithwaite, this study fills a gap in the literature by facilitating a comprehensive understanding of the multidimensional enforcement style, personal characteristics, and organizational factors affecting enforcers' use of discretion in addition to illustrating the relationship between these factors and SLBs' use of discretion.

1.6 Operational Definitions

This section presents the definitions of the primary constructs used in the study. This section in Chapter One aims to provide a preliminary understanding of the main concepts utilized in the research. Hence, it provides a unified definition of the crucial variables used throughout this research.

- SLBs: “Public service workers who interact directly with citizens in the course of their jobs, and who have substantial discretion in the execution of their work” (Lipsky, 2010, p. 3).
- Labor inspector: According to the International Labor Organization, “Labour inspectors examine how national labor standards are applied in the workplace and advise employers and workers on how to improve the application of national law” (International Labour Organization, 2020, p. 1). In the context of Malaysia, labor inspectors are government employees who oversee the implementation and enforcement of labor laws (Department of Labor of Peninsular Malaysia, 2017). Labor inspectors enforce labor regulations through an “inspection,” which implies “any type of visit or check conducted by authorised officials on products or business premises, activities, documents, etc.” (Organisation for Economic Co-Operation and Development, 2018, p. 11).
- Discretion is “the perceived freedom of street-level bureaucrats in making choices concerning the sort, quantity, and quality of sanctions and rewards on offer when implementing a policy” (Tummers & Bekkers, 2014, p. 4).
- Enforcement style is a “type of attitude of SLBs during inspectee encounters which can differ depending on the situation at hand” (de Boer, 2019, p. 380).
- Rebelliousness is the “motivational state that is hypothesized to occur when freedom is eliminated or threatened with elimination” (Brehm & Brehm, 2013, p. 37).
- Perceived supervisor support is “the degree to which employees form general impressions that their superiors appreciate their contributions, are supportive, and care about their subordinates’ well-being” (Eisenberger et al., 2002, p. 565).
- Workplace aggression is “any behavior intended to harm an individual within an organization or an organization itself” (Dupré & Barling, 2006, p. 13).

- Role expectation refers to “how the mission and values of a program, as they are communicated to the staff, become embodied in their workers’ perception and shape their attitudes towards their work and their clients and their perceptions of and attitudes towards their work” (Jewell & Glaser, 2006, p. 341).
- Physical workload “simply represents the sheer volume of work required of an employee” (Spector, 1997, p. 358).
- Client meaningfulness is “the perceived added value for the individual ‘clients’ of the professional when implementing the policy” (Tummers, 2012, p. 518).
- Willingness to implement (policies) refers to “a positive intention towards the implementation of modifications in an organization’s structure or work and administrative processes, resulting in efforts from the organization member’s side to support or enhance the change process” (Metselaar, 1997, p. 34).

1.7 Conclusion

This chapter outlined the primary conceptualization of this study—focusing on the introduction of regulatory enforcement and developing an understanding of how SLBs’ use of discretion is critical to the enforcement process—and highlighted the research question and scope. The subsequent chapters are structured as follows. Chapter two presents a literature review of the existing work on regulatory enforcement and SLBs. This is followed by Chapter three, in which minimum wage regulations worldwide and in Malaysia are explored. Chapter four is focused on an empirical discussion of the methodology utilized and includes a description of how structural equation modeling (SEM) was applied using primary data that were collected via a survey ($n = 241$) of SLBs (labor inspectors) working for the Department of Labor in Malaysia. Chapter five presents a step-by-step analysis of the data following well-established criteria. Finally, the results are presented and discussed in Chapter six.

CHAPTER 2: LITERATURE REVIEW

This chapter is a review of the literature on regulatory enforcement and SLBs within the field of public policy. The chapter concludes with an explanation of the underlying theories that guide this thesis.

2.1 Understanding Regulations

A regulation is a set of guidelines and procedures that can come in the form of a law, rules, or even a long-term public policy that is used as a means of control by the government to manage public activities (Selznick, 1985; Džemić et al., 2020). Julia Black provides a comprehensive definition of the concept as “the intentional use of authority to affect the behavior of a different party according to set standards, involving instruments of information gathering and behavior modification” (Black, 2001, p. 12). These standards are “backed up by institutions and mechanisms of enforcement” (Lange & Haines, 2015, p. 7). Posner (2009) offered a simple explanation of the purpose of regulations focused on the economy by stipulating that regulations should be in line with the laws governing the market and must be driven by the principles of supply and demand. The research considers regulations the government’s involvement in influencing and controlling the market, as regulations’ goal is to encourage economic growth, technological advancement, and the stability of the economy (Harlow & Rawlings, 2006; Orbach, 2012).

The literature on regulations can be examined from three standpoints. The first argues that regulations are a set of specific commands presented in the form of public policies that offer a binding set of procedures, the application of which resolves a problem within society (Baldwin et al., 1998). The second views regulations as a tool of public influence in that the state uses them to influence social behavior with a stable command regime that deliberates on their use to shape public behavior. One example is the use of

taxation. At one extreme, this school of thought views regulations as a tool for controlling public behavior. Notably, this perspective considers public compliance behavior the primary mechanism for protecting the country from unexpected events (Baldwin et al., 2012; Mitnick et al., 1980; Weil, 2018). The third views regulation as a tool of economic influence. This proposition highlights the economic mechanisms (state- or market-based) designed to affect public behavior (Black, 2002). This perspective considers regulations economic tools used to influence the market while ensuring that the market is governed and that employers and employees possess the requisite freedom to operate within the regulated framework. Furthermore, these measures reflect on the individuals in society and guarantee a well-functioning nation (Breyer & Breyer, 2009; Chankseliani et al., 2017; Gunningham et al., 1998).

Every government is expected to develop instructions to enhance the public welfare. The central rationale in implementing regulations is that it is necessary to provide solutions to market failures and social issues. The justification behind such measures is the pressing need to oversee an open market and ensure the functioning of society (Breyer & Breyer, 2009; Davies, 2016; Francis, 1993; Majone, 1989). Regulations can be realized in various forms. The main objective of imposing a regulation is to enable desired behaviors and adjust the behaviors of the individuals and markets of a nation. Some examples of regulations include labor laws, public education, public libraries, welfare programs, healthcare systems, support for victims of natural disasters, and taxation. These regulations directly affect the activities of both individuals and the market as a whole (Baldwin et al., 2012).

The implementation of regulations can be traced back to the ancient Sumerian, Egyptian, Greek, and Roman civilizations, which were endowed with the power to control citizens and their businesses (Braithwaite & Drahos, 2000), employing measures such as the use of standardized weights and the taxation of farmers and businesses. In addition,

the use of gold as an international currency was considered a global regulation. While the use of regulations in the early Middle Ages in Europe declined due to famine, plague, and war, regulations continued to exist in the form of customs, privileges, and norms. At the beginning of the 19th century, specifically in the US, regulations were developed to address social and economic issues and were implemented and enforced by specific regulatory agencies. The appointed agencies were responsible for developing administrative laws to support the enforcement of federal and state regulations. Thus, in the US, the main reason for creating enforcement agencies included the delegation of power by legislators to experts in industries to identify and resolve problems as they arose (Braithwaite & Drahos, 2000; Stack, 2018).

The Interstate Commerce and Security and Exchange Commissions are among the oldest institutions in the US. They have diverse tasks, address issues in various industries, and fall under the jurisdiction of various administrative powers, such as the federal and state governments. They can enforce regulations and develop administrative laws. Other countries from the developed and developing world have followed the US model. Countries assign policies to public departments for enforcement. These departments can then develop rules and guidelines to guarantee enforcement (Baldwin et al., 1998).

The evolution and development of the concept of regulation have been dominated by economists, with some contributions being made by scholars from the field of public policy. Regulations have been examined with a focus on their economic impact. The primary debate in economics has been centered on how regulations affect the market and the public (Fenn & Veljanovski, 1988; Furlong, 1991; Harrison, 1995; Helland, 1998; Jost, 1997; Kleit et al., 1998; Laplante & Rilstone, 1996; Magat & Viscusi, 1990; Peek & Rosengren, 1995; Robson, 1962; Veljanovski, 1983). Toward the end of the 20th century, regulations became a multi-disciplinary concept, with the theoretical and

conceptual understanding of regulations reaching a state of maturity through contributions by scholars in the fields of political science, anthropology, and public administration.

The concept of regulations has evolved beyond a constricted understanding of regulations as a set of commands designed to offer continuous control over an economic system, shifting toward more flexible, intellectual approaches offering a comprehensive examination of the factors that underlie their development. The study of regulations has been focused on the indirect effect of control systems, such as taxation mechanisms, how regulations are enforced, and the factors that contribute to the rate of compliance. Therefore, regulations are best analyzed through multidisciplinary perspectives (Baldwin et al., 1998; Breyer & Breyer, 2009; Hawkins & Thomas, 1984; Kagan, 1994; Kolko, 2015; Rosenbloom & Schwartz, 1994; Wilson, 1980).

The concept of regulations has recently drawn interest from many fields, especially public administration and public policy research. However, these fields have begun to show interest in the concept of regulation only recently. These research fields have clarified the idea that countries worldwide are living in an era known as the “regulatory state.” This can be understood as an era in which governments worldwide have developed detailed regulations to address problems within societies, as real-world regulations are intertwined with the politics, society, and economy of any country (Firestone, 2002; Konisky, 2009; Majone, 1994; May & Winter, 1999; Moran, 2002; Tummers & Bekkers, 2014; Yee et al., 2016).

The literature on the enforcement of regulations has been dominated by two theories from the beginning: deterrence and compliance. Those who advocate for the former argue that the success of a regulation depends on the use of sanctions and penalties in enforcement. Those in favor of the latter hold that the enforcement of a regulation

should be based on the use of tactics like persuasion and public education to ensure compliance (Baldwin & Cave, 1999). The early debates on regulations took a very narrow view of the concept. Recently, however, research on regulations by social scientists, especially those with public administration backgrounds, has paved the way for new theories that provide a conclusive understanding of the enforcement of, and factors affecting compliance with, regulations. Some influential theories include “responsive regulation” by Ayres and Braithwaite (1994), “smart regulation” by Gunningham et al. (1998), and “problem-centered regulations” by Sparrow (2011). These theories have generated more debate on regulations and have shed light on the other factors essential to examining regulations, such as the motivation and behaviors of the individuals responsible for enforcement (Baldwin & Cave, 1999; Le Grand, 2003; Leonard, 2008).

In public policy, enforcement is examined with a focus on implementation literature that discusses the importance of translating policy objectives into action. The literature shows that enforcement follows a bottom-up approach. Regulatory enforcement is analyzed by examining the actions of the individuals responsible for enforcement (Lipsky, 2010). However, the extant literature has primarily been focused on enforcement agencies, rather than on individuals, analyzing how organizational capacities and administrative processes shape enforcement (Aiken & Hage, 1966; Ajzen, 1991; Argyris, 1972; Braithwaite et al., 1993; Butler & Allen, 2008; Hasenfeld & Paton, 1983; Jewell & Glaser, 2006; Selznick, 1985; Smith & Donovan, 2003; Smith, 1973; Thomas, 2006). Little attention has been paid to the individuals who interact with the public to enforce these regulations and how they go about doing so (Ellis, 2011; Evans & Harris, 2004; Hupe & Hill, 2007; Jewell & Glaser, 2006; Lipsky, 2010; Lipsky, 2010; Loyens & Maesschalck, 2010; Meyers & Vorsanger, 2007; Prottas, 1979; Scholz et al., 1991; Scott, 1997; Tummers & Bekkers, 2014; Vinzant et al., 1998; Weatherley & Lipsky, 1977).

Regulations are a significant component in the governance of any country. The enforcement of such regulations is critical for their success or failure.

2.2 Regulatory Enforcement

An essential part of the success of any regulation is its enforcement. The most prominent definition of enforcement was drafted by the Organization for Economic Co-Operation and Development (OECD):

Covering all activities of state structures (or structures delegated by the state) aimed at promoting compliance and reaching regulations' outcomes—e.g. lowering risks to safety, health and the environment, ensuring the achievement of some public goods including state revenue collection, safeguarding certain legally recognised rights, ensuring transparent functioning of markets, etc. These activities may include information, guidance, and prevention; data collection and analysis; inspections; enforcement actions in the narrower sense, i.e. warnings, improvement notices, fines, prosecutions, etc. To distinguish the two meanings of enforcement, 'regulatory enforcement' will refer to the broad understanding, and 'enforcement actions' to the narrower sense (Organisation for Economic Co-Operation and Development, 2018, p. 11).

Many scholars have also shown that enforcement is critical, as it helps achieve economic and social policy objectives. Ensuring that regulations are enforced is fundamental to creating a well-functioning nation. If a regulation is not adequately enforced, it will fail to achieve its objectives. Regulatory enforcement is thus essential and helps safeguard the public welfare (Baldwin & Cave, 1999; Brown, 1994; Hawkins & Thomas, 1984; Short, 2021).

As mentioned previously, there are two approaches to enforcing regulations: deterrence and compliance (Scholz, 1984; Short, 2021). First, the deterrence approach

focuses on using sanctions and penalties as the primary tools to enforce regulations. It assumes that the use of enforcement via sanctions is the most effective way to raise the level of compliance with a regulation (Markell, 2000). The deterrence theory (or the coercive approach) is built on the understanding that the enforcement agency's aim is to increase the public's level of compliance, which is achieved through severe penalties to deter non-compliance (Rosenbloom & Schwartz, 1994).

The primary undertaking of the enforcement agency is increasing the severity of penalties for not following regulations, which, in turn, reduces the probability of non-compliance (Cohen, 2000). The deterrence theory is grounded in the idea that regulation enforcement revolves around the maximization of penalties. Spence (2001) and Malloy (2003) argued that when the costs of non-compliance, such as fines, outweigh the benefits of non-compliance, the enforcement of a regulation becomes successful. Those who promote the deterrence theory argue that businesses and individuals will become inclined to comply with regulations and sanctions in the enforcement stage, which constitutes the most effective tool to induce compliance. This approach suggests that individuals are motivated by self-interest and aim to maximize their profits.

Conversely, non-compliance occurs if it is cheaper to ignore regulations and pay the fine. This approach proposes greater sanctions to raise the cost of non-compliance, reducing the tendency to violate regulations (Cohen, 2000; Rechtschaffen & Markell, 2003). This approach uses traditional enforcement methods, including government inspection and monitoring, thus promoting a rigid sanction regime for violators (Paddock, 2014).

In contrast, the cooperative theory emphasizes the use of precautionary measures and assistance, providing information and guidance to the public without the use of sanctions as a tool for enforcement (Ayres & Braithwaite, 1994; Short, 2021).

Compliance theory highlights the practice of advising and providing adaptable guidelines rather than acting like a “policeman” who penalizes all those who fail to comply. It argues that if a bureaucrat presents their client with the possible sanctions for non-compliance before imposing them, the result will be a productive outcome for the overall enforcement process. This action alters clients’ behavior, as they prefer not to be sanctioned or penalized, and ensures compliance without imposing sanctions (Rechtschaffen, 1997; Liu et al., 2018).

To ensure compliance with regulations, enforcement officials must persuade and educate the public on compliance and how to avoid sanctions. This helps ensure effective enforcement and brings about a high level of compliance. Scholz (1984) argues that to ensure compliance, enforcement officials must be flexible while considering the specific circumstances of the client’s violation of the law. This implies that enforcement officials must consider the fact that not all violations are similar and assume that clients want to comply but that some could not do so due to various factors.

The cooperative approach focuses on using incentives and persuasion to facilitate compliance (Crow et al., 2000). The compliance approach is grounded in the assumption that compliance can be influenced by convincing the public to comply. The theory emphasizes the idea that inspectors should not forcibly impose sanctions but should instead use the power of persuasion and act as consultants to help regulated entities better understand the law (Rechtschaffen & Markell, 2003; Liu et al., 2018).

Harrison (1995) analyzed the enforcement of water pollution in Canada and highlighted the fact that a cooperative approach to enforcement could ensure a significantly enhanced level of compliance. Burby (1995) highlighted the fact that state programs to decrease corrosion and sedimentation contamination in Canada were the

highest-performing ones because they used an extremely cooperative method to ensure a high level of compliance.

Burby and Paterson (1993) found that the cooperative approach was an ideal one to encourage compliance. However, compliance rates were static when the US replaced traditional enforcement with the cooperative method (Andreen, 2007). These studies provide empirical evidence to support both approaches to ensuring effective enforcement. Harrison (1995) found that little research had been conducted on the cooperative and deterrence-based approaches to enforcement. In addition, only a few researchers have empirically tested both theories. Regulatory enforcement is composed of two parts: enforcement style and agency, which are the tools for enforcing regulations. This study is focused on the enforcement style of SLBs, which is crucial for successful enforcement (Hupe & Hill, 2019; Lipsky, 2010).

2.3 Enforcement Style

Enforcement style refers to “the interaction of inspectors and regulated entities” (May & Winter, 2011, p. 223). It has been defined as “the character of the day-to-day interactions of [SLBs] when dealing with regulated entities” (May & Wood, 2003, p. 145). Carter (2016) noted that enforcement style includes the methods of enforcing regulations and interactions with regulated entities. Enforcement style can be identified as SLBs’ daily engagements with the public (Scholz, 1994). It pertains to the behavior of the enforcers (SLBs) (Gormley, 1998; Hawkins & Thomas, 1984; Sparrow, 2011).

Gormley (1998) was one of the first scholars to use the term “enforcement style.” The concept of enforcement style is underlined by multiple dimensions, which scholars have tried to enumerate (de Boer, 2019; Lo et al., 2009). In addition, other researchers have attempted to show how the various dimensions of enforcement style are linked directly with compliance and enforcement (May & Winter, 1999). SLBs differ in their

decisions on the enforcement of policies (May & Burby, 1998; Scholz, 1984; Sparrow, 2011). Bruijn et al. (2007) emphasized the idea that regulation enforcement is a game between inspectors and inspectees, as it involves considerable negotiations to attain common goals. They added that the behavior and choices of SLBs during in-person interactions with the public are reflected in their enforcement style.

Previously, enforcement style was considered a unidimensional concept. Kagan (1994) indicated that the enforcement style is one-dimensional if SLBs employ deterrence or cooperation as their only method of enforcement. The bureaucrats employing this style are concerned with rigidly applying the law, as seen in the work of Kagan (1994), who noted that SLBs' enforcement approaches varied from cooperative to punitive. Lipsky (2010) explained that bureaucrats tend to choose punitive enforcement, as they believe that it is the most effective method; they consider deterrence a powerful tool that ensures full compliance with the law. Bureaucrats emphasize the idea that regulated entities must fulfill strict legal requirements (Mascini, 2013; Rechtschaffen, 1997). Bardach and Kagan (1982) and Kagan (1994) claimed that enforcement style varies along a continuum of deterrence and compliance to ensure the enforcement of regulations. The one-dimensional approach assumes that the regulatory SLBs who employ cooperative dimensions are friendly and helpful, while those who employ deterrence-based methods, like the police, are strictly bureaucrats who focus on following the letter of the law (Bardach & Kagan, 1982).

Reiss (1984) explained the idea that the one-dimensional approach is focused only on compliance and deterrence, which are considered the most useful tools to achieve the desired level of compliance. Scholz (1984) provided a practical explanation of how the nature of regulatory problems affects enforcement and emphasized that not all entities involved in enforcement are "bad apples" but that they commonly use such methods because of people's unwillingness to comply with regulations; instead, some enforcers

rely on deterrence, as they perceive it as the best method to ensure compliance. Brown (1994) showed that low levels of compliance could be linked to a regulatory agency's failure to recognize the problems affecting SLBs, precisely their limited capacity to achieve the anticipated reactions.

The second school of thought views enforcement as a multi-dimensional concept. May and Wood (2003) recommended two-dimensional enforcement, including formalism and coercion, as the ideal strategy (May 1999). May and Winter (2000) defined formalism as "the degree of rigidity in interactions that varies from informal conversations and rule-bound instances on the part of the street-level bureaucrats," and coercion as "the willingness to issue threats that vary from a trusting inspector not issuing warnings, to a skeptical [street-level bureaucrat] threatening to report or to impose penalties for violations" (p. 147). They also underlined the fact that SLBs could employ both dimensions while enforcing regulations, implying that a bureaucrat may use deterrence, which involves strictly following the regulations' guidelines and, to some extent, employing the cooperation-based dimension by considering the particular situation of the inspectees. A combination of these two dimensions can be employed, especially when SLBs understand that the inspectees have not deliberately broken the law, thus they may show mercy by providing them with a means to comply. Gormley (1998) also stated that inspectors could be strict or flexible in deciding what to enforce and characterized and measured these aspects in various SLBs.

According to the literature, enforcement style can vary along a continuum in which various degrees of deterrence and compliance are used while enforcing a specific regulation (Bardach & Kagan, 1982; Kagan, 1994). May and Winter (1999) developed a methodology to understand the enforcement style of bureaucrats, specifically how bureaucrats can use formalism or coercion to enforce a policy. Formalism is an enforcement style in which bureaucrats act in a formally and legally approved way toward

inspectees and strictly follow the law. Coercion refers to the use of penalties and sanctions to enforce regulations. May and Winter (1999) found that 40 percent of bureaucrats employ an “insistent enforcement style,” which can be identified as a legalistic enforcement style that encourages bureaucrats to be rigid and focus on implementing the letter of the law. In addition, 38 percent scored low on formalism and modestly used coercion, and only 23 percent scored high on formalism but demonstrated varying levels of coercion. The scholars also noted the influences of regulatory problems, such as inspectors’ behavior and backgrounds and the organizational settings shaping their enforcement styles.

Pautz (2009) addressed the interaction between enforcement agencies and regulated entities in Virginia and found that 80 percent of the inspectors reported having positive interactions with high levels of trust, which reflects the idea that enforcement style goes beyond mere deterrence and compliance.

Recent research has shown that enforcement style is composed of three dimensions: legal enforcement, facilitation, and accommodation (de Boer, 2019, Hassan et al., 2021c). Legal enforcement is strict and involves coercion (Boer et al., 2018). Bureaucrats adopting this style engage in formal behavior toward inspectees (May & Wood, 2003; May & Winter, 2000). An example of this style is evident in how SLBs focus on following procedures and guidelines without any concern for the mitigating circumstances of the inspectees. Facilitation can be described as a persuasive educational style in which enforcement measures unique to each inspectee’s situation are employed. In this style, some inspectees unintentionally break the law because they cannot fully comprehend the law’s complexities. This is known as the educational enforcement style, which involves informing and educating inspectees on the laws they need to follow (Lo et al., 2009; May & Wood, 2003).

The third dimension involves accommodation, which requires consideration of the opinions of others during enforcement. Bureaucrats who employ this style treat each inspectee differently by considering their individual circumstances. They frequently forgive inspectees and are willing to give them second chances (May & Wood, 2003).

SLBs consider and adopt the ideas of other bureaucrats during inspections. For example, an inspector may listen to and rely on the opinions of their colleagues or team leaders/supervisors and use such advice to determine the course of their interactions with inspectees. Scholz (1994) and Hawkins (1984) called this “adaptive enforcement” and explained the idea that inspectors or SLBs tend to trust and sympathize with firms and offer them counsel and flexibility to ensure their compliance with regulations. In such cases, regulatory enforcers act as consultants, advising the regulated entities while simultaneously considering the views of their peers in the workplace (Lo et al., 2009; de Boer, 2019).

This context emphasizes a multi-dimensional enforcement style composed of legal enforcement, facilitation, and accommodation, all of which can exist in different degrees, concurrently and in combination. Legal enforcement is adopted by those with high levels of formalism and moderate levels of coercion. Facilitation is adopted by those with moderate levels of formalism and coercion. Accommodation is adopted by those with low levels of formalism and coercion. However, bureaucrats are unlikely to use only one dimension—they are more likely to combine the dimensions in various degrees and follow a multidimensional enforcement style while interacting with inspectees (May & Winter, 2000; de Boer, 2019; Klijn et al., 2020).

The literature on enforcement styles has demonstrated that there are four factors that shape the use of the multi-dimensional enforcement style. The first is external influences. There is strong empirical evidence that the regulatory behaviors of SLBs are

influenced by political leaders (Frank & Lombness, 1988; Hogwood & Gunn, 1984; Hutter, 1989; May & Winter, 2011). The literature shows a mix of influences because of external factors. First, the influence of local politics ensures that the local officers of the federal department are sensitive and responsive to differences in public preferences (Scholz et al., 1991; Short, 2021).

Gormley (1998) described a discrepancy in the regulatory enforcement of childcare regulations in Oklahoma and Pennsylvania and found that the difference influenced SLBs' enforcement in relation to political support. Second, prioritization shapes how SLBs employ the multi-dimensional enforcement style. The literature on regulatory enforcement has consistently highlighted the importance of setting priorities during enforcement. There are three discourses in the literature. The first clarifies the support for enforcement focused on the market sector with the greatest number of violations, as enforcement should be focused on the use of various levels of penalties and sanctions for various violations (Bardach & Kagan, 1982). The second discourse holds that, to ensure effective enforcement, there is a need to allocate resources properly and focus on the historical records of violations among the high-risk entities that are most likely to violate specific regulations (Scholz, 1984). Finally, the scholars who advocate for these ideas argue that regulatory agencies must prioritize their efforts and strategies to guide SLBs' efforts at enforcement (Scholz, 1984, 1994; Scholz et al., 1991).

The third discourse concerns the focus on formalism. Most of the literature on regulatory enforcement has been focused on legal enforcement. A formal regulatory regime that implements a high degree of legalism during enforcement is considered the best control system. Formalism involves ensuring that the regulated entities and inspectees adhere to strict legal requirements while enforcing regulations. Formalism can include rigid environmental standards and the strict enforcement of severe penalties for non-compliance (Hawkins, 1984; Jingjing & Yang, 2017; Kagan, 1994). However, the

literature has also confirmed that a formalist approach can be counterproductive to promoting the welfare of the entire economy, as it may lead to hostility and frustration among the regulated entities (Braithwaite et al., 1993; Frank & Lombness, 1988; Frost, 2017; Gormley, 1998; Hawkins, 1984; Hupples & Kagan, 1989).

The final approach to enforcement is focused on education, which requires enforcement agencies to ask SLBs to exercise a cooperative approach during enforcement. This factor is focused on guiding bureaucrats to use the one-dimensional enforcement style. The cooperative approach is focused on education and the use of incentives to motivate responsive behaviors on the part of the regulated entities (Badaracco, 1985; Brickman et al., 1985; Heidenheimer et al., 1983; Press & Mazmanian, 2003; Lo et al., 2019; Short, 2021; Vogel, 1986; Weale et al., 1996).

Although some have claimed that a cooperative approach tends to be more effective than one based on deterrence in accomplishing regulatory compliance (Gormley, 1998; Scholz, 1984), the empirical research has shown that the threat of sanctions (deterrence approach) may be a pre-condition for the success of the cooperative approach (Ayres & Braithwaite, 1994; Bardach & Kagan, 1982; Harrison, 1995; Short, 2021).

Thus, this study is an attempt to understand how legal enforcement, facilitation, and accommodation shape the use of discretion by SLBs. Such a multi-dimensional perspective reflects the leading school of thought in explaining how bureaucrats enforce regulations, as it provides a comprehensive conceptualization of the multiple dimensions and their parameters.

2.3.1 Regulatory Enforcers (SLBs)

The individuals responsible for enforcing and ensuring compliance with regulations in the field of public policy are called “street-level bureaucrats” (Lipsky,

1980). Lipsky (2010, p. 3) explained that SLBs are “public service workers who interact directly with citizens in the course of their job, and who have substantial discretion in the execution of their work.” Scholars have emphasized that SLBs influence the policies they are responsible for implementing, as their actions dictate how regulations reach citizens; thus, they are not mere public policy enforcers (Sager et al., 2020). Just as a judge has complete discretion to decide who goes to prison and who gets probation, an SLB decides which parties are penalized for non-compliance. An SLB’s work demands considerable flexibility because exceptional circumstances arise when they are on duty that require quick decision-making based on limited information and resources (Lipsky, 2010).

SLBs must follow an inflexible script and guidelines that are focused on achieving policy goals. They must be sympathetic and treat each client on a case-by-case basis (Hupe & Hill, 2015; Hupe, 2019). SLBs are given the freedom to decide how to enforce a policy. They also have autonomy, which is the ability to control the implementation of a policy by deciding on the objective that should be prioritized in the course of implementation and identifying ways to enforce regulations on the target group; ultimately, these decisions can alter and reshape the policy’s intent and outcome, as SLBs’ own interpretations of the objectives may differ (Lipsky, 2010; Zhang et al., 2021).

These government employees rely on coping mechanisms, as their working environment is often complex and challenging and is fraught with numerous duties. SLBs’ coping mechanisms are based on common patterns and practices that they rely on to manage the overwhelming responsibilities of their jobs. They develop shortcuts and informal mechanisms that help them cope with demanding and elusive organizational goals exacerbated by limited information and resources (Hupe & Hill, 2015). Lipsky (2010) stated that such individuals often encounter work-related stress, reducing their efficiency during enforcement.

In this study, the SLBs are called “labor inspectors,” and the individuals they review are called “inspectees.” The term “inspection” refers to the physical actions taken by an inspector. The inspector’s primary responsibility is to ensure that inspectees comply with regulations (Hupe, 2019). Hupe (2019) distinguished between the three roles played by inspectors while enforcing a policy. The first is that of a state agent, wherein the inspectors’ main job is to enforce regulations. This was first seen in the Dutch Republic in the 17th century, where inspectors were state agents with the primary goal of achieving public tasks (Schama, 1988). Political scientists and historians have documented the “night watch state,” whose roles are similar to those of street-level bureaucracies and SLBs in the modern era (Hupe, 2019).

Lipsky (2010) emphasized the fact that, in the modern era, many responsibilities are delegated to SLBs, about which they must make decisions freely, namely, the implementation and enforcement of regulations. However, in undertaking their duties, they may sometimes face many obstacles because they occupy a low level of the bureaucratic hierarchy. First, SLBs have the capability to enforce sanctions on inspectees for disobeying the law. Second, they are experts at doing their jobs. The various duties and responsibilities they take on involve exposure to various skills and knowledge (Hupe & Hill, 2015; Mohammed, 2021), which helps inspectors become experts in both their fields and in executing other public tasks. For example, Raaphorst (2017) noted that an inspector in tax administration must possess adequate information on the letter of the law and expertise in bookkeeping and other business administration tasks, including accounting and psychology. These skills are often obtained by exposing individuals to various circumstances.

Finally, SLBs operate as citizens interacting with other citizens. Inspection procedures force them to deal with a wide range of types of people. Thus, satisfying clients’ demands calls for a multi-dimensional enforcement style. A client may face issues

complying with regulations and may be unaware of or unable to understand a regulation (Hanf, 1993; Hupe, 1993). Thus, an SLB who is willing to prioritize the spirit of the law to ensure future compliance rather than use deterrence as the method of enforcement can ensure that the public voluntarily complies with regulations. During interactions, establishing trust between clients and bureaucrats is vital. Sometimes, an inspector may not trust an inspectee, which may influence the enforcement process and behavior of the inspector (Davidovitz & Cohen, 2020; Schneider & Ingram, 1993).

During their interactions with clients, bureaucrats develop perceptions of them; such perceptions evolve based on how they view their jobs and themselves. Accordingly, they “develop patterns of practice that tend to limit demand and maximize the utilization of available resources” (Lipsky, 2010, p. 182). These adaptations are manifested in the decisions made by bureaucrats, especially in terms of their ability to limit the public services received by those they consider problematic and instead allocate them to those they view favorably. This reflects a conflict between the SLBs who control resources and the clients who seek them. As SLBs can provide privileged information to likable clients, such clients can avoid red tape and enjoy a positive relationship with SLBs. Such tactics are known as coping mechanisms (Davidovitz & Cohen, 2020; Toral, 2019; Lipsky, 2010).

Lipsky (2010) termed the widely used coping mechanism in developing countries “queuing,” in which SLBs’ job demands are limited, as they offer their services on a first-come-first-served basis. Bureaucrats consider this a fair practice. Hupe and Hill (2015) highlighted “creaming” as another mechanism SLBs employ to ration services. This mechanism involves SLBs focusing on “those who seem most likely to succeed in terms of bureaucratic success criteria” (Lipsky, 2010, p. 107). This allows SLBs to sustain high levels of performance by reconciling workplace contradictions and helps reduce the gaps between organizational goals and public expectations. In addition, SLBs employ routines

to simplify service delivery (Lipsky, 2010; Volckmar-Eeg & Vassenden, 2021). Another coping mechanism is reducing the demands of clients, which involves limiting the information that clients can obtain on the services they may be entitled to and forcing them to wait in line for a long time before receiving an appointment with a bureaucrat, thus hindering access to face-to-face meetings. This is achieved through short operating hours and complex procedures (Vedung, 2015).

In conclusion, SLBs are enforcers of regulations and the key custodians of the enforcement process of any regulation. They are essential for the successful implementation and enforcement of regulations.

2.4 Enforcement Strategies

Enforcement strategies can be understood as the choices and decisions of enforcement agencies pertaining to the enforcement of regulations (May, 1999). Scholars have identified various strategies employed by regulatory enforcement agencies, such as prioritizing the selection of target groups, the degree of effort invested, and the institutional capacity used while enforcing a policy (May & Winter 2003).

Two factors shape enforcement strategies. The first is prioritization. Bardach and Kagan (1982) argued that if regulatory enforcers focus on major violators in the market, prioritization can be effective and efficient.

The second factor is concerned with how a specific category of firms is chosen for inspection and enforcement. The literature suggests that the most popular enforcement strategies involve targeting specific firms or entities in the private sector with a historically high rate of violations and non-compliance. Inspecting high-risk entities, which have a higher chance of violating the law, is considered the best enforcement method (Black, 2002; Scholz, 1994; Sparrow, 2011). However, Braithwaite (1993) contended that the best strategy is management guidance, as it involves providing advice

to regulated entities on complying with regulations and prescribing steps to be taken for compliance. Braithwaite examined 96 Australian federal, state, and local government enforcement strategies and argued that enforcement strategies in these agencies were merely words on paper that neither the agencies nor the enforcers followed.

May and Burby (1998) analyzed the enforcement strategies of 819 American building codes and identified five enforcement strategies: (1) standardization in administration, (2) restrictiveness, (3) technical assistance, (4) discretionary enforcement, and (5) the use of the incentives.

Enforcement strategies vary between developing and developed countries. McAllister (2010) analyzed environmental agencies in two states in Brazil, namely, Para and Sao Paulo, and examined the degree of freedom in the formulation of agency objectives and the capacity of the agency to answer inquiries from regulated entities. They found that diverse enforcement approaches were used by inspectors in Sao Paulo, including a cooperative style with a mix of high formalism and coercion and very low autonomy. Para followed a retaliatory approach, wherein hard choices were avoided with low determination and commitment to undertake enforcement. Braithwaite (2006) defined these approaches as reliable on paper but weak in practice.

The other component of an enforcement strategy includes the efforts and capacity of the agency to enforce the law. Several studies have shown that more significant efforts to enforce the law, such as high-frequency inspections, are related to increased compliance with regulations and can ensure a lower risk of violations by regulated entities (Burby & Paterson, 1993; Gray & Scholz, 1991; Helland, 1998; May, 1999). Scholars have found that internal organizational factors can affect enforcement style and processes. Hutter (1989) discussed how a sophisticated level of assessment and approval of inspection activities addressed the realities of the existing enforcement process and

examined the role of top management in identifying expectations. In addition, he studied how organizational norms influence enforcement, as they affect inspectors' actual behaviors.

Hawkins (1989) noted that enforcement agencies commonly pressure their employees to focus on cases that are unlikely to be defeated in court and can be processed within a short period. This highlights the incentive of an enforcement agency to focus on managing its operational resources without considering the most effective methods of implementing and enforcing regulations. This was also highlighted by Pires (2009), who demonstrated how the actions of governing agencies when controlling inspectors could affect inspection behaviors, especially in terms of enforcing regulations. This was also seen in the work of May and Winter (1999), who focused on the enforcement of Denmark's agro-environmental policy. The managerial and political environments were found to affect enforcement. In particular, there was little interaction between the top management and inspectors on most occasions. Winter (2003) suggested that having political superiors monitor enforcement actions results in a more effective enforcement process. May and Wood (2003) emphasized the influential role of enforcement agencies in determining inspectors' behaviors and found that robust administrative orientation in an organizational context promotes consistency in SLBs' enforcement efforts.

Firestone (2002) indicated that an enforcement agency might follow the rules and strategies set by various agencies on specific occasions and explained how the strategies of enforcement agencies are drafted by individuals who work in various organizations within the government. Moreover, such individuals may not share the enforcement agency's norms or incentives.

To ensure compliance, selecting the right strategy for enforcing regulations is crucial. Thus, the capacities and resources employed by enforcement organizations play

a central role in ensuring public compliance. Mayntz (1984) identified the following strategies that the government can adopt to ensure that SLBs effectively enforce regulations:

- I. Command: Use command-and-control tools to achieve policy objectives.
- II. Deploy wealth: Use incentives to influence behavior.
- III. Inform: Increase the level of awareness so that more people will follow regulations.
- IV. Act directly: Choose the agencies responsible for taking action.
- V. Consult: Provide an incentive to comply and offer information on how regulation protects the rights of the public.

These factors, which pertain to the organizational context and inspectors' attitudes, are essential in setting the tone of the enforcement process.

2.5 Defining Implementation

The concept of regulatory enforcement in this thesis is analyzed and examined within the field of public policy. The enforcement of regulations in public policy falls under the scope of the implementation stage and relies on a bottom-up approach. To examine implementation, the concept of public policy must first be understood. Hogwood and Gunn (1984) defined public policies as purposive sets of actions in the form of regulations and rules. A public policy is “anything a government chooses to do or not to do” (Dye, 1972, p. 2).

The public policy stakeholders include civil societies, the public sector, and the private sector, who are the participants in the public policy process. Government involvement plays a substantial role in legitimizing public policy actions (Anderson, 2014; Dunn, 2017; Hogwood & Gunn, 1984). There are various forms of public policy, including executive orders, acts, regulations, and legislation (Anyebe, 2018; May, 2003).

Policies and regulations serve as possible solutions for the problems in a society. To this end, they must be effectively implemented. Implementation and enforcement are crucial to the success of any policy (Hill & Hupe, 2009; Hupe & Hill, 2019). Meter and Horn (1975) described implementation as the decisions made by official organizations to achieve policy objectives.

The implementation of any regulation can only be accomplished after the purpose and objective of the policy are established. Majone and Wildavsky (1978) explained that policy intentions may change during implementation. The goals of any policy may be modified over time because of the complexity of implementation. The actors involved may encounter various factors that constrain their ability to implement a policy. Scholars have used various approaches to understand how bureaucrats' actions modify policy objectives during implementation.

One school of thought has argued that implementation is adjusted based on the actual situation through modifications. Modifications aim to add value and ensure that a policy's goals are achieved and applicable to the real world (Palumbo & Calista, 1990; Schneider & Ingram, 1997). The second school of thought contends that policy implementation should not involve any modifications, as it results in inevitable ambiguities and conflicts among implementers, and a change in policy objectives is seen as a failure of the policy (May, 1999).

The policy implementation research has highlighted gaps between the purposes and outcomes of a policy. The study of policy implementation helps explain the evolution of public policies, beginning with materialized actions. The implementation procedure is typically abandoned by the executive branch of the government, as there is a common misunderstanding that a policy is enforced automatically and there is no need to highlight the agency responsible for its implementation. This may result in an unrealistic perception

that a policy objective has been achieved because enforcement processes are typically viewed as simple and straightforward (Theobald et al., 2018; Smith, 1973).

The minimum wage regulations in Malaysia exist in the form of the National Wage Consultative Council Act 2011 and Minimum Wage Order 2020. These acts were developed to create a set of comprehensive laws to protect low-paid workers in Malaysia. The leading purpose of the minimum wage policy in Malaysia is to regulate the wages of low-skilled workers in Malaysia. The National Wage Consultative Council oversees all aspects of the minimum wage policy, including its implementation and enforcement (Mahyut, 2013). The Minimum Wage Order 2020 prescribes the wages for low-skilled workers; it was RM1,200 for Peninsular Malaysia and RM1,100 for Sabah and Sarawak at the time of the study. The minimum wage is the government's policy to address issues with low-paid workers, and the success of this policy depends on the implementation and enforcement of regulations (Ibrahim & Said, 2015).

The literature on implementation has mainly been focused on North America and Europe. As many as 90 percent of the existing studies have been conducted in the West and have been focused on environmental issues, health, education, and social challenges (Saetren, 2005). Conversely, this study is among the few in which the concept of enforcement and the role of SLBs elsewhere have been examined.

This study is based on the idea that the enforcement of a regulation should be analyzed within the field of policy implementation. However, in the implementation theory, the enforcement stage is scrutinized as part of the bottom-up approach because it is focused on how SLBs interact with the public. Figure 2.1 illustrates how this study positions regulatory enforcement within the field of public policy. In addition, the figure shows how the points of entry into the field of public policy are identified while maintaining a specific focus on regulatory enforcement.

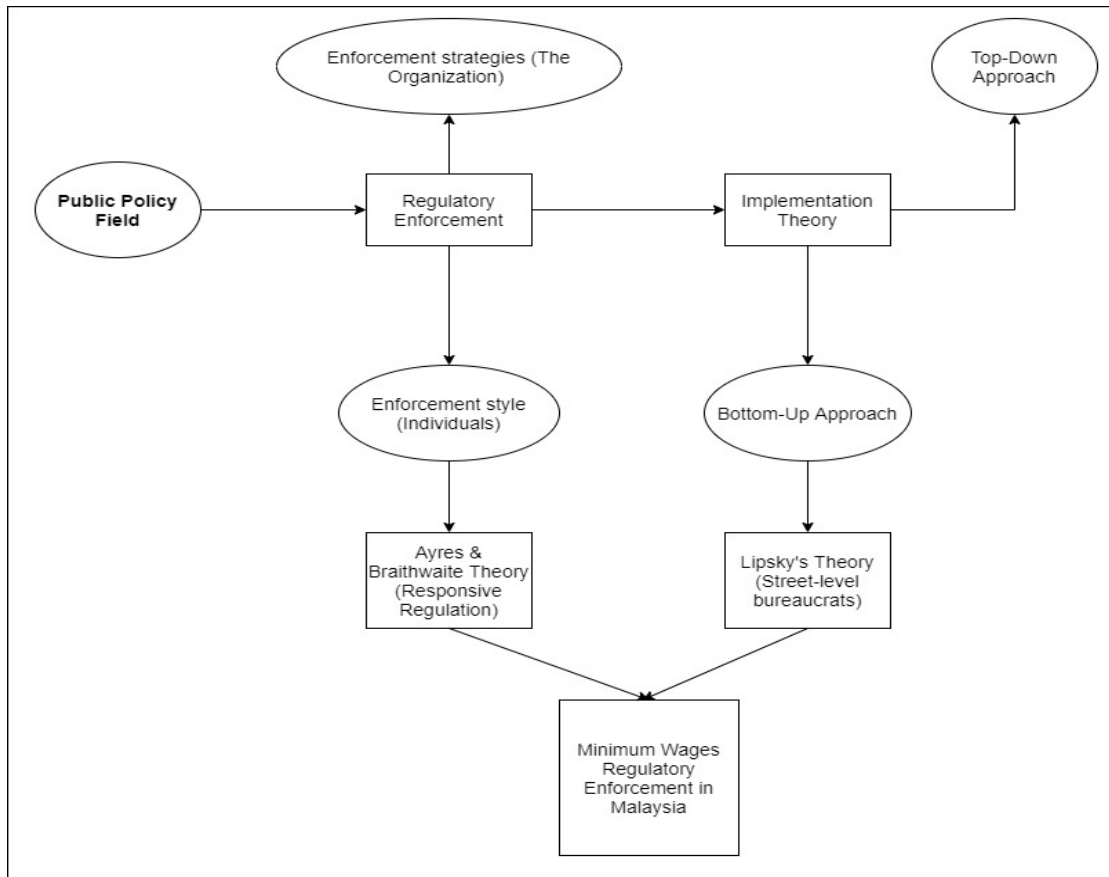


Figure 2.1 Regulatory Enforcement within Public Policy

2.6 Gaps in the Research on the Enforcement of Regulations

There are gaps in the literature on the enforcement of regulations, specifically concerning the three critical factors that shape the enforcement process. Most scholars who have examined this area belong to the field of economics. Research on the minimum wage has proceeded under the assumption that minimum wage regulations have been enforced correctly based on the assumption of perfect enforcement; thus, most of the literature has sought to analyze the economic effects of regulations. However, the literature shows that most countries have encountered issues while enforcing regulations, especially minimum wage-related ones.

The significant gap in the literature regarding regulatory enforcement in the field of public policy can be found in the lack of examinations of the individuals responsible for the enforcement of regulations. Studies with a narrow focus on enforcement style have conceptualized enforcement style as a one- or two-dimensional concept. Very little research has examined the concept of a multi-dimensional enforcement style or the existence of the previously discussed three dimensions (de Boer, 2018, 2019).

Importantly, no holistic study has been conducted to examine how personal characteristics and internal organizational factors shape SLBs' use of discretion during policy enforcement. Although it can be argued that the literature has emphasized the organizational factors influencing the use of discretion, researchers have not focused on the dimensions that constitute enforcement style, nor have they provided a research framework that considers the personal characteristics of SLBs, such as their willingness to implement laws, rebelliousness, and perceptions of their clients (client meaningfulness). Thus, the research on the three dimensions of enforcement used by SLBs and the factors determining their use of discretion remains limited. This study combines Lipsky's and Ayres and Braithwaite's theories to fill these gaps.

Three primary constructs have been understudied and are vital to understanding the enforcement of regulations in the developing world, especially Malaysia. First, factors pertaining to regulatory enforcers (SLBs) have been ignored, as most studies on regulatory enforcement have been focused on analyzing the political and economic factors influencing government agencies during enforcement. The literature on SLBs and their enforcement style is limited. In addition, very few studies have analyzed how the personal characteristics of SLBs, including their rebelliousness, willingness to implement policies, and client meaningfulness, shape their use of discretion and influence the overall enforcement process.

Second, the literature has not addressed internal organizational factors or how they shape SLBs' use of discretion. These factors pertain to their workload, issues concerning supervision, workplace aggression, and role expectations, which significantly impact both enforcement and policy outcomes. This area has not been explored much in the literature, especially in the context of Malaysia. Third, enforcement style and its three dimensions, namely, legal enforcement, facilitation, and accommodation, demand extensive research. Although studies have been conducted on enforcement style, only a few have examined the three dimensions, the relationships among them, and SLBs' use of discretion. These factors have been studied in developed countries but not in developing ones.

Regulatory enforcement is an evolving area of study. In addition to the previously discussed three gaps, one aim of this study is to identify other gaps that might be useful for future research. Some examples include institutional factors, such as the type of authority provided to SLBs. Moreover, this study highlights the public's level of awareness regarding compliance with policies, which has been overlooked in the literature. These factors could have a significant impact on enforcement and compliance.

Another set of gaps within the literature can be linked to a firm's character. The literature has yet to identify how, and to what extent, the size of a company and the distance between firms and enforcement agencies can affect compliance. Other factors, such as the potential influence of foreign ownership on the behavior of firms regarding compliance with regulations, have not been thoroughly investigated yet either.

Some other gaps that have been overlooked in the literature include issues, such as unemployment and how it can shape the public's level of compliance, and whether a high level of unemployment and high average wage vis-à-vis the minimum wage law may correlate with a high level of non-compliance.

In conclusion, this study is centered on the need to fill the gaps in the extant literature on regulatory enforcement and street-level bureaucracy by examining the factors influencing SLBs' use of discretion while focusing on the multi-dimensional enforcement style, internal organizational factors, and the personal characteristics of the enforcers. Analyzing these areas may offer an integrated approach to understanding the factors determining bureaucrats' behavior when interacting with clients/inspectees.

2.7 Theoretical Framework

After examining the literature and identifying gaps, in this study, a theoretical framework is established by drawing on two comprehensive theories. The first is Lipsky's, which contends that the individuals responsible for enforcing regulations are fundamental to the success of any policy; thus, to understand the enforcement situation of any policy, the exercise of discretion by such individuals must be examined. The theory highlights the critical factors that influence enforcers' behaviors, namely, personal characteristics and internal organizational factors.

However, Lipsky's theory has its limitations, as it does not cover the enforcement style of government employees and how it shapes enforcement. Thus, in this study, Ayres and Braithwaite's (1994) responsive regulation theory is adopted to complement Lipsky's theory. Their theory is focused on how SLBs enforce regulations by relying on a multi-dimensional enforcement style. Combining these theories offers answers to questions that are deemed critical to understanding SLBs' behavior on the front lines. The main contribution of this study is examining the combination of these theories to fill the gaps in the literature on the enforcement of policies in the developing world, especially in Malaysia. Combining these theories can help us better comprehend the factors that shape the enforcement of regulations.

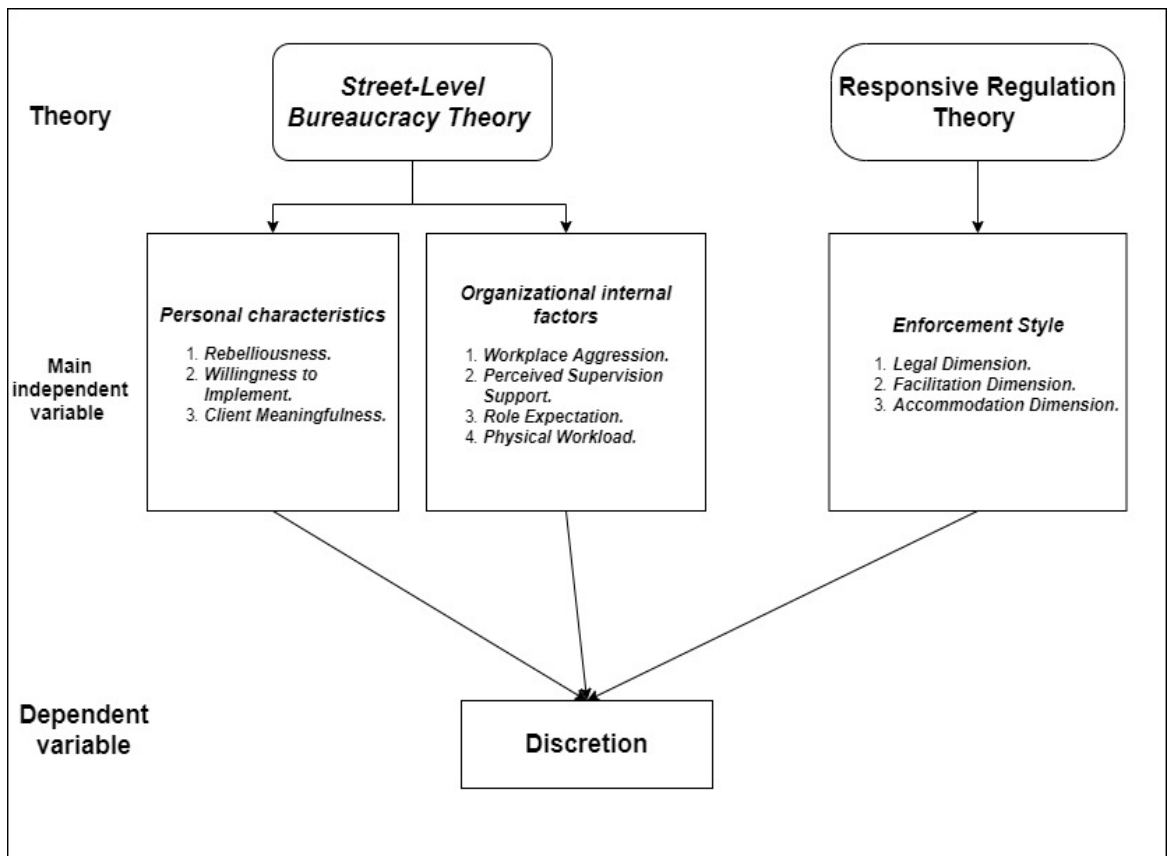


Figure 2.2 Research Framework

2.8 Lipsky's Theory (Street-Level Bureaucracy)

The concept of street-level bureaucracy (SLB) stems from the need to identify how public employees' working practices, beliefs, and routines influence policy implementation. The theory was developed by Michael Lipsky in the 1980s and highlights the importance of government employees or "SLBs." Street-level bureaucracy theory is focused on examining the dilemmas bureaucrats face in the workplace and identifying ways to overcome them (Brodkin, 2012; Lipsky, 2010; Zarychta et al., 2020). The theory is also focused on the overall bureaucratic system. Lipsky (2010) highlights the increasing demands from the public, implying that, even with substantial investment and expansion of the budget of the enforcement agency, service quality will remain an issue. Furthermore, even with an increased number of bureaucrats, it is unlikely that the overall workload will decrease. Lipsky argues that this expansion will result in delivery

of the same quality of service without any noticeable improvements to the public (Cooper et al., 2015; Lipsky, 2010).

Lipsky's theory examines all the aspects related to SLBs, as it begins with an examination of what policymakers and managers want from bureaucrats and is focused on the realities that must be handled by SLBs. These realities include continuous demands from the public, heavy workloads, unattainable policy objectives, and limited resources. The theory highlights the factors affecting the use of discretion by SLBs, including their ability to act freely and implement public policies while handling work-related pressures (Hupe, 2019; Lipsky, 2010; Tummers & Bekkers, 2014).

The street-level bureaucracy theory is focused on the public servants who work directly with the public, or SLBs, such as law enforcement officers, educators (public school teachers), labor inspectors, social workers, and so on. The main component of this theory is the use of discretion, which can be understood as the perceived freedom to decide on matters while enforcing regulations. Discretion is seen as the ability of SLBs to employ rewards/sanctions or act as advisors to inspectees during policy implementation and enforcement (Hill & Hupe, 2002; Hill & Møller, 2019; Tummers & Bekkers, 2014; Weatherley & Lipsky, 1977).

According to Lipsky (1980, p. 3), "bureaucracy" is a "set of rules and structures of authority," and "street-level" indicates a "distance from the center where authority presumably resides." He defined SLBs as "public service workers who interact directly with citizens in the course of their jobs and who have substantial discretion in the execution of their work." SLBs are public personnel who regulate how the public accesses public programs and services and are responsible for the implementation of policies and regulations. They have a "unique" and "uniquely influential" standing in the practice of enforcement (Lipsky, 1980, p. 4; Meyers & Vorsanger, 2007, p. 153).

The SLBs who enforce labor regulations, specifically those related to the minimum wage, are called labor inspectors (International Labour Organization, 2018) and are under constant pressure to improve and change. The main task of inspectors is to employ discretion to decipher regulations and, in exceptional situations, alter rules and guidelines while enforcing policies (Hupe & Hill, 2015).

SLBs are discussed under the bottom-up approach when considering policy implementation, as Lipsky (2010) highlighted. The bottom-up approach primarily deals with SLBs, the primary custodians of public policy enforcement. The bottom-up approach highlights the concept of discretion and signifies the contributions of such individuals during the enforcement process, as they deal with situations that are fundamentally difficult to regulate (Hill & Hupe, 2009; Hill & Varone, 2021). Lipsky noted that these bureaucrats work in unpredictable environments where they experience high levels of work-related pressure and resource scarcity. Therefore, understanding the behavior of SLBs in the policy enforcement process is vital for clarifying how it shapes the enforcement of policies.

Weatherley and Lipsky (1977) examined the education law in Massachusetts and highlighted the issues faced by SLBs. They found that SLBs commonly encounter challenges while enforcing new regulations; enforcement may fail because of a lack of resources and clear guidelines and limited abilities to exercise discretion. Hence, Weatherley and Lipsky (1977) stress the importance of ensuring that clear guidelines are stated and that adequate resources are available for SLBs to implement and enforce regulations.

Lipsky (2010) noted that SLBs also encounter unpredictable work environments and distinct situations that demand different types of resources along with bearing the tremendous burden of having insufficient time to deal with numerous, complicated policy

objectives. He found that SLBs make decisions to cope with the workload and uncertainty of the external environment and that their behaviors shape policy outcomes. The adjustments made by SLBs ultimately alter the policies that they enforce. Taylor and Kelly (2006) found that the needs of the target group of a policy and the nature of policy objectives are subjective according to SLBs' understanding. They also noted that regulations are often open to interpretation by SLBs, as policies tend to be non-prescriptive and complex.

Lipsky (2010) highlighted the fact that the bottom-up approach, which includes the enforcement of policies, is the responsibility of the SLBs who typically use their discretion when interacting with the public. The work environment of SLBs may shape the way they execute their duties and interact with the public. Lipsky identified various challenges that SLBs face in their work environment, including:

- I. Inadequate resources
- II. Unclear policy expectations
- III. Increasing demands
- IV. Uncooperative clients
- V. Difficulty achieving a superior level of performance.

Lipsky (2010) noted that SLBs regularly view themselves as burdened by the bureaucratic system. However, they typically have elevated levels of discretion and authority. Taylor and Kelly (2006) found that the discretion exercised by SLBs is shaped by the nature of the policy to be implemented and explained that policy objectives are generally complex. However, to ensure that the enforcement process is active, SLBs must have the capacity to use their discretion to achieve success in enforcement. The bottom-up approach can be used to understand how the enforcement process is influenced by SLBs (Thomas, 2006). Hill and Hupe (2008) stressed the idea that studies on

implementation have been criticized for neglecting the enforcement stage because of the complications encountered by researchers in considering concepts beyond the enforcement stage, such as changes in the population and the organizational climate and economic factors in a country. Thus, it is unreasonable to assume that enforcement gaps always occur due to the ineffectiveness of the implementers. However, SLBs are believed to have a considerable impact on policy enforcement and outcomes.

Lipsky was not the first to contemplate the concept of discretion (Davis, 1969; Majone & Wildavsky, 1978; Wilson, 1978) or the impact of organizational influences on SLBs' behavior (Argyris, 1972; MacGregor, 1960). His comprehensive and persuasive analysis "presented a timely challenge to those considering implementation primarily from a political science perspective. His consideration of the SLBs responsible for public service delivery and how their actions differ from the policy statements of intermediate-level planners contradicted the assumptions of top-down analysts" (Gilson, 2015, p. 1).

As Pressman and Wildavsky (1984) noted, the use of discretion shapes a public employee's behavior, workload, and approach in dealing with limited resources and constant changes in the citizen-client situation. This is essential to understand because the use of discretion, or the power to decide on a matter freely, can shape the delivery and outcome of a policy. After all, SLBs must ensure that clients comply with regulations; without the use of discretion, such policies may remain mere words on a page.

To study the enforcement of minimum wage policies, it is necessary to analyze the factors related to SLBs. The street-level bureaucracy theory empirically confirms that the factors highlighted by Lipsky are critical, sufficient, and prevalent. The theory noted that various types of factors, such as internal organizational ones, are essential and identified how workload, supervision, and workplace aggression determine a bureaucrat's ability to act freely (exercise discretion).

A study that examines the everyday practices stemming from policies has shown that the limited nature of the resources provided by organizations to bureaucrats is responsible for the latter's inability to address complex issues. As Lipsky's theory predicted, factors within an organization may shape the outcome of a policy (Lindhorst & Padgett, 2005).

Lindhorst and Padgett (2005) demonstrated how SLBs justify and interact with problematic practices and situations when, for instance, dealing with parents who are not following the guidelines set by welfare caseworkers or questioning domestic violence victims about intimate issues is required. On the other hand, when it comes to assisting some citizens with disabilities who may be entitled to welfare/social security, bureaucrats must evaluate complex personal circumstances rather than merely engage in nominal box-ticking, as such a situation requires devoting time and focus to examining the specific circumstances of individual members of the public (Gulland, 2011).

SLBs may address social issues that require accountability, such as family reunifications. However, such responsibility is time-consuming and may require that an individual develop appropriate coping mechanisms to deal with situations (Kiposunyahzi et al., 2019; Smith & Donovan, 2003).

Other studies have emphasized bureaucratic victim-blaming. An example of such issues is when bureaucrats fail to assist victims of domestic abuse by avoiding revealing intimate life experiences. Such informal and negative practices by SLBs have been documented in policy studies, revealing frontline bureaucrats' logic and rationale. Bureaucrats rationalize such behaviors by arguing that they manage their overwhelming workload and accommodate the demands of the public by using such strategies (Hupe & Hill, 2015; Hupe & Hill, 2020).

Research has shown that these practices may be dysfunctional and may negatively impact the efficiency and responsiveness of implementation; for example, although SLBs are responsible for ensuring protection from domestic violence, some may discourage or fail to actively encourage victims to reveal the abuse they have experienced. In one study, a domestic violence caseworker was quoted as saying that she sensed that her client was likely to suffer abuse and was very concerned about such issues, but “you just do not have time to pull [domestic violence] out of somebody, unless they come here with visible observations [bruises], which does not happen often” (Lindhorst & Padgett, 2005, p. 423).

These informal practices are documented in other policy-related studies showing that working conditions and limited resources shape such practices. These studies include discussions of efficiency, with researchers arguing that doing more in such situations has a deleterious, hidden effect that may change the magnitude of policy delivery (Hill & Varone, 2021; Hupe & Hill, 2020; Lindhorst & Padgett, 2005; Meyers et al., 1998; Smith & Donovan, 2003).

2.8.1 Main Components of Street-Level Bureaucracy

2.8.1.1 Discretion

Discretion is defined as “the perceived freedom of street-level bureaucrats in making choices concerning the sort, quantity, and quality of sanctions and rewards on offer when implementing a policy” (Tummers & Bekkers, 2014, p. 4). Further, discretion can be defined as the “extent of freedom a worker can exercise in a specific context” (Evan, 2016, p. 2). It is a “component in the decision-making process that determines an individual’s action or non-action” (Carrington, 2005, p. 144). Carrington (2005) discusses the idea of defining discretion as the freedom of SLBs to select the proper method to interact with the public from among the multiple actions accessible to them.

Lipsky (2010) illustrated the idea of discretion as an SLB making a decision in line with the nature of their responsibilities. He noted that SLBs are held accountable for their actions and are aware that their decisions greatly influence the lives of their clients. Lipsky (2010) also argues that SLBs often encounter circumstances that compel them to depart from public service ideas to cope with the expectations of their clients and those of citizens. He argued that the ability to use discretion is a fundamental factor in SLBs' daily interactions with the public, as it ensures that clients comply with regulations and allows SLBs to offer services and help clients access public programs. Moreover, to probe SLBs' use of discretion and the factors that shape their behavior during encounters with the public, the contributions of the agency's internal factors and personal characteristics, as well as how such factors influence the use of discretion, should be analyzed (Evans & Hupe, 2020; Lipsky, 2010; Hill & Varone, 2021).

SLBs are characterized by the freedom they are provided in executing their duties. They enjoy considerable freedom in deciding on the applicable standards and enforcement efforts that they are tasked with carrying out. Policymakers may unswervingly encourage SLBs to employ discretion to achieve regulatory goals (Brodkin, 1997; Hupe, 2016; Hupe & Hill, 2020).

Research has shown that SLBs utilize coping mechanisms to achieve consistency between their ability to meet clients' demands and clients' needs because SLBs create and engage in private interactions with specific clients (Davidovitz & Cohen, 2020; Lipsky, 2010; Maynard-Moody & Musheno, 2003).

Furthermore, SLBs need to create a close relationship with their clients to develop accurate perceptions of them and assess to what extent they qualify for, or deserve to receive, the services provided by the SLB. Clients are aware of the freedom of decision-making enjoyed by bureaucrats vis-à-vis whom to punish and whom to forgive. Many clients are aware of SLBs' freedom to decide on matters, resulting in constant demands.

Clients perceive the use of discretion by SLBs through the services and types of information SLBs share with their clients; all of these components determine the quality of the relationships SLBs share with their clients. Clients experience SLBs' use of discretion in terms of how bureaucrats assist and offer services to clients during the enforcement process and how information is shared with clients, as SLBs generally aim to assist clients in achieving compliance and enjoying the benefits of these regulations (Meyers et al., 1998; Davidovitz & Cohen, 2021).

SLBs are given the ability to act freely when deciding which services they can offer clients, and the interactions between these bureaucrats and their clients are indicators of policy outcomes. In addition, the use of discretion is shaped by the bureaucrat's perception of how the client will respond to the enforcement of certain regulations—and whether they can harm or support the implementation stage—which is related to the concept of client meaningfulness. Therefore, SLBs' ability to act freely eventually defines policy outcomes (Marshall, 2017; Meyers et al., 1998).

Gaps may arise between regulatory requirements and SLBs' abilities when delivering services to citizens (Lipsky, 2010). Even though policymakers and SLBs share an interest in achieving regulatory goals, they must regularly work together to ensure the successful use of resources and implementation of policies with distinct priorities. In addition, policymakers seek to entertain various types of societal demands for visible results. An SLB must cope with demands for competent performance and focus on each client's needs when deciding whether to grant access to public services. Thus, SLBs must mediate the demands of both policymakers and clients; otherwise, the discretionary behavior of SLBs will undermine the entire enforcement process (Marshall, 2017; Meyers et al., 1998).

Bureaucrats in public organizations frequently encounter substantial resource limitations and must handle large assignments within a limited time frame, which tends

to push them to develop new and informal procedures to manage their clients (Hill & Hupe, 2008). Lipsky (2010) suggested that such employees should use discretion to handle their duties and organizational rules and guidelines. Such methods can help control the core activities, thus helping bureaucrats achieve high visibility within the organization.

Research has shown that there are two categories of discretion: strong and weak. Evans and Harris (2004) indicated that strong discretion involves determining the principles for decision-making. Professionals, such as doctors, exercise this type of discretion. They are given high status by society because they are trusted to use their discretion based entirely on their expertise when making decisions in complex situations. These decisions are hidden from public view (Hupe & Hill, 2007). In contrast, weak discretion involves using a standard operating procedure to decide something within the rules framed by an organization, as is done by police officers who are focused on following the letter of the law without paying attention to citizens' circumstances (Evans & Harris, 2004).

Ellis (2011) indicated that most SLBs employ weak discretion, which includes managing responsibility in ways identified as suitable by bureaucrats and, as Lipsky (1980) noted, upholding their sense of individuality. A new perspective on strong and weak discretion has been gaining traction. Maynard-Moody and Musheno (2000) noted that SLBs are directed by their use of discretion and personal values and see their work as a tool to promote their clients' welfare rather than that of the government. Durose (2011b) found that local government employees in the United Kingdom were entangled in a series of public activities. They drew on the information and resources available to them, including policy and organizational ones, which helped them innovate while dealing with community groups and managing challenging issues. Bureaucrats act as

experts, rationally employing discretion when responding to client requests (Maynard-Moody & Musheno, 2000).

Lipsky (2010) maintained that SLBs experience unlimited freedom in decision-making, and this human factor is fundamental to the enforcement process. Discretion manifests when SLBs are free to decide how to undertake a suitable course of action when interacting with the public (Davis, 1969; Hupe & Hill, 2019). It can be seen as a disparity between organizational SOPs and procedures, in which SLBs practice independence when deciding on the most appropriate actions and behaviors during interactions with the public (Loyens & Maesschalck, 2010).

Lipsky (2010) indicated that there is a gap in how SLBs shape policy outcomes and objectives because the details on how to achieve policy objectives and intentions are not included in SOPs, which thus puts implementation and policy goals beyond SLBs' reach. This makes it necessary for SLBs to be responsive to generally unpredictable challenges. Lipsky's rationale is the "state-agent narrative," which reflects the fact that bureaucrats employ discretion for dealing with daily work, which is "easier, safer, and more rewarding" (Maynard-Moody & Musheno, 2000, p. 329).

(a) *Personal Characteristics*

Substantial research has been devoted to exploring the impacts of various factors on the use of street-level discretion. Various researchers have identified personal characteristics as a crucial factor shaping the use of discretion (Hasenfeld & Paton, 1983; Lipsky, 2010; Prottas, 1979; Scott, 1997; Tummers & Bekkers, 2014; Vinzant et al., 1998). The literature has explored how the characteristics of inspectors influence their enforcement styles. Gormley (1998) measured the enforcement styles of 104 childcare inspectors and found that differences in their enforcement styles could be attributed to their work experience (some had worked in the childcare field before) and their level of

satisfaction with their job, age, and work experience (the older the enforcer, the more critical they were).

Miller (1967) examined the personal characteristics of SLBs and found a significant association between their level of competence and their tendency to deviate from organizational rules and goals. Kroeger (1975) noted that sympathetic and caring bureaucrats tended to deliver more additional assistance to clients than “rule-oriented” government employees. This was also established by Brehm and Gates (1999), who noted that SLBs were fundamentally self-regulated and that their decision-making processes were affected and shaped by their clients and supervisors.

Meyers and Vorsanger (2007) concluded that personal interest and the procedures through which bureaucrats develop meaning in their daily work practices inspire their decisions. Research has shown that personal characteristics are essential for shaping the enforcement of any policy. Jewell and Glaser (2006) found that some government employees have limited education and training, which, when combined with excessive workloads, can undermine the enforcement of regulations. Lipsky’s conceptualization of personal factors relates to engagement with clients, in which SLBs are expected to employ their knowledge and expertise to provide the best service. Other scholars have highlighted that bureaucrats with limited knowledge and expertise on how to deal with clients can have a negative impact on the enforcement process of any regulation, as they cannot offer adequate services or meet the demands of their clients (Evans & Harris, 2004; Jewell & Glaser, 2006; Sandström, 2011).

Vinzant et al. (1998) added other factors that may influence discretion, such as demographic factors, such as gender, educational background, ethnicity, and culture. Tummers et al. (2012) highlighted three main personal characteristics that can shape the use of discretion by SLBs: rebelliousness, client meaningfulness, and willingness to implement (policies). Rebelliousness reflects how individuals react when their freedom

to decide something is restricted; it is a personal characteristic. Research on this variable has shown that rebellious individuals are autonomous, defensive, and non-affiliative, thus they consider any type of pressure a threat to their decision-making freedom (Brehm & Brehm, 2013). Most of the literature has discussed how rebellious individuals do not accept the changes that may occur when they do their jobs, and their willingness to implement policies tends to be markedly low (Dowd & Wallbrown, 1993; Shen & Dillard, 2005).

(b) Internal Organizational Factors

Researchers have sought to understand the effects of various organizational factors on the use of street-level discretion. The most prominent studies have identified a crucial aspect affecting the use of discretion: internal organizational factors (Hasenfeld & Paton, 1983; Prottas, 1979; Scott, 1997; Vinzant et al., 1998). Such factors are essential for the enforcement process and greatly affect the use of discretion by SLBs. Aiken and Hage (1966) found that organizations demonstrating a high level of formalism tend to seek to create severe restrictions on bureaucrats' decisions.

Peyrot (1982) noted that organizational routines severely limit a bureaucrat's flexibility. Scott (1997) stated that internal organizational factors are the second-most influential factor in shaping a bureaucrat's use of discretion, with the most significant impact on the behavior of SLBs. Internal organizational factors may include physical workload and pressure, guidelines, rule constraints, and perceived supervisory support (Vinzant et al., 1998).

Hutter (1989) discussed how a sophisticated level of assessment and approval of inspection activities outlines the realities of the existing enforcement process. He also addressed the role of top management in outlining expectations and how organizational norms affect enforcement, noting that organizations shape inspectors' behavior in the real

world and highlighting various factors, such as workload and supervision, as organizational factors that can mold enforcers' enforcement style.

Hawkins (1989) noted that enforcement agencies frequently pressure their SLBs to focus on cases that may not be resolved or processed within a short period. Depending on their circumstances, enforcement agencies must effectively manage their resources without considering the various actions required by clients, which was highlighted in a study in Brazil. Pires (2009) showed that the various activities of the governing agencies—which aim to control inspectors' ability to make decisions and act independently—can affect their overall inspection behavior and performance. This was also seen in the work of May and Winter (1999), as they concentrated on the enforcement of agro-environmental policies in Denmark.

Jewell and Glaser (2006, p. 341) highlighted a critical factor called role expectations and defined it as “how the mission and values of a program, as they are communicated to the staff, become embodied in the worker's perception and shape their attitudes toward their work and their clients and their perceptions of and attitudes towards their work.” Lipsky (2010) and Hill and Hupe (2015) have argued that role expectations deal with how SLBs view the importance of their role in the implementation and enforcement process.

In their analysis of welfare workers' implementation of policies, Jewell and Glaser (2006) questioned how bureaucrats' role expectations align with the objectives of the enforced policy. They found that two main factors contribute to their role expectations. The first is the fact that bureaucrats see themselves as an essential part of the successful realization of a policy. However, some of them perceive their work in narrow technical terms, viewing it as exerting a minimal impact on the implementation and success of a policy. Scala and Paterson (2017) also examined bureaucratic role

expectations, highlighting the fact that how bureaucrats view themselves is very important to how they perceive their clients.

In contrast, Lipsky described role expectations as a social construct shaped by a bureaucrat's behavior within an organization, as bureaucrats deal with the public with a sense of commitment to work for the public good and provide assistance to clients. However, SLBs “develop conceptions of their work and their clients that narrow the gap between their personal and work limitations and the service ideal” (Lipsky, 1980, p. xiii).

The research has highlighted two approaches to bureaucrats' behaviors within enforcement agencies. The first is the state-agent approach. Maynard-Moody and Musheno (2003) argued that SLBs encounter various kinds of work pressure and attempt to cope with them by exercising their discretion in secretively applying rules so that they can effectively manage their work. Bureaucrats thus focus on orderly clients who require the minimum amount of assistance and tend to provide a few quick solutions while avoiding dangerous and complicated situations. Thus, the state-agent approach confirms the notion of SLBs. The second is the citizen-agent approach, in which bureaucrats view themselves as public servants and the public as their clients. They view their work objectively and believe that they must act in ways that benefit their clients. For example, welfare-oriented bureaucrats may maintain open cases for an extended period to ensure that a family's needs are met. They tend to challenge their supervisors by determining how they should work on their own. They measure their success by the extent of the benefits and aid received by their clients because of their work. Bureaucrats exercise discretion to meet their clients' needs and consider their work a worthy endeavor (Lipsky, 2010; Hupe, 2016).

Jewell and Glaser (2006) identified two types of bureaucratic role expectations: entrepreneurial, in which bureaucrats actively apply some degree of rigidity while remaining flexible in their dealings and in which services are provided to their clients;

and care-oriented, in which the bureaucrat is not focused on achieving a policy goal but rather on protecting clients without achieving the goals of the program. They noted that the workload involves the number of cases assigned to each worker and the tasks and decisions involved in administering each case. These tasks and decisions may arise from policy requirements and the particulars of each case (Hill & Hupe, 2016). Jewell and Glaser (2006) examined the implementation of policies in California. They found that each SLB was responsible for handling several cases, specifically welfare-related schemes, many of which had different eligibility requirements and assessment processes because clients were eligible for multiple schemes. The eligibility criteria increased the workload for each bureaucrat, as more information had to be collected, processed, and revised so that the right set of benefits could be accessed by the clients.

Lipsky highlighted the idea that a heavy workload is a central characteristic of street-level bureaucracy. Bureaucrats develop coping strategies to manage excessive caseloads. They engage in client processing, which becomes the end rather than the means of street-level work: for example, a teacher might focus on upholding order in a class rather than educating students. Bureaucrats find ways to reduce their workload, which helps them accomplish more for their clients (Lipsky, 2010).

A construct that should be included in the analysis of street-level bureaucracy is that of safety and protection (Lipsky, 2010). The literature on this variable is minimal. Very few studies have analyzed how this factor shapes the use of discretion by SLBs. This construct is related to bureaucrats' ability to enforce regulations and interact with the public. It is based on an examination of whether SLBs feel safe when executing their tasks and whether there is any form of physical or mental protection for SLBs during enforcement.

In this study, it is contended that SLBs should feel safe and protected while interacting with the public, as this helps them use their discretion to make better judgments while choosing enforcement approaches. This variable is vital for identifying the constraints experienced by SLBs and can help us analyze the relationship between this variable and the use of discretion. Lipsky highlighted the importance of this variable and argued that the existence of explicit physical and psychological threats could affect how SLBs carry out their duties and influence their use of discretion. Lipsky hypothesized that, if a bureaucrat perceived a high possibility of harm, they would feel that their authority was being weakened and disrespected. In this situation, they might not be able to make effective decisions, as this threat would compromise their decision-making ability while implementing regulations (Lipsky, 1969, 2010).

In conclusion, it is vital to understand how internal organizational factors shape SLBs' use of discretion during the enforcement of regulations (Goodsell, 1980; Scott, 1997; Vinzant et al., 1998).

2.9 Ayres and Braithwaite's Theory (Responsive Regulation Theory)

Professors Ian Ayres and John Braithwaite (1994) suggested that SLBs must be reactive in dealing with regulated entities and must deal with their clients based on the problem by first deciding whether their intervention is necessary or whether regulated entities will comply after being made aware of the need to obey the policy (Parker, 2021). Their theory aims to resolve the conundrum of whether to use persuasion or punishment to ensure that enforcement objectives are met (Braithwaite, 2008).

The first argument suggests that regulated entities, such as companies and businesses, only understand profit-making incentives, seek to ignore regulations, and do not wish to comply with the law. The theory indicates that such behavior should be met with punishment. It also suggests that not all businesses or firms break the law

intentionally, as many are responsible and can be persuaded into compliance. Their theory paved the way for creating the enforcement pyramid, which demonstrates the stages of enforcement that must be followed based on the circumstances of regulated entities. The enforcement pyramid begins with the persuasion stage, wherein most activities occur (Braithwaite, 2008).

Braithwaite stated that if there are no deterrence measures for a bureaucrat to apply to non-compliers, few firms will voluntarily comply with regulations, and the overall compliance rate will be low, with a mix of deterrence, as embodied by punitive actions against unwanted behaviors, and persuasion, which involves a cooperative approach, being used to ensure successful enforcement. Braithwaite pointed out that SLBs have the ability to use discretion to enforce regulations, and they occasionally use this power to kickstart criminal prosecutions. The responsive regulation theory explains that enforcement is effective when the regulator is robust and forgiving. Forgiveness is essential to ensuring commitment to comply and to supporting firms that fail to comply out of ignorance. As Braithwaite stated, “Paradoxically, the bigger and the more various are the sticks, the more regulators will achieve success by speaking softly” (2018, p. 1).

The responsive regulation theory recognizes that developing countries often lack institutional enforcement capabilities. They may be deficient in terms of the number of people overseeing the enforcement process and their ability to deal with inspectees responsively and constructively by offering unique solutions to clients and assisting them in complying. As Braithwaite noted, “Responsive regulation deals with the fact that no government can enforce laws. It is useful for thinking about regulation in developing countries with weak enforcement abilities” (2006, p. 888). The responsive regulation theory can be applied to both developed and developing countries.

In this study, it is conceptualized that the responsive regulation theory promotes the concept of multi-dimensional enforcement, as the enforcement pyramid highlights the need for SLBs to employ a mix of enforcement dimensions/approaches to ensure successful regulation enforcement. In addition, this study considers the theoretical argument of Braithwaite's theory and the work of de Boer (2019), who has suggested that enforcement style is a multi-dimensional enforcement concept composed of three dimensions (legal enforcement, facilitation, and accommodation). This topic is further discussed in Section 2.11.8.

2.9.1 The Enforcement Pyramid

A unique component of the responsive regulation theory is the regulatory pyramid.

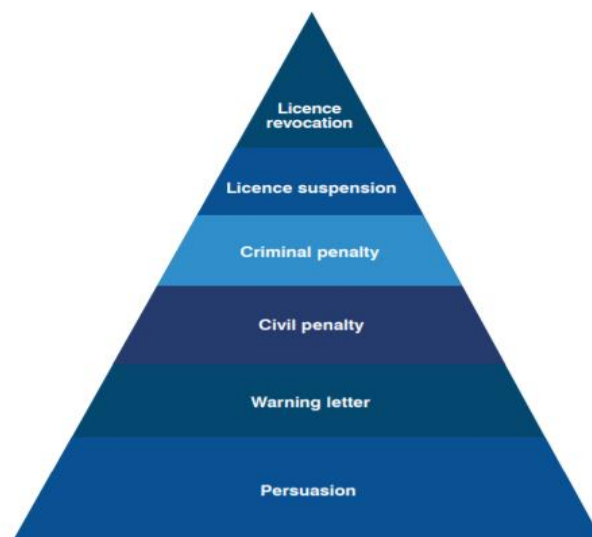


Figure 2.3 Enforcement Pyramid

Source: Braithwaite (2005, p. 38).

In this study, the enforcement pyramid is conceptualized based on its ability to demonstrate a multi-dimensional enforcement style, which varies along the deterrence and cooperative continuum. While interacting with inspectees in the enforcement stage, enforcers should employ a combination of enforcement dimensions (legal enforcement, facilitation, and accommodation) (de Boer, 2018). First, the pyramid shows that enforcers should focus on persuasion and use warning letters to ensure compliance. This is the

foundation for accommodation and facilitation. SLBs employing these dimensions are usually bureaucrats who act as consultants/advisors to inspectees and offer the best advice on complying with the law. The pyramid also addresses the legal dimension, which is based on the use of penalties and sanctions. It shows that SLBs can employ a mix of enforcement dimensions based on their interactions with inspectees.

The responsive regulation theory argues that the best enforcement method is voluntary self-compliance, which lies at the bottom of the pyramid. This can be realized via continuous dialogue between SLBs and the regulated entities; furthermore, the bottom of the pyramid is based on the use persuasion to encourage compliance. If this stage is unsuccessful in effecting compliance, the next stage involves issuing a warning. In addition, if the regulated entities resist such measures, the next step is to impose a punishment, as in the case of criminal prosecution in the form of fines or penalties. Furthermore, if employing such measures does not ensure compliance, the strongest deterrence-based approach may be used, which involves revoking a firm's license to operate; this stage is at the apex of the pyramid (Braithwaite, 2019).

The enforcement pyramid puts forth the concept of using cooperative methods to enforce regulations and the use of punitive and legal sanctions is permitted if firms continue to break the law via non-compliance. Braithwaite (2011) argued that regulators must commit to escalation and be prepared to use legal sanctions if firms continue their non-compliant actions. Otherwise, firms will find ways to avoid compliance. Braithwaite also suggests that the strongest use of the deterrence approach, which is at the top of the pyramid, must be substantial sanctions or penalization, which affect firms' motivation to comply. Furthermore, enforcement agents should use deterrence only if firms or individuals are persistently non-compliant.

Braithwaite (2007) explained that SLBs' enforcement efforts should be governed by their proactive willingness to assist their inspectees, especially if there is any sign of goodwill. Having such a positive intention toward the regulated entities will impact bureaucrats' behavior when interacting with clients; the consequences of not using the deterrence approach will decrease the cost of enforcement, as the cost of lawsuits will be avoided. A positive association between bureaucrats and clients can optimize the information obtained by bureaucrats regarding firms' compliance during an inspection, as such an interaction tends to ensure a constructive relationship between bureaucrats and regulated entities. Hence, according to Braithwaite (2011), punishments and sanctions should only be used when persuasion fails and compliance with the law is unlikely. Lighter sanctions must be imposed first, as applying tough sanctions to minor breaches of the law is not only socially unacceptable but can also create resistance from otherwise law-abiding actors (Bardach & Kagan, 1982).

In conclusion, the most critical idea highlighted by the enforcement pyramid is that SLBs must employ a multi-dimensional enforcement style to ensure that the enforcement process is successfully achieved.

2.10 Research Hypothesis

Based on the previously discussed literature, in this research, the regulatory enforcement of Malaysia's Minimum Wage Order is examined by focusing on SLBs. In this study, the following hypotheses are presented:

H1. Rebelliousness has a negative effect on the use of discretion.

H2. Willingness to implement (policies) has a positive effect on the use of discretion.

H3. Client meaningfulness has a positive effect on the use of discretion.

H4. Workplace aggression has a negative effect on the use of discretion.

H5. The perception of supervisory support has a positive effect on the use of discretion.

H6. Role expectations have a positive effect on the use of discretion.

H7. Physical workload has a negative effect on the use of discretion.

H8. The legal enforcement dimension has a positive effect on the use of discretion.

H9. The facilitation dimension has a positive effect on the use of discretion.

H10. The accommodation dimension has a positive effect on the use of discretion.

2.11 The Constructs

The variables in this study were carefully selected based on the theories examined above. In this section, the rationale for the inclusion of these variables is presented.

2.11.1 Rebelliousness

Rebelliousness is “the motivational state that is hypothesized to occur when freedom is eliminated or threatened with elimination” (Brehm & Brehm, 2013, p. 37). It was called “psychological reluctance” by Brehm (1966), who likewise deemed it an instrument that could be used to boost the need for satisfaction among individuals who

lack freedom. A bureaucrat's reluctance originates from their need for unrestricted discretion, and the need for the ability to decide on matters freely motivates bureaucrats to conserve independence during interactions with clients and avoid any restrictions on their ability to exercise discretion (Trinidad, 2019; Pavey & Sparks, 2009).

Rebelliousness, in this study, is understood as the longing of a bureaucrat to directly reinstate their behavioral freedom because they firmly believe that they should have the freedom to decide how to deliver services to the public. SLBs' freedom is based on their ability to make decisions when interacting with clients/the public. Hence, rebelliousness can also manifest as the unwillingness to act, which can result from bureaucrats' perception of a threat to their freedom.

A reluctant state can shape the behavioral and cognitive efforts involving one's ability to re-instate their freedom. Such efforts are invariably associated with aggression, anger, and hostility (Rains, 2013). Such efforts can be associated with individual attitudes toward establishing the personal freedom to decide on matters and make choices. This can be conceptualized as bureaucrats fundamentally perceiving their freedom of choice as an essential tool that aids their performance while accepting responsibility, which shapes the quality of the services they can offer to clients. The second component is threats to "personal freedom," and "any event that makes it more difficult to exercise freedom constitutes a threat to that freedom" (Burgoon, 2002, p. 222). The more significant a threat is believed to be, the stronger the rebelliousness and reluctance to act on the part of enforcers.

The third component is reluctance; this component focuses on the individual emotional response to a threat to enforcers' freedom. It implies the existence of a dangerous provocation and an aggressive, emotional response on the part of individuals who perceive that their freedom is being limited and undermined, such as when they view

their ability to make choices as being limited (Brehm & Brehm, 2013). The fourth aspect is the “restoration of freedom.” Brehm (1966) emphasized that if one perceives their freedom as being eliminated or threatened, they tend to become driven to re-establish and protect that ability to make decisions without limitations. The scholar argued that “if a person’s behavioural freedom is reduced or threatened with reduction, he will become motivationally aroused. This arousal would presumably be directed against any further loss of freedom and the reestablishment of whatever freedom had already been lost or threatened” (p. 2).

Individuals who demonstrate reluctance to act do so because hostile and angry behaviors arise from the perception of a unique threat, which is viewed by an individual as the principal factor constraining their personal freedom. In this setting, bureaucrats’ ability to decide on matters freely and exercise personal freedom are recognized as their capacity to use their discretion and act freely based on what they believe is the best course of action to achieve their job goals. However, government employees experience reluctance because of attacks on their freedom, either through threats in the workplace or by their colleagues, supervisors, and/or managers (Brehm & Gates, 1999). These factors shape how public servants perceive their ability to decide how to discharge their responsibilities (exercise discretion) when interacting with clients.

Lipsky (2010) highlighted the idea that SLBs face tremendous challenges during implementation. He argued that SLBs experience psychological reluctance and demonstrated that bureaucrats commonly face challenges from people within their own organization and from their clients, which restricts their ability to make autonomous decisions and manage their responsibilities. This is the point at which they tend to display hostility and discomfort. Such threats impact their psychological capacities and mental health. However, Lipsky argues that bureaucrats tend to strive to restore their ability to act freely by distinguishing themselves from such threats and employing coping

mechanisms to help them manage their daily duties. Such coping mechanisms can include actions, such as dealing with clients with whom they feel comfortable or distancing themselves from colleagues whom they perceive as negatively influencing their behavior.

In conclusion, how SLBs view their ability to act freely is strongly tied to their psychological state, which becomes apparent when they display rebellious behaviors during their interactions with clients.

2.11.2 Client Meaningfulness

Client meaningfulness is “the perception of professionals about the benefits of them implementing the policy for their own clients” (Tummers, 2012, p. 12). It echoes the perception of a client’s welfare by the SLBs implementing a regulation. This positive perception toward a target group can define the accomplishment of any regulation’s goals. Maynard-Moody and Musheno (2003) showed that an SLB experiences a positive perception toward their client while enforcing a regulation. SLBs are frontline workers who must concentrate on improving their clients’ lives by building relationships of trust and understanding with them; SLBs view this factor as profoundly influencing their clients’ level of compliance.

Tummers and Bekkers (2014, p. 528) discussed the idea that when public servants view their clients positively and proactively want to assist them, it positively shapes bureaucrats’ ability to decide on related matters freely. In such a situation, an educator who intends to deliver the finest training services to their students does whatever is necessary, using their discretion (ability to act freely) to learn new methods and techniques to manage the classroom and enhance students’ knowledge. This idea indicates how SLBs’ positive perceptions of their clients, intending to help them by implementing a policy (client meaningfulness), ensure that their clients receive all the

benefits of the policy being implemented. Hence, SLBs' perceptions of their clients, or "client meaningfulness," are connected to the former's use of discretion.

SLBs experience client meaningfulness when they build relationships with their clients and believe that they can assist them in ensuring the successful enforcement of policies; in addition, such clients tend to abide by the law. This, in turn, enhances their freedom to decide constructively on how regulations should be enforced (Hupe & Hill, 2015). An SLB who enjoys the unlimited ability to decide on matters is a bureaucrat who has positive perceptions of, and attitudes toward, their clients (client meaningfulness) (Tummers, 2012).

A recent study describes the importance of SLBs' attitudes toward their clients as a vital factor shaping bureaucrats' decisions during their interactions (Keulemans & Van de Walle, 2020). Keulemans and Van de Walle (2020) highlighted how SLBs' perceptions of client demands are based on assessments of clients' information. These perceptions are governed by bureaucrats' overall attitudes and clients' behaviors. SLBs do not always view their clients positively (Van de Walle & Lahat, 2017). Previous studies have confirmed that bureaucrats differ significantly in how they perceive their clients based on client behaviors and the information they offer to bureaucrats when seeking to access the services that SLBs are responsible for providing. Kroeger (1975) explained that bureaucrats viewed as "client-oriented" generally employ greater discretion when assisting clients. The scholar also suggests that such SLBs are disposed to engage in client manipulation. Furthermore, Stone (1981) highlighted some bureaucrats' negative attitudes toward their clients and argued that such bureaucrats are less willing and inclined to respond to clients' demands. Keulemans and Van de Walle (2020) concluded that the bureaucratic attitude toward clients consists of a "behavioral attitude," which suggests that how bureaucrats perceive their clients determines how they interact with them and use their discretion during interactions.

Sandfort (2000) showed that SLBs in the US public welfare system exercise great discretion when they perceive their clients positively, which indicates a clear link between these two constructs. Client meaningfulness has been well documented in the research on bureaucrats. It influences SLBs' ability to decide on matters freely, which, in turn, influences the enforcement process. It is related to the awareness among bureaucrats that a policy is appreciated and will aid their clients.

SLBs' unobstructed ability to decide on matters freely ultimately shapes how regulations are enforced, as it influences how SLBs act on the front lines and whether they can accommodate a client's needs if SLBs share a positive relationship (client meaningfulness) with the client. Hence, SLBs who experience unrestricted freedom to decide on matters want to assist their clients and ensure that they receive the positive effects of a policy (Tummers & Bekkers, 2014).

2.11.3 Willingness to Implement (Policies)

Metselaar (1997, p. 42) defined willingness to implement (policies) as a "positive behavioral intention towards the implementation of modifications in an organization's structure, or work and administrative processes, resulting in efforts from the organization member's side to support or enhance the change process." Tummers (2012) defined it as the positive longing or desire of a bureaucrat to implement a policy. Willingness to implement a policy has a fundamental and significant relationship with SLBs' use of discretion (Tummers et al., 2012). If a bureaucrat wishes to implement a policy, their exercise of discretion during enforcement is bound to increase (Hupe & Hill, 2015; Lipsky, 2010). This is expected of SLBs who see their clients as essential and aim to provide them with the benefits of enforcement. Thus, SLBs experiencing positive willingness to implement laws and exert efforts to ensure that a policy is implemented successfully are associated with the use of discretion, as discretion can help SLBs realize that they have the power to better help their clients, which, in turn, positively shapes

SLBs' willingness to implement a policy during the implementation process. This relationship has not been explored in the literature previously (Maynard-Moody & Musheno, 2003; Tummers, 2012). Lipsky (2010) stated that the policy implementation literature has primarily examined the bottom-up approach, in which willingness has been considered an essential factor for SLBs. Such willingness extends to the enforcing organization's willingness to grant full discretion to its frontline workers.

Braithwaite (2011) highlighted the cooperative approach of regulatory enforcement, which calls for SLBs to be cooperative and willing to educate their clients. This is achieved through SLBs building a relationship with clients and advising them on complying with policies. Such a positive connection increases the willingness of SLBs to implement policies and enhances their overall desire to genuinely benefit their clients while ensuring a high level of compliance with the law. Regulatory enforcement is associated with the level of willingness of those responsible for the enforcement of regulations.

This same willingness can determine the success of any policy. For this reason, it is essential to analyze SLBs' willingness to implement policies to understand how they interact with clients and decipher their level of commitment to ensuring the enforcement of a policy. Understanding the relationship between willingness and discretion can facilitate a deeper understanding of the enforcement process and how discretion is linked with SLBs' behavior and their perceptions of the policies they are tasked with enforcing (Hassan et al., 2021a).

Therefore, willingness to implement policies is the positive behavioral intention that positively impacts SLBs, and this research is centered on the hypothesis that willingness to implement policies has a positive effect on an SLBs' use of discretion during the enforcement of regulations. The literature discusses this behavior from the

perspective of a bottom-up approach (SLBs), in which it is argued that it is essential for bureaucrats to exercise discretion for them to experience a high level of willingness to implement policies (Mazmanian & Sabatier, 1983; Meyers & Vorsanger, 2007; Tummers & Bekkers, 2014). In this study, it is conceptualized that willingness and discretion are positively correlated based on the literature. When SLBs show a high level of willingness to implement policies, it influences their use of discretion to positively enforce a regulation (Durant, 2010; Tummers & Bekkers, 2014; Hassan et al., 2021a).

2.11.4 Perceived Supervisory Support

The traditional understanding of supervision is that it is a system of monitoring the behavior of subordinates and implementing formal mechanisms in an organization (Wood, 2006). It is a critical element in the field of public administration and has its roots in the earliest writings in the field (Goodnow, 2017; Gulick, 1937; Wilson, 1887). Weber's model of ideal bureaucrats is a focused system of decision and control, in which employees follow the rules and procedures and all operations are overseen by supervisors who have sufficient experience and knowledge to adjust to any wrongdoing (Weber, 1947). However, the traditional approach does not discuss how bureaucrats view their supervisors, whether supervisors motivate them, or how supervisors convey an assumption of honesty, motivation, and integrity in the public sector rather than advancing bureaucrats' own self-interests (Hill & Hupe, 2016; Lipsky, 2010; Wood, 2006).

In the 1960s, the public choice school of thought directly challenged the assumption of the traditional school and argued that bureaucrats could be principals and agents. It emphasized that agents (SLBs) were self-interested, rational decision-makers but that their preferences and interests differed from those of the principals (supervisors). This school of thought contended that a combination of incentives and punishments was essential to ensuring that SLBs could continuously provide aid to the public and that

citizens could accrue personal benefits. Both schools of thought have argued that, by centralizing the decision-making system, standardizing rules and procedures, monitoring behavior, and punishing deviators, supervisors can effectively manage SLBs (Glanz, 1991; Wood, 2006).

The recent scholarship on public management has argued that the traditional view is inefficient and unsuitable for the 21st century. It has indicated that the role of supervisors is to support SLBs (Gassner & Gofen, 2018; Keulemans & Groeneveld, 2019). Supervisors play an indispensable role in defining the behavior of SLBs, as the primary function of supervision in this approach is not to control or monitor subordinates, but rather to educate and persuade them and coordinate SLBs' decisions to ensure active service provision to the public (Thomann et al., 2017). This school of thought argues that, in the real world, a positive relationship between the "principal and the agent" must exist and that there must be willingness on both sides to negotiate and learn from one another. It also contends that it is essential for SLBs to have a favorable view of their supervisors, which is essential for their job performance (Bradley et al., 2010; Brewer, 2005; Hassan et al., 2021a).

Kadushin and Harkness (2014) discussed supportive supervision in the context of supervisors assisting subordinates while dealing with job-related issues and stress, which can help employees develop the requisite feelings and attitudes to enhance job performance. Public employees draw support from diverse sources. A supervisor can empower employees to be independent and decide freely on how to deliver services and interact with clients.

Supervisors offer substantial support for public employees. They play an active role in enabling constructive peer communication by leading regular staff meetings and groups, developing solid relationships with peers in the workplace, and providing

mentorship and consultation opportunities (Kadushin & Harkness, 2014; Ladany et al., 1999; Wehrmann et al., 2002). Supervisory support can have a profound impact on negative organizational factors. Supervisors can facilitate and provide consistent support and advice to help SLBs deal with stress-related issues in the workplace.

A supervisor's abilities can be seen in their active engagement and efforts to develop the relationship between employees and teams to help them manage their workload better and improve the relationships among peers in the organization. Supervisors can help bureaucrats find ways to manage their workloads and provide positive reinforcement by recognizing their performance (Gustavsson & MacEachron, 2004; Kadushin & Harkness, 2014). Perceived supervisory support refers to an SLB's perception of their supervisor and how much they value their work (Eisenberger et al., 2002). SLBs who have their supervisors' support tend to be more committed to achieving their job-related goals (Lipsky, 2010). Hence, a "strong supervisory support climate is likely to provide an important basis from which unit members can draw a key object, energy, and social resources" (Erdeji et al., 2016, p. 852).

In conclusion, it is essential to conceptualize how SLBs perceive supervisory support as an essential construct that shapes how they enforce regulations. Thus, understanding how this construct shapes the use of discretion is crucial for examining the enforcement process.

2.11.5 Workplace Aggression

Workplace aggression is defined as "negative acts committed against members of an organization; these acts negatively affect job performance and are considered a psychological and physical threat to the employees" (Ramzy et al., 2018, p. 224). Research has shown that outsiders (clients and inspectees) rather than insiders are the main factor contributing to this construct, as they are seen as perpetrators who show

aggression toward employees (Barling, 1996; Neuman & Baron, 2005; Rupp & Spencer, 2006).

This study is focused on an outsider's aggression toward SLBs. These outsiders are called "stressors." Kahn et al. (1964) described stressors as individuals who impose physical and psychological stress on other individuals. SLBs may not be able to do their work effectively if they fear for their well-being. The literature has confirmed this fact and has shown that stressors may negatively affect enforcers' ability to perform their tasks (Barling, 1996; Schat & Kelloway, 2003). Workplace aggression can decrease bureaucratic performance. The stressor model suggests that aggression can affect an employee's mental and emotional health (Barling, 1996). The weakening of these abilities forces an employee to shift the focus of their cognitive and emotional energy toward reducing or preventing such issues (Hareli & Rafaeli, 2008).

Lipsky (2010) found that SLBs face similar situations and indicated that a bureaucrat's work often includes "physical and psychological threats." He explained that SLBs continuously face threats while enforcing regulations, primarily as the result of a chaotic working environment, as SLBs are often unable to control work-related encounters. Therefore, physical and psychological threats are crucial factors that shape SLBs' enforcement ability and use of discretion. Lipsky (2010) maintained that SLBs such as police officers, teachers, and inspectors sometimes face-threatening circumstances, which are a significant component of their occupations. Moreover, the threat exists continuously because it is unpredictable.

Lipsky (2010, p. 32) also stated that "the threat of physical harm is the most dramatic aspect of the threat under which SLBs sometimes work." Lipsky (2010) and Lynn and Hill (2008) indicated that physical and psychological threats are present because of the peculiar demands of the public sector. Bureaucrats must make rapid

decisions, as a client may interpret indecision as a lack of authority, thus resulting in negative interactions between clients and SLBs. There is a high likelihood of clients threatening SLBs, which results in the inability to decide how to go about enforcing regulations.

Lipsky (1976) emphasized that SLBs, like police officers in 1976 in New York City, experience psychological strain due to physical threats. In this study, examinations of individual police officers revealed that threats altered their enforcement techniques. He also emphasized that other public employees may face similar threats. For example, between 1974 and 1975, he found that 70,000 schoolteachers in the US had reported severe injuries from physical assaults by students. He added that these psychologically distressing events had caused trauma among teachers, which affected their job performance. Given this state of affairs, it is vital to examine this phenomenon while enforcing regulations to provide a comprehensive examination of the factors that may hamper the ability of SLBs to decide freely on matters when enforcing regulations.

Davidovitz and Cohen (2021) highlighted the idea that SLBs experience aggression and violence from clients and noted that some SLBs are tolerant, while others do not accept such violence directed toward them. Hence, it is also vital to examine this phenomenon while enforcing regulations to draw attention to SLBs' behavior on the front lines.

2.11.6 Role Expectations

Jewell and Glaser (2006, p. 341) highlighted this critical variable and how it shapes the behavior of public employees. They defined role expectations as “how the mission and values of a program, as they are communicated to the staff, become embodied in their workers' perception and shape their attitudes towards their work and their clients and what the perceptions of and attitudes towards their work are.” Scholars

such as Lipsky (2010) and Hill and Hupe (2019) have argued that this concept mainly addresses how SLBs view their role during policy implementation.

Jewell and Glaser (2006) have questioned how welfare workers' role expectations align with the objectives of the policies they enforce. Their analysis identified two factors contributing to this variable: one, bureaucrats see themselves as an essential component of the policy and the process of achieving its goal, and two, many bureaucrats do not see themselves as an essential factor in the process but rather view their work in narrow technical terms.

Lipsky (2010) indicated that role expectations are a social construct shaped by work peers. A worker's reference group influences how a bureaucrat perceives oneself and learns how to deal with clients. This shows how SLBs identify with their role expectations. According to Lipsky, bureaucrats feel a sense of commitment to the public good and display willingness to help their clients. However, SLBs "develop conceptions of their work and their clients that narrow the gap between their personal and work limitations and the service ideal" (Lipsky, 1980, p. xiii).

Lipsky (2010) concluded that this construct is of paramount importance in shaping SLBs' use of discretion. He argued that role expectations differ significantly, shaping how enforcers deal with conflict and ambiguity. He added that there are three approaches in which SLBs' role expectations shape their decision-making processes. First, the extent of the public's expectations shapes SLBs' role expectations. This can be understood by considering how the public sees them and the work they are supposed to do as well as how bureaucrats perceive themselves and what they must do. There is often a considerable disconnect between the two groups, which results in role conflict for SLBs. In such situations, as seen in some cities in the US where the law is vigorously enforced, SLBs have a clear understanding of their role. In other cities, police officers tend to focus

on maintaining order and view themselves as having negative role expectations, which is reflected by their perception of their ability to deal with the public and use their discretion freely. As a result, SLBs have often failed to enforce regulations effectively (Hupe, 2019).

Second, role expectations are shaped by peers. Bureaucrats have suggested that only their work peers appreciate and understand the pressure they face in the workplace and the extent of their work-related strain. The subject of peer support is critical and debatable. Lipsky (2010) argues that for SLBs to use their discretion freely, they require peer support, through which they can see their role within an organization as necessary and receive consistent advice and support. An example of this phenomenon is seen when police officers execute their obligations with a strict focus on enforcement. The actions of the police in any situation are shaped by the support they receive from other police officers. This support can come in the form of advice or physical support while dealing with a conflict (Hupe, 2019; Lipsky, 2010).

The third factor determines SLBs' role expectations concerning the clients or members of the public with whom they interact. Lipsky (2010) indicated that clients are not principal points of reference for SLBs. This does not mean that, as in the case of teachers or judges, that children or defendants are unimportant. However, such groups do not determine a bureaucrat's role expectations. Sometimes, an SLB resists their clients' demands because SLBs recognize that their clients are not a part of the peer-group constellation. Many bureaucrats provide daily services to clients and are expected to interact with the public in a supportive manner; thus, they understand the need for the client to have a say in how their work is conducted. Overall, there is a lack of clarity when examining how SLBs' role expectations can impair their actions and reduce the efficacy of their decision-making processes, as they do not have an accurate perception of the critical role they can play within an organization. As a result, SLBs might make decisions

that can lead to issues when interacting with clients (Bell & Smith, 2021; Lipsky, 1979; Rossi, 1974; Yuan & Woodman, 2010).

Hupe and Hill (2015) found that SLBs see themselves as essential components of society. They believe that any action they undertake has a tremendous impact on their clients. These perceptions indicate that SLBs see their role as essential to the success of any policy they enforce. The discretion associated with the job of bureaucrats involves a positive relationship with their perceived role expectations.

2.11.7 Physical Workload

Spector (1997) defined physical workload as any demand placed on an employee and identified various kinds of workloads. The first is qualitative, which refers to the efforts taken to get a job done and the difficulty level in terms of mental and physical strain. Some examples include lifting heavy objects (physical demand) or solving complex mathematical problems (mental demand). Both types of effort can be quantified according to the qualitative workload. The second is a quantitative workload, which refers to the quantity of work an employee must complete when fulfilling a task.

The literature relies on the general meaning of the term “workload,” which represents the volume of work that an employee must complete. The term “workload” is related to the psychological effort exerted by an employee. Numerous researchers have investigated the connection between workload and job performance and have found that the higher the physical workload is, the more likely it is to cause employees to feel uncertainty and stress (Beehr & Bhagat, 1985; Carsten & Spector, 1987; Spector & O’Connell, 1994). The physical workload determines the use of discretion by SLBs. A wide range of factors shapes their use of discretion. How bureaucrats manage their workload is essential to understanding SLBs’ behavior, as their primary responsibility

consists of managing the overwhelming workload that falls on their shoulders in their everyday lives (Lipsky, 2010).

Schütze (2019) examined Swedish SLBs' workloads and highlighted the fact that an increasingly large workload could shape government employees' use of discretion and negatively affect bureaucrats' decision-making processes. Furthermore, an increase in workload was found to result in a tremendous threat to SLBs who interact with the public because it tends to limit the time they can spend with each client and influence the quality of the work they produce.

Lei et al. (2019) demonstrated that SLBs could use their discretion more freely with a light physical workload. Thus, there is a negative correlation between workload size and discretion. In this study, the concept of workload is understood as the physical tasks that labor inspectors must execute to fulfill their duties at work. Lipsky (2010) also highlighted that most SLBs face heavy workloads daily. Such workloads may involve enforcing the law, maintaining order, teaching in public schools, and so on. Based on the literature, it is believed that workload size is negatively correlated with the use of discretion to the point where an increase in workload size negatively impacts an SLB's ability to act freely.

2.11.8 Multi-Dimensional Enforcement Style

In this study, enforcement is conceptualized as all the actions taken by government agencies and SLBs to ensure that persons and entities comply with regulations. Such actions may include sanctioning non-compliers, planning interactions with inspectees, and conducting administrative tasks. However, the performance of SLBs is measured by a rational parameter, which is how they interact with the public and enforce policies. The literature shows that enforcement styles are not static; SLBs employ

various styles based on the types of situations that they must handle (Mascini, 2013) and their encounters with inspectees (Etienne, 2013).

Most studies have examined whether enforcement style is conceptualized as varying along a single or multiple dimensions (Bardach & Kagan, 1982; Lo et al., 2009; May & Wood, 2003). According to the traditional school of thought, enforcement style can be one-dimensional, as bureaucrats exhibit rigidity while enforcing and implementing regulations. Kagan (1994) explained that bureaucrats employ a variety of styles, which range from punitive to cooperative. Scholars such as Reiss (1984) have emphasized that SLBs prefer the deterrence-based approach and the use of sanctions over the cooperative approach. In contrast, some scholars have argued that a one-dimensional approach is not adequate for understanding the complexity of enforcement styled (Ayres & Braithwaite, 1994; Gormley, 1998).

May and Winter (1999) showed that enforcement styles range from formalism and coercion to cooperation and must thus be understood from a multi-dimensional perspective. May and Winter (2000, p. 147) described formalism as “the degree of rigidity in interactions that varies from informal conversations and rule-bound instances on the part of the [SLBs]” and coercion as “the willingness to issue threats that vary from a trusting inspector not issuing warnings, to a skeptical [street-level bureaucrat] threatening to report or to impose penalties for violations.” They contended that bureaucrats could employ both dimensions in the same situation at varying degrees, resulting in different enforcement styles. De Boer (2019) identified three dimensions of enforcement style: legal enforcement, facilitation, and accommodation. A bureaucrat can combine all three while interacting with inspectees, as seen in Lo et al. (2009), de Boer (2019), and de Boer and Raaphorst (2021). The legal enforcement dimension emphasizes the rigidity of laws. An SLB may focus on enforcing the law without considering the circumstances of the inspectees. This situation is commonly seen in developing countries, as bureaucrats

enforce regulations in rigid ways without considering inspectees' situation at the time (de Boer, 2019; May & Winter, 2000).

This is congruent with the deterrence-based school of thought vis-à-vis enforcement, which emphasizes the idea that the best way for a bureaucrat to enforce a regulation is to be legalistic and use their discretion to punish or reward inspectees by issuing penalties. However, numerous studies have shown that such behavior can have a negative impact on inspectees, as it can promote non-compliance (Cohen, 2000; Rechtschaffen, 1997).

The second dimension is facilitation. This method is aligned with the cooperative school of thought, which contends that the best way to enforce a regulation is to persuade inspectees to comply and provide them with advice and education on the relevant regulations. This method also involves considering the circumstances of inspectees during enforcement. It is considered the optimal method of enforcement under the responsive regulation theory. Bureaucrats act as advisers to inspectees, who tend to be more willing to listen and follow the rules in such situations. Finally, under the accommodation approach, SLBs consider the views and advice of key stakeholders, such as colleagues and supervisors. This dimension differs from the two previously discussed ones in that the advice and opinions of stakeholders are considered essential in supporting enforcement. This dimension suggests that SLBs consider advice from others, as they should prioritize such advice because it comes from people with prior knowledge. Such advice can help them enforce regulations and use their discretion judiciously (Lo et al., 2009; Nielsen, 2015).

2.12 Conclusion

The literature shows that the theories of Lipsky and Ayres and Braithwaite rely on analyzing the regulatory enforcement. Lipsky's theory highlighted the concept of SLBs; additionally, how the critical variables in this theory, namely, personal characteristics and internal organizational factors, shape SLBs' discretion was evaluated. However, due to Lipsky's theory's limitations, Ayres and Braithwaite's theory was also incorporated into this analysis, as it highlights the importance of considering a multi-dimensional enforcement style in analyzing the enforcement of regulations. Combining these theories is the main contribution of this study. The conceptual framework that emerged from this combination can serve as a new tool for analyzing regulatory enforcement.

CHAPTER 3: MINIMUM WAGE REGULATIONS AROUND THE WORLD

In this chapter, minimum wage regulations worldwide are discussed while focusing on the minimum wage policy in Malaysia.

3.1 An Overview

Minimum wage regulations are considered a principal component of governance in many countries. The first country to implement a minimum wage policy was New Zealand in 1894, followed by Australia in 1896. This concept moved to the UK in 1909, and, in 1983, the US Congress formulated and passed a federal minimum wage law, which was a crucial section of the Labor Standards Act. Since then, minimum wage regulations have been implemented in many countries. Significantly, developing nations have implemented a minimum wage in various forms for various industries with the primary goal of addressing the problem of poverty (Neumark & Wascher, 2007).

Since 1990, the concept of a minimum wage has been introduced in most countries globally, and the ILO has used the minimum wage as a central element in international labor standards (Lemos, 2009b). The ILO defines the minimum wage as “the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period which cannot be reduced by collective agreement or an individual contract” (Sümer, 2018, p. 26). The ILO highlighted the idea that the objective of the minimum wage is to protect workers’ rights against “unduly low pay,” and minimum wage laws can be a significant component of efforts to resolve the fundamental issue of poverty and inequality (International Labour Organization, 1928).

The subject of the minimum wage has encouraged substantial debate, both politically and theoretically. The first school of thought has promoted the minimum wage as a dynamic instrument to ensure that low-wage workers receive fair wages. On the other hand, another school of thought has argued that minimum wage regulations negatively

impact the people whom they are supposed to assist. Critics argue that the minimum wage is bound to increase the unemployment rate and eventually reduce job opportunities (Card & Krueger, 1993).

Economists were forced to rethink their understanding of the minimum wage in the early 1990s, specifically when David Card and Alan Krueger of the American National Bureau of Economic Research offered substantial evidence that there is no predictable negative effect on employment with an increase in the minimum wage. For example, they concluded that the minimum wage does not affect the hiring of low-paid employees in the fast-food industry in Pennsylvania. Card and Krueger (1993) have argued that, in reality, the debate on the minimum wage is politically driven and does not identify the fundamental importance of the concept in the economy.

The minimum wage policy may differ from one country to another based on economic growth and the political situation in each country. The minimum wage in developing countries may differ significantly between one developing country and another. Developing countries have dominated the literature due to the issues that arise in such countries regarding minimum wage policies, low levels of implementation, and various aspects of enforcement. However, many countries have implemented minimum wage regulations. Approximately 90 percent of all countries globally have implemented a minimum wage, according to the Global Wage Report 2010/2011, because minimum wage policies have been proven to be an essential tool for reducing poverty and inequality and ensuring economic stability (International Labour Organization, 2013).

In Brazil, a study highlighted the fact that an increase in the minimum wage primarily affects the distribution of the overall wages in a country. Furthermore, the minimum wage has only a small adverse effect on employment, and it was demonstrated that a ten-percent rise in the minimum wage would lead to a decrease in employment of

no more than one percent (Lemos, 2009a, 2009b). Indonesia has an exciting minimum wage system. The system that was implemented is considered unique because 33 provinces in Indonesia have their own minimum wage. In one study, researchers estimated the consequences of implementing the minimum wage on urban employment and concluded that the higher the minimum wage was, the lower the employment rates in Indonesia would be with a factor of elasticities of -0.025 and -0.024 (Rama, 2001).

Pratomo (2010) built on the work of Rama (2001) by using regional-level data sets. The study was focused on examining 26 provinces from the period between 1989 and 2003, wherein the results reflected a negative impact on employment in selected sectors; however, as for the total employment rates of the country, there was no significant adverse impact. However, this study suggested that, because of non-compliance among some of the provinces in Indonesia, an overall conclusion could not be reached.

Bird and Manning (2008) debated whether minimum wage policies were questionable and whether they were an ineffective tool for providing a resolution to the issue of poverty. Studies conducted in developing countries have shown that minimum wage policies are questionable as a redistributive policy tool due to various external factors shaping such policies. Minimum wage regulations primarily benefit the formal sector (Alaniz et al., 2011; Bird & Manning, 2008; Bosch & Manacorda, 2010; Maloney & Mendez, 2004), whereas minimum wage regulations have no considerable impact on the informal sector. Furthermore, Gindling and Terrell (2009) concluded that non-compliance with minimum wage regulations is considerably high in developing nations.

Finally, in the US, the minimum wage was introduced at the end of the 19th century in the wake of industrialization. The introduction of the New Deal by the Roosevelt administration in 1933 was the first attempt to establish a national minimum

wage. It resulted in the introduction of the National Industrial Recovery Act, which set the maximum hours and minimum wage in the US. The current minimum wage at the federal level is set at 7.25 dollars per hour. The minimum wage in the US has been found to correlate positively with increased unemployment. A study conducted by David Neumark and William Wascher in 2007 showed that any increase in minimum wage rates increases unemployment for unskilled workers specifically (Neumark & Wascher, 2007).

In 2017, Senator Patty Murray and Senator Bernie Sanders introduced new federal legislation, which 28 other senators backed. This legislation introduced a 15-dollar hourly minimum wage to be enforced in 2024. This rate will be indexed to compensate for the federal inflation rate.

The Raise the Wage Act of 2017, which was introduced in the House of Representatives, marked a significant change to the minimum wage regulations in the US, as it was called for the introduction of a minimum wage of \$9.25 immediately and then a subsequent increase to \$15 by 2024 (Carney, 2017).

Overall, the Department of Labor has been responsible for implementing minimum wage regulations in the US; specifically, the Wage and Hour Division within that department has been responsible for the enforcement of the minimum wage (McGuinness et al., 2020; Carney, 2017).

Both developing and developed countries now enforce minimum wage legislation to protect low-skilled workers' rights (Bhorat & Stanwix, 2013). Minimum wage legislation has proven to be a tool for social protection. However, the formal enforcement efforts and mechanisms in most countries are weak, with relatively high rates of noncompliance. A common factor is that a low level of compliance is related to labor regulations (Munguia, 2019). The generally low level of compliance in developing countries is related to the enforcement and implementation of such policies (Bhorat &

Stanwix, 2013). However, the issue of violations and non-compliance has received little attention. Most of the literature analyzing the minimum wage assumes that such policies are perfectly enforced.

To understand the impact of the imperfect enforcement of minimum wage regulations, in this study, essential studies from the developing world were highlighted. For example, a study investigating the impact of minimum wage policy enforcement in Brazil by Lemos (2009a) stated that minimum wage regulations in Brazil have an insignificant effect on the formal and informal wage rates, which could be related to various factors that negatively impact policy outcomes.

The lack of enforcement is a crucial factor. On the other hand, Viet (2010) has conducted a study in Vietnam regarding the minimum wage, which has been revealed to have a minimal influence on the universal employment rate, and this minimal effect might be related to the ability of SLBs to enforce the minimum wage effectively, as this may be one of the reasons for the effect. However, this is not the only factor contributing to the weak enforcement of the minimum wage. One of the factors that could contribute to such an outcome is likely corruption within the public sector (Phuong, 2017). Also, a compelling argument is made by Ronconi (2010), who highlights the idea that low levels of compliance are likely due to institutional weaknesses and a lack of enforcement capacity. However, when examining the employment effect in the formal sector, it was observed that the minimum wage had a substantial adverse effect. Therefore, in this study, it was determined that low-paid employees in the formal sector should be considered to safeguard them from being adversely affected by negative market implications.

Maloney and Mendez (2004) found that there were adverse employment effects due to the weak enforcement of the minimum wage in Colombia. Bhorat et al. (2014) found similar results in relation to minimum wage regulation enforcement in the South

African agricultural sector. In most developing countries, the question of how the enforcement process affects the outcome of the policy has not been carefully investigated; a focus on the enforcement stage with a specific examination of the SLBs who enforce such regulations should assist in developing an understanding of why various countries have different levels of compliance (Basu et al., 2010).

The literature offers a consensus on the existing state of labor regulation enforcement, specifically minimum wage regulations in developing countries. It is commonly acknowledged that enforcement efforts in many developing nations are inadequate (Bhorat & Stanwix, 2013). The limited literature demonstrates the ineffectiveness of government enforcement efforts within developing countries, and a considerable percentage of low-skilled employees still receive sub-minimum remuneration (International Labour Organization, 2008; Ronconi, 2010).

Moreover, the lack of vital regulations is not an issue. Piore and Schrank (2008) highlight the concept of “regulatory revival,” which argues that regulations have been going through a process of evaluation and enhancement to assist officials in achieving more sustainable and effective policy goals. Furthermore, developing countries now have a wide-ranging array of labor laws, which include minimum wage regulations. Nevertheless, minimum wage regulations in some countries are so comprehensive and sophisticated that a single country may have minimum wage rates that differ across market sectors, as in Indonesia.

In countries like Kenya, Costa Rica, and South Africa, there is a complex minimum wage system, in which the minimum wage varies based on sector, occupation, and location, resulting in over 30 minimum wage rates (Andalón & Pagés, 2009; Gindling & Terrell, 2004). Thus, Kanbur et al. (2013) noted that often, the issue is not the lack of

labor laws in developing countries, but rather the existence of imperfect and ineffective enforcement efforts, which cause low levels of compliance.

In Argentina, only half of the labor force receives the legal wage, even though a considerable number have been registered as receiving a rate higher than the minimum wage. This results from them working hours and being over the legal limit without overtime pay (Ronconi, 2010). In Kenya, Andalón and Pagés (2009) noted that 70 percent of the high-skilled workers in urban areas receive the minimum wage, and these workers should receive a wage greater than the minimum wage. The author relates this issue to the country's use of various wage categories, which makes the enforcement process difficult.

In South Africa, Bhorat and Stanwix (2013) estimated that 45 percent of the labor force received wages that fell short of the legal minimum wage. Numerous studies in developing countries have noted a high level of non-compliance. For example, Trinidad and Tobago (Strobl & Walsh, 2003), Brazil (Lemos, 2009a), Chile (Kanbur et al., 2013), and other Latin American nations (Maloney & Mendez, 2004) all recorded high levels of non-compliance. However, in countries like Vietnam, only three percent of the workforce is registered in the formal sector, and 6.8 percent of those in the informal public sector earned wages below the legal minimum wage in 2006. This variety of outcomes of minimum wage policies is related to the various efforts that governments have undertaken to implement a minimum wage, which shapes the outcome of such policies.

Furthermore, Asian countries have been on the frontlines of the emerging countries enforcing minimum wage regulations. Laos has implemented a minimum wage policy since 2018. The tripartite council, which is made of labor associations, government representatives, and employee federations, determines the minimum wage rate. The Philippines was one of the earliest nations to enforce a minimum wage rate in the region.

The Philippines' rate is also considered the highest among the ASEAN countries, with a rate that ranges from P290 (5.71 USD) to P537 (10.63 USD) per hour. Vietnam has used minimum wage regulations as a tool to combat inflation by increasing the minimum wage in January 2020 by 5.7 percent. The country's minimum wage differs across its four regions. However, any worker who has had vocational training receives a minimum wage that is 7 percent higher than that of other employees. Finally, Thailand announced an increase in its minimum wage starting in January 2020. This is the second time in the past seven years that Thailand's minimum wage has increased (Jeroen, 2014; Ford & Gillan, 2017).

All the aforementioned studies highlighted issues with minimum wage regulations. Hence, in this study, it is conceptualized that the issue of the imperfect enforcement of minimum wage regulations mainly results from issues related to the bureaucrats who are responsible for the enforcement process, which stem from constraints due to various factors on the ability of bureaucrats to act and decide on matters freely. In addition, other factors may contribute to the prevalence of weak enforcement capacities, which can occur because of many factors, such as weak commitment to enforcement or limited bureaucratic capacities, such as a lack of labor inspectors. However, this research is focused on the enforcers (SLBs) when seeking to understand the process of enforcing the minimum wage in Malaysia.

In conclusion, many countries around the world have implemented minimum wage regulations. However, these countries all share a common factor: the imperfect enforcement of the minimum wage, which results in a significant difference in policy outcomes.

3.1.1 Minimum Wage Studies in Malaysia

The introduction of the minimum wage policy in Malaysia took place in 2012 and the relevant policy was named “Minimum Wage Order 2012.” Nevertheless, the implementation stage was initiated in 2013. The Minimum Wage Order 2012 set the minimum wage at RM900 for West Malaysia and RM800 for East Malaysia (Yuen, 2013). However, these rates were revised under the “Minimum Wage Order 2020” to include a rate of RM1,200 for all workers in the 16-city council, which also covers 40 Municipal councils, and RM1,100 for all other city council members as specified in the schedule of the Minimum Wage Order 2020 (Kanagasabai & Alagaratnam, 2020).

Based on the information obtained from the Department of Labor and the NWCC., the minimum wage regulation is managed at the policy level by the National Wage Consultative Council (NWCC), which reports to its parent ministry: The Ministry of Human Resources (MOHR). The NWCC is a tripartite body that includes employee unions, employer federations, and government representatives. The council was formed through the National Wage Consultative Council Act 2011 (Act 732), which includes stipulations concerning the Minimum Wage Order (MWO). Such matters include inquiries on the enforcement processes, offenses and fines, and other administrative issues related to the minimum wage.

The main task of the NWCC is to deliberate and reach a consensus on the minimum wage rate under review for the upcoming year. In addition, the NWCC, as an agency, is made up of three other units – the Secretariat, Monitoring & Policy, and the Technical Committee. The Secretariat handles administrative and facilitative matters, while the Monitoring & Policy unit evaluates the performance of minimum wage policies. Finally, the Technical Committee handles all matters related to research and puts forth recommendations to the council on the minimum wage rates that are reasonable for the country.

However, the enforcement of minimum wage regulations is under the purview of the Department of Labor of Peninsular Malaysia in the MOHR (or the respective Departments of Labor in Sabah and Sarawak). The Department of Labor is responsible for enforcing 12 Labor laws, including the minimum wage regulation. Specifically, the Enforcement Division handles the enforcement aspect of minimum wages within this department. Under this division, enforcement is carried out through Statutory Inspections (SIs) by the labor officers tasked with such enforcement responsibilities.

The Department of Labor is part of the Ministry of Human Resources, which consists of 12 other departments; the Department of Labor was founded in 1912. The department's goal before the 1960s was to "safeguard the interests of workers in the plantation and mining sectors." The ministry underwent organizational restructuring, and the Department of Labor was integrated with the industrial relations department in 1970 to ensure that their roles and duties were combined to maximize regulation enforcement and policy implementation. The department is accountable for safeguarding workers' welfare and ensuring a professional relationship between employers and employees. The Department of Labor's primary operations consist of implementing and enforcing labor laws that are in line with international agreements, such as the Employment Act 1955 and the minimum wage order. The department's main job is to enforce labor regulations and review and draft amendments to the labor act, handling and resolving labor complaints (JTKSM, 2021).

There are a limited number of studies on the enforcement, implementation, and even economic effects of the minimum wage in Malaysia. A study by the Institute of Labor Market Information and Analysis (ILMIA) in 2014 reported that, in Malaysia and across various industries and regions, including Sabah and Sarawak, a large share of firms within the private sector are not significantly affected by the implementation of the minimum wage policy. Only a few have reported an impact of the minimum wage on

their business' profitability, which was low. The report also highlights an increase in product prices and the reduction of benefits and cash payments, as well as allowances by businesses for their employees. Firms used these measures to address the minimum wage's effect (ILMIA, 2014). Another study conducted by the ILMIA noted that 55 percent of the businesses surveyed reported a decrease in their employment of local workers, while only nine percent of the respondents reduced their employment of foreign workers in Peninsular Malaysia. The study also identifies the fact that many firms across all regions and sectors reported high rates of employee turnover as a direct effect of the minimum wage's implementation.

One study observed the early effects of implementing the minimum wage in Malaysia. It identified the fact that foreign workers are the principal beneficiaries of the increase in the minimum wage, while between 38 and 64 percent of foreign workers received the minimum wage. This was determined by analyzing the foreign exchange outflow of the foreign workers. On the other hand, only 13 to 29 percent of the local workers benefited from the minimum wage policy and saw an increase in their income. In this study, it is argued that, due to the introduction of the minimum wage policy, there was an increase in operating costs at more than 25 percent of companies nationwide. However, the study highlights the fact that there was an increase in workers' performance and multitasking and an expansion of their job duties due to the minimum wage's implementation (Ghee et al., 2015).

A study by the Sarawak Timber Association argues that the minimum wage policy has increased the income of low-wage employees, as such workers were paid less than the minimum wage before the policy's implementation. The study also highlighted the existence of a negative impact regarding profit generation, as firms suffered losses in profits of more than 20 percent. The report also highlights the fact that the Sarawak

minimum wage was not appropriately implemented, which has affected the policy's general outcome (Sarawak Timber Association, 2013).

Despite making advancements by decreeing an inclusive minimum wage regulation in 2011, Malaysia has yet to achieve the objectives of the 2011 regulation. As a result, Malaysia's ability to enforce minimum wage regulations is limited. This statement is based on the overall number of inspections, with only 15 percent of all companies in Malaysia being inspected for compliance with the minimum wage regulation. The data obtained from the National Wage Consultative Council reflect the fact that Malaysia is facing issues when enforcing the minimum wage. An examination of the enforcement process of minimum wage regulations in Malaysia is needed to highlight the ongoing conundrum in public administration.

As part of the enforcement process, the inspectors lead the coordination of minimum wage regulation enforcement by using their discretion to enforce the law (de Boer et al., 2018). Personal and internal organizational factors shape the use of discretion by SLBs. Hence, in examining the enforcement stage, there is a need to understand how such factors impact SLBs' use of discretion. The enforcement process affects every stakeholder, including employers and the employees, who are the primary beneficiaries of the policy (Hupe & Hill, 2015).

Studies regarding minimum wage implementation in Malaysia have underlined mixed policy outcomes and issues related to the implementation process. However, the critical findings of a recent study on minimum wage implementation in Langkawi show that the hotel industry was not affected by the minimum wage regulation, specifically in relation to female employees, as the implementation of the minimum wage did not cause any significant increase in the cost of doing business (Ahmad et al., 2016).

Ghee et al. (2015) pointed out that the implementation of the minimum wage in Malaysia is affected by two issues. The first is companies' operating costs, and the second is the risk of business closure, which indicates that employers have not gained any benefits from the implementation of the minimum wage except payroll increases, which decrease their profit margins. The study also noted that the National Wage Consultative Council (NWCC) should consider restructuring the minimum wage rates. However, the restructuring must be evidence-based, and minimum wage implementation in Malaysia faces difficulties stemming from data availability. Empirical studies on the implementation process and survey evidence on the impact of the minimum wage are also lacking.

A study investigating who makes gains and losses because of the minimum wage policy noted that the implementation of the minimum wage policy has a positive outcome for various ethnic groups in Malaysia. The findings proved that the minimum wage is applicable as a mechanism of income redistribution and that it has benefited ethnic Indians and ethnic Malays. However, it has had only a slight beneficial effect on ethnic Chinese. The study also forecasted that approximately 45 percent of workers in the formal sector would benefit from the implementation of the minimum wage (Saari et al., 2016).

A study conducted by the World Bank in 2011 regarding the optimal design for the minimum wage policy has stated that a minimum wage of RM1,200 would reduce formal employment, specifically in the manufacturing, food and beverage, paper, and agriculture sectors. However, with a minimum wage of RM900, the effect on employment would be very minimal (World Bank, 2011).

The same study also highlighted the fact that, if the minimum wage were RM1,200, it would impact the employment of the elderly and young individuals, as firms would hire fewer young or elderly workers because of their relatively low productivity.

Furthermore, employment would be affected in the labor-intensive sector. This study also highlights the fact that the minimum wage must be implemented and enforced effectively to ensure that low-paid workers' rights are safeguarded and that informal-sector employment will not increase.

Recent research on the impact of the minimum wage on the hotel industry in Malaysia highlights the fact that the implementation of the policy has increased overall operational costs, and the minimum wage policy has had a considerable effect on workers' motivation, engagement, job satisfaction, and turnover intentions (Ahmat, 2018).

In conclusion, Malaysia is a progressive country that advocates for fair living wages for all its employees, and the minimum wage policy is seen as the primary tool used to achieve this goal. However, the mixed result presented in previous studies highlights an important issue related to the enforcement of the minimum wage in Malaysia. Therefore, this study is an attempt to understand why Malaysia experiences imperfect enforcement by analyzing the factors related to the SLBs who enforce the minimum wage and their enforcement style while shedding light on how internal organizational factors might contribute to the use of discretion by SLBs when enforcing the minimum wage regulations.

3.1.2 Minimum Wage Policy Enforcement Complexity

The enforcement stage is described as a complex and dynamic process due to the existence of various stakeholders with distinct roles, especially the individuals who enforce such regulations (Butler & Allen, 2008; Kelly, 2003). In addition, policy scholars such as Sabatier and Weible (2014) have identified a range of factors shaping the complex nature of the policy's implementation, precisely the enforcement stage:

- I. Numerous government organizations are involved in the process, and various special interest groups with distinct values and preferences are involved, resulting in a profound impact on the process.
- II. The duration of the implementation process can be a decade or more.
- III. Policy implementation involves various levels of government agencies, which have an impact on various matters within the implementation process.
- IV. The need for substantial financial resources and administrative coercion to ensure the policy's implementation affects the intended policy's outcome.

To understand the enforcement of the minimum wage policy in Malaysia, it is important to focus on the labor inspectors who enforce the minimum wage regulations. Analyzing the research can help us identify the factors that shape their use of discretion and how they enforce the minimum wage, as such factors are essential in understanding how the minimum wage is enforced in Malaysia.

The debate regarding the minimum wage policy in Malaysia is limited and suffers from a narrow focus on the economic impact of the minimum wage on the economy. Part of this debate is motivated by the wage growth in Malaysia and issues with the fact that low-paid workers in suburban areas are receiving sub-minimum wage compensation. The growth of wages is remarkably low. In Malaysia, between 2000 and 2011, the productivity of the labor force grew by 6.8 percent, whereas wages only increased by 2.5 percent (Ibrahim & Said, 2015).

In the case of Malaysia, when the minimum wage was enforced, a considerable debate was sparked. Employers argued that, with the minimum wage policy's enactment, the cost of business would increase and it would become more difficult to operate in Malaysia; moreover, the private sector argued that Malaysia's enactment of the minimum wage policy would cause an increase in the country's unemployment rate. Employees,

especially employee trade unions (MTUC), on the other hand, argued that the exploitation of workers was a severe issue in Malaysia and that both foreign and local workers suffered because of low wages and long working hours and that having a minimum wage policy was essential to protect labor rights (Ibrahim & Said, 2015).

The limited literature on the enforcement of the minimum wage regulation in Malaysia and lack of data are issues that have hindered researchers from developing a better understanding of this concept. The concept of enforcement needs to be analyzed to comprehensively understand how various factors shape SLBs' use of discretion, as they are the primary custodians of the enforcement of the minimum wage regulation.

3.2 An Alternative Approach to the Enforcement of the Minimum Wage Policy

The alternative literature is limited in size but imparts a sense of rationality by moving away from the traditional view of enforcement to a broader perspective focused on the bureaucrats responsible for enforcing the policy and the various organizational factors that shape the enforcement processes. A limited number of studies have been focused on examining the inspectors themselves and the various characteristics that may shape the enforcement process. However, most of these studies have come from the fields of institutional economics, sociology, and public administration (Ayres & Braithwaite, 1994; Bardach & Kagan, 1982; Hawkins, 2002; Oliver, 1980; Piore 2011; Piore & Schrank, 2008).

Essential to this school of thought is the idea that analyses of the active enforcement of regulations must consider each country's specific issues. Piore and Schrank (2008) classified and characterized two models of enforcement that could be applied in different circumstances, with a specific focus placed on the situation in developing countries.

The two models that have been identified are the “Anglo-American model” and the “Latin model” (Bhorat, 2014). These models have a direct approach to the problem of ineffective enforcement and non-compliance. The name of the Anglo-American model highlights the fact that this model is primarily used in North America. This model identifies the issue of non-compliance as a result of rationality, in which individuals and firms calculate profit-maximizing moves, as it is sometimes cheaper to violate the law than comply with it, and in which a punitive system of dealing with violations is employed to address the issue of non-compliance.

This approach is accepted by most economists, as they argue that the optimal path to effective enforcement is to impose penalties and the focus is placed on the deterrence approach; this model is mainly associated with the deterrence theory (Piore, 2011; Piore & Schrank, 2008).

Deterrence theory, with a specific focus on SLBs, generally has a small range of options while dealing with non-compliers; street-level enforcers are only expected to enforce the law, where regulatory enforcers can use sanctions and penalties to ensure effective enforcement.

This theory does not demand a high level of skill from the inspector, and it opens the door to potential corruption. With the use of this model, in developing countries, there tends to be a high tendency for formal-sector workers to move into the informal sector, and its use may have a significant unemployment effect. Furthermore, the previous research has argued that this model based the use of a strict deterrence approach has a negative effect on enforcement outcomes, as there are not many opportunities for individuals and firms to cooperate with inspectors if they were not previously informed of the law or in which the inspector can offer guidance on how to begin complying with the law immediately (Piore & Schrank, 2008).

The other approach is a model commonly used in Latin American countries, which is called the “Latin model.” The model proposes that implementation and enforcement agencies address the threat of non-compliance, as it may not be intentional on the part of firms but may occur because of a range of other reasons, such as limited capabilities on the employer’s part. This approach defines enforcement as a method to improve the level of compliance rather than enforcing the law; this model gives enforcers broader freedom to choose what enforcement style must be employed in various situations to improve compliance levels.

This approach requires highly skilled SLBs, as they are required to obtain comprehensive knowledge and maintain an upbeat communication style. Regulatory enforcers must have substantial information about the labor laws and must deal with non-compliance issues on a case-by-case basis (Piore & Schrank, 2008). The scholars also argue that this model may involve the risk of corruption and bribery; nonetheless, this model reflects a more realistic enforcement style and encourages SLBs to be cooperative and offer guidance and bargain with inspectees as a method of ensuring long-term compliance without burdening firms or affecting employment levels.

In practice, most countries combine the two enforcement models; while planning out the use of enforcement strategies is essential, scholars often argue that a lack of labor officer enforcement style and organizational constraints may limit the whole enforcement process and result in a higher level of non-compliance.

In conclusion, the enforcement of minimum wage regulations in many countries involves many issues that shape the regulations’ outcome. Minimum wage enforcement is fundamentally dependent on the bureaucrats who enforce the laws. Understanding the factors that shape bureaucrats’ use of discretion offers insights into the enforcement stage’s challenges.

CHAPTER 4: RESEARCH METHODOLOGY

This section introduces the methodology used to collect and analyze the data in this study.

4.1 Research Design

The research design reflects a “worldview” concept (Kabir, 2016). The worldview philosophy can be understood as a holistic ideology that idealizes the phenomenon embarked upon by a researcher during a research project.

This study points to the importance of setting a proper direction and building a system of beliefs to guide readers. In this thesis, the worldview is governed by quantitative research techniques, which promote quantitative research with the intensive use of numerical data within the setting of a confirmatory research design. Confirmatory research aims to offer a proximate chance to confirm the choice of the theories used in the study (Chua, 2012).

Examining various theories in different settings can help us understand how a phenomenon is observed. This approach is called confirmatory research design. The philosophy underlying quantitative research emerged from the idea that a researcher possesses relative knowledge of the population being studied (Creswell & Creswell, 2017).

The research design includes sampling, the formulation of a hypothesis, and the generalization of a theoretical framework to draw inferences about the population. The research must have an appropriate theoretical background to enable the researcher to select an appropriate sample (Hanson et al., 2005; Soiferman, 2010).

Quantitative research analyzes the causes and effects of various constructs through both extensive data and deductive research criteria (Creswell & Creswell, 2017).

It can help a researcher generalize the findings and extrapolate them to a larger population group. Another justification is based on the existence of a prior understanding and information about the characteristics of the population in a study (Bhattacharjee, 2012). Although sufficient data are available, understanding how personal characteristics, including rebelliousness, client meaningfulness, willingness to implement laws, various inter-organizational factors, and the three-dimensional nature of enforcement style shape an SLB's use of discretion is essential, as these constructs have been sparingly mentioned in the literature. Research on this concept has been scarce because of the difficulty encountered in testing various variables at specific points in time owing to bureaucratic constraints and the need for confidentiality.

The quantitative correlation approach was chosen to address the questions posed in this study, as it generates insights on the factors that shape labor inspectors' use of discretion in Malaysia. It can facilitate a critical analysis of the enforcement of regulations in Malaysia. Creswell and Creswell (2017) stated that the quantitative correlation design is the most effective method, as it is non-obstructive and can be used to identify the relationships between variables. It can also help researchers examine how various factors affect each other. A quantitative correlation study utilizes two or more variables from the same group of participants. This method can help researchers determine the relationships among the variables examined (Creswell & Creswell, 2017; Finlay, 1999).

In addition, structural equation modeling (SEM) and partial least squares regression (PLS) are used in this study. Together, these tools can help us examine the relationships among the variables and better understand the cause-and-effect relationship. As has been noted, "It should be noted that the presence of association does not imply causation, but the existence of causation always implies association" (Sharma, 2005, p. 93).

In this study, the primary data were gathered by surveying labor inspectors (SLBs). Scholars like Kothari (2004) and Creswell and Creswell (2017) emphasized that surveys can be used to gather data from many people spread over a wide geographical range. This study involved the collection of a large amount of data. To reduce the evaluator's bias, all the respondents were asked the same questions. One reason for using a survey was that individuals tend to feel more comfortable and are more willing to express their honest opinions while responding to a survey that guarantees confidentiality. People are familiar with the process of answering surveys, which can help ensure that all the questions are answered appropriately. The data were gathered from public organizations and government employees (Bernard, 2017; Hanson et al., 2005). In this study, a survey was used because it facilitated the gathering of real-time data from the individuals responsible for the enforcement of policies. The data presented a picture of how the labor inspectors enforced minimum wage regulations and how various factors shaped their use of discretion.

4.2 Population and Sampling

This group examined in this study included the labor inspectors responsible for enforcing the minimum wage regulation in Malaysia. They were employees of the Department of Labor in the Ministry of Human Resources (MOHR), which is responsible for enforcing the minimum wage regulation. Labor inspectors are government employees and are directly in charge of enforcing minimum wage regulations. There were 315 labor inspectors (Department of Labor of Peninsular Malaysia, 2017). The Department of Labor included a mix of labor inspectors and other public servants. As only labor inspectors were surveyed for this study, only SLBs who were categorized as labor inspectors and legally had the authority and discretionary ability to enforce the minimum wage regulation were surveyed.

4.3 Sampling Technique

The literature on sampling techniques discusses two approaches. The first is called probability or random sampling, in which each unit within the population has an equal chance of being chosen. This technique aims to represent the overall population to the best extent possible. The second is called non-probability sampling, wherein segments of the population with no probability of being selected or whose likelihood of selection cannot be determined precisely constitute the sample. It involves selection of the sample in an organized manner and does not allow the “estimation of sampling errors” (Kabir, 2016). Non-probability sampling was applied, as it was a suitable sampling procedure to assist in achieving the study’s objective.

Hulland et al. (2018) determined that research utilizing theories to understand social problems in unique contexts is probably an investigation of a “theoretical generalization and not a sample generalization.” Thus, non-probability sampling is recommended. Memon et al. (2017) explained the process of choosing a suitable sampling method. They explained that a carefully designed non-probability sampling method offers a meaningful result with compelling content and that most studies, especially in Malaysia, have been based on probability sampling accompanied by a theoretical examination. Alternatively, Memon et al. (2017) clarified that probability sampling is practical when the purpose of the study is sample generalization with an available sampling frame. In other words, a complete list of all the participants in the targeted population must be obtained to ensure that probability sampling is the most suitable sampling method.

Non-probability sampling is applicable when a sampling frame is not available. It depends on the personal judgment and discretion of the sampler, as it is subjective. This sampling method includes many techniques, one of which is purposive sampling. We found this method suitable and applied it in the study, as the sampling frame was not

available, and the research goal was to generalize a theory. Thus, non-probability sampling was considered most appropriate (Sarstedt et al., 2018).

Purposive sampling is a non-random sampling procedure that requires an implicit theory that underlines the research sample's size or a large number of participants. To establish the sample size, in this study, the required sample was considered based on the target population and respondents' inclination to offer information. A non-probability sample is one in which the typical characteristics of the population ground the assortment of the suitable sample. In the sample, the focus is placed on individuals with specific characteristics, especially those who can help accomplish the study's goals (Bernard, 2017; Hulland et al., 2018).

Purposive sampling methods include heterogeneous sampling, wherein respondents are chosen because they have similar or identical traits that are sought by the researchers conducting a study. In it, the focus is placed on a wide range of shared characteristics within the population. Its aim is to yield significant insights into a phenomenon by examining all angles within the population group. The focus is placed on individuals who have experienced the phenomena examined in the study (Bell et al., 2018; Rowley, 2014). With this technique, in this study, labor inspectors who enforced the minimum wage regulation in Malaysia were surveyed. The qualification criteria were that they had to be bureaucrats in the Department of Labor with the discretion and authority to enforce minimum wage regulations, and they were required to have at least one year of experience in enforcing regulations as labor inspectors. The latter was not relevant, as it was discovered that such inspectors gain the ability to use discretion when enforcing the minimum wage immediately after being named labor inspectors.

4.3.1 Sample Size

Two factors were considered in determining the appropriate sample size. First, a minimum of 200 respondents was essential for SEM to ensure that the minimum sample size was utilized, as Hoogland and Boomsma (1998) and Wolf et al. (2013) explained. Second, Khine (2013a, p. 10) noted that the sample size is crucial to carrying out SEM successfully. The literature offers many suggestions on the appropriate sample size. However, “no consensus has been reached among researchers at present” (Khine, 2013b, p. 10).

There is some agreement that SEM is most suitable for evaluations involving large sample sizes (Kline, 2011; Schumacker & Lomax, 2010). However, a few studies may be based on smaller sample sizes because the model proposed has few parameters. Kline (2011) and Wolf et al. (2013) projected that a minimum of 200 respondents was essential for SEM analysis to ensure robust results for normally distributed data. Loehlin and Beaujean (2016) suggested that a minimum of 100 cases in a sample was sufficient for SEM analysis. Some studies contend that sample sizes of 100 participants may be adequate to evaluate a model effectively. However, there may be a need for 200 or more respondents for conducting accurate parameter evaluations and dealing with standard errors (Hoogland & Boomsma, 1998; Wolf et al., 2013).

The literature on choosing the appropriate sample size is deeply dependent on the constructs within the proposed model. Some scholars have argued that, if there are many constructs to study, a sample size of more than 400 is essential to ensure accuracy. However, many studies have recommended 100 to 150 respondents (Kline, 2011; Loehlin & Beaujean, 2016). A minimum of 100 respondents was recommended for studies examining five or fewer constructs (Hair et al., 2009). Based on the literature, in this study, a sample of 200 individuals was used to ensure robust results.

The second factor used to determine the sample size is G-power, commonly found in social studies. It helps clarify the minimum sample size based on the number of constructs used in a study. In this investigation, the G-power program showed that the minimum sample size needed in this study was 172 participants, as shown in the graph below (Figure 4.1).

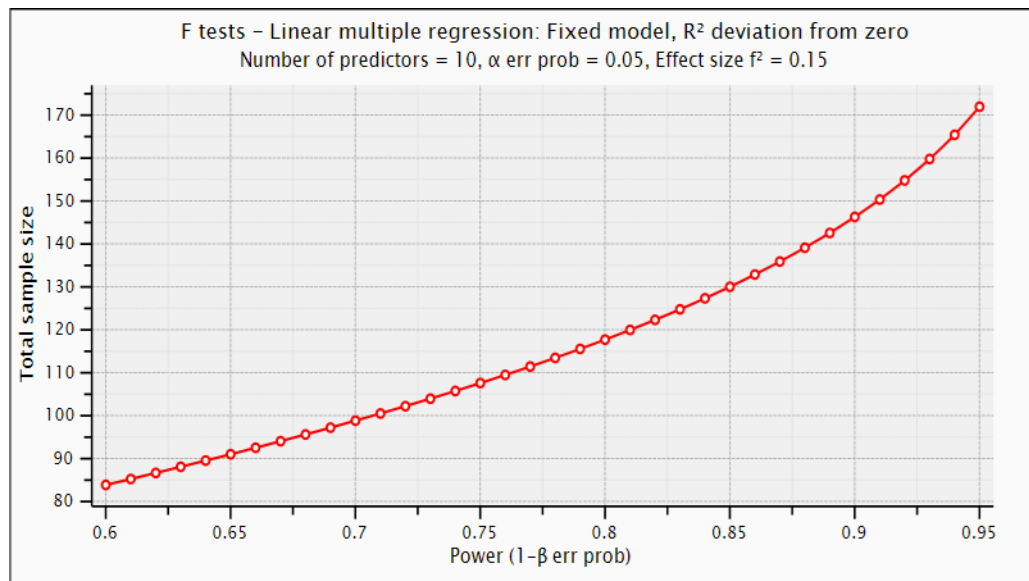


Figure 4.1 The Minimum Sample Size Determined By G-Power Analysis

In addition, in this study, two aspects regarding sample size were considered based on the literature, which can be defined based on the study model and the G-power statistical program that set clear instructions on the minimum sample size needed in this study. A minimum sample size of 172 respondents was determined to be the optimal sample size for achieving a reliable analysis.

4.4 Research Instrumentation

Many of the survey questions were adapted from the work of Tummers et al. (2012), in which the primary dependent variable was the discretion of SLBs. Also, questions relating to the three dimensions of enforcement style were adapted from the work of de Boer (2019). The independent variables utilized in this study were internal

organizational factors, personal characteristics, and the multi-dimensional enforcement style. The similarity in the scope of both studies and variables made it possible to draw from Tummers et al.'s (2012) questions and de Boer's (2019) framework and questions, which offer significant evidence on discretion and the three dimensions of enforcement style (legal enforcement, facilitation, and accommodation) and how they may coexist. Given that *discretion* was the dependent variable, the scale presented six items with a 6-point Likert-type response that ranged from "agree very strongly" to "disagree very strongly." The six items were adapted from the work of Tummers et al. (2012).

(a) *Multi-dimensional enforcement style*

- Enforcement style: The scale had three sections. The legal enforcement dimension had 5 items, and facilitation and accommodation had 4 items each. All items were ranked on a 5-point Likert scale that ranged from 1 = always to 5 = never. The items were adapted from the work of de Boer et al. (2019).

(b) *Internal organizational factors*

- Role expectations: 14 items were evaluated on a 5-point Likert scale that ranged from "strongly agree" to "strongly disagree." Items 1-4 were adapted from the work of Coen et al. (2012).
- Physical workload: 5 items were evaluated on a 5-point Likert scale ranging from "strongly disagree" to "strongly agree" (Spector & Jex, 1998).
- Workplace aggression: 8 items were evaluated on a 5-point Likert scale that ranged from "never" to "always" and were adapted from the work of Merecz et al. (2009).
- Perceived supervisory support: 15 items were evaluated on a 5-point Likert scale that ranged from "strongly agree" to "strongly disagree." The items were adopted from the work of Kottke and Sharafinski (1988).

(c) *Personal characteristics*

- **Rebelliousness:** 12 items were evaluated on a 5-point Likert scale that ranged from “strongly agree” to “strongly disagree.” The items were adapted from the work of Tummers et al. (2012).
- **Willingness to implement (policies):** 5 items were evaluated on a 5-point Likert scale that ranged from “strongly disagree” to “strongly agree.” The questions were adapted from the work of Tummers and Bekkers (2014).
- **Client meaningfulness:** 5 items were evaluated on a 5-point Likert scale that ranged from “strongly disagree” to “strongly agree.” The questions were adapted from the work of Tummers and Bekkers (2014).
- **Control variables:** A control variable allows the selection bias in a specific observation group to be isolated from the data. The researcher purposely neutralizes or cancels out this variable to prevent it from interfering in the analysis of the association between the dependent and independent variables. The control variables used in this study were the demographic characteristics of individuals, such as gender, age, education level, and years of experience.
- **Cognitive rigidity:** This construct was employed as a “marker variable” to control or deduct common method bias issues statistically. This construct is not related to this research context (Chin et al., 2013; Podsakoff et al., 2003). However, it was employed to monitor the common method variance (CMV) statistically. It was composed of 3 items that were adapted from the work of Lin et al. (2015) and Oreg (2003). Cognitive rigidity was evaluated on a 5-point Likert scale ranging from “strongly agree” to “strongly disagree.”

4.4.2 Questionnaire Design

The questionnaire was finalized after an extensive literature review and many rounds of meetings and discussions with experts in the field and officials from the

Department of Labor and the National Wage Consultative Council (NWCC). The items in the survey were based on the street-level bureaucracy and responsive regulation theories. The questionnaire included demographic, personal characteristics, internal organizational factors, and enforcement style dimensions, as well as a dependent variable, namely, the labor inspector's use of discretion.

“Personal characteristics” included three variables:

1. Rebelliousness
2. Willingness to implement (policies)
3. Client meaningfulness

“Internal organizational factors” included four variables:

1. Workplace aggression
2. Perceived supervisory support
3. Role expectations
4. Physical workload

“Enforcement style” included three variables:

1. Legal enforcement
2. Facilitation
3. Accommodation

4.5 Question Development Process

The survey forms the heart of this study. The questions were carefully constructed. A cross-sectional survey design, which involves using a survey administered at a single point in time to gather data from a sample drawn from a specific population, was used, as it offers tools for evaluating the relationships between the constructs. The survey design is used to test causal inferences, implying that it is likely to use regression to estimate the causal impact of construct A on construct B along with the effects of construct B on construct A (Bernard, 2017; Blalock, 1972). Creswell (2012) highlighted the benefits of a cross-sectional survey design. According to Creswell (2012), a cross-

sectional survey is designed to gather data regarding the attitudes, behavior, opinions, and beliefs of specific participants at one point in time. This study followed a cross-sectional survey design and a structured questionnaire, which is simple to administer and offers uncomplicated protocols to analyze the data gathered, was administered (Visser et al., 2000).

The components of the survey were carefully observed. First, the questions and sequences were considered carefully, as they are fundamental to ensuring effectiveness. Proper sequencing of questions can reduce the chances of a misunderstanding arising. Whenever questions are related, the respondents must be informed. The sequence was observed to be precise and smooth. Second, the researcher focused on wording the questions appropriately, as the wording determines the reliability and meaningfulness of the data extraction. The choice of questions in this survey was influenced by a previous study that used the same variables, which helped in wording the questions. The context of the survey needed to be considered because it was also relevant and crucial to the thesis. Finally, short, straightforward questions were used, as they form the essence of a good survey (Kothari, 2004).

The survey questions are the core research instrument, and they were constructed to gather as much information as possible from the study's respondents. A survey that has been constructed appropriately should make sufficient inquiries to achieve the investigation's purposes but not contain so many questions that it will be off-putting to the respondents.

4.5.1 The Development Processes

The survey was developed following the essential steps in survey development. First, an overview of the research framework was taken into consideration to ensure that all variables were adequately addressed in the survey and a reasonable question for each

variable was framed. Second, the completed questionnaire was sent to the relevant department (NWCC and JTK) to ensure that the questions were reasonable and did not call for sensitive information from the Ministry. This helped in the acquisition of approval from the Ministry. The survey was then sent to experts in the field of enforcement and SLBs. Their suggestions and comments were considered, and the survey was edited. The experts' recommendations helped ensure that there were no loopholes. Third, a pilot study was conducted with 30 labor inspectors, wherein the questionnaire was provided and the respondents filled the items out—followed by the pretesting stage, which included four labor inspectors. Next, the survey was administered to the entire sample, and efforts were taken to ensure that as many as possible were completed fully and returned. Finally, the data collected were processed using Smart-PLS, which is both reliable and valid.

4.5.2 General Guidelines for Surveys

1. Survey questions were developed.
2. Minor alterations were made to some of the questions.
3. The final form of the survey was sent to experts to examine the content's validity and solicit professional advice.
4. The draft of the questionnaire was pre-tested with four labor inspectors.
5. The supervisors provided the final modifications and approval.
6. The questionnaire was sent to 30 labor inspectors for a pilot study.
7. The final adjustments were made to the survey questions.
8. The final survey was distributed to the entire sample.

4.6 Data-Collection Procedures

To maintain the integrity of the research, it is essential to ensure accurate data collection. Therefore, the data collection proceeded in three stages:

Stage one: It was crucial to determine the appropriate population for this study and set the qualification criteria for the appropriate sample. The Department of Labor was contacted in February 2017 for approval and assistance in data collection. It operates within the Ministry of Human Resources. Approval was received on July 27, 2017. The Department of Labor asked for the questionnaire to be submitted before distribution. The researcher submitted the survey to the Department of Labor in March 2018. The NWCC and Department of Labor officers indicated that this step was vital to ensure that the survey contained no ethical or sensitive issues and that none of the questions were unsuitable for the labor inspectors to answer.

The first draft of the survey was in English. The Department of Labor asked for a translated version of the survey in the local language to ensure that the questions were suitable for the labor inspectors to answer. The survey was translated to Bahasa Malaysia using back-translation (Brislin, 1970, 1986) and was sent to a lecturer in the Department of Linguistics at the Academy of Malay Studies at the University of Malay. They helped proofread the questions and ensure comprehensibility. Finally, both versions of the survey were sent to the Department of Labor for approval. The Department of Labor approved the survey in May 2019 and asked the researcher to deliver it online through Google Forms, as the labor inspectors were on the move across Malaysia while diligently discharging their responsibilities. This suggestion was implemented, and Google Forms was used to administer the survey.

Stage two: In May 2019, the first step was taken to conduct a content validity analysis of the survey questions, which were assessed by two experts in the field of public policy and regulatory enforcement. The experts' suggestions were considered and addressed. On June 17, 2019, the Department of Labor agreed to

conduct a pilot study on 30 Labor Inspectors and pre-test the survey questions. The data collection took place over a month, from June 17 to July 16, 2019. By the end of June, the pilot study was being conducted. The next step was to pre-test the survey, which was done with four labor inspectors from the Department of Labor. The pre-testing was conducted on August 7, 2019.

Stage three: The final draft was sent to the Department of Labor and distributed online through Google Forms. The labor inspectors received the survey on November 11, 2019. The data collection was set to continue until the end of February 2020. However, this stage was completed by the end of December 2019. The next stage included the data analysis.

4.7 Common Method Variance (CMV)

Common method variance (CMV) helps researchers evaluate the ability of a measurement model to capture construct variance (Podsakoff et al., 2003). This study used CMV to minimize biases by following the design remedies recommended by Podsakoff et al. (2003). CMV is a procedural remedy that can diminish bias through robust study designs by applying a marker variable after data collection. This study sought to minimize the probability of CMV bias by adopting the following measures in line with the recommendations proposed by Podsakoff et al. (2003) and Podsakoff, MacKenzie, and Podsakoff (2012):

- I. Present a cover letter.
- II. Grant anonymity to the participants.
- III. Tell the participants that there is no right or wrong answer.
- IV. Ensure that each construct is clearly defined with precise and clear instructions.
- V. Conduct a round of pre-testing.

Two remedies were used. First, a statistical remedy was applied to control the threat of bias. “Cognitive rigidity” was utilized as the “marker variable,” which is conceptually irrelevant to the study framework, as it was applied only as a remedy. This statistical procedure was suggested as a remedy in the literature (Chin et al., 2013; Podsakoff et al., 2003). The results are presented in Chapter 4 under Section 4.7. Second, a psychological remedy was used. These remedies helped control common method bias. This method involves the use of a demographic question to separate the independent and dependent variables. This separation is meant to ensure that the respondents view the independent variables and the dependent variable as different constructs that measure different phenomena (MacKenzie & Podsakoff, 2012); this method is used in this study.

4.8 Informed Consent and Confidentiality

An agreement of participation was presented to each respondent involved in the study. The respondents were notified of the study’s objective and were told what was expected of them. Their rights and interests as participants were articulated. They were duly informed that participation was voluntary (Neuman, 2013). Informed consent forms were provided to each participant before data collection. Each participant signed an informed consent form before the study began.

The Ministry of Human Resources is in Putrajaya/Malaysia. The Department of Labor under the Ministry is composed of labor inspectors responsible for enforcing the minimum wage regulation in Malaysia. The geographic location was Putrajaya. However, the labor inspectors operated across Peninsular Malaysia. Stringent protocols were followed to ensure that the data collected were kept confidential. The data were safely stored online and could only be accessed by the researcher. The participants’ identities and responses were kept confidential. No personal information was shared with anyone. As the data collected were marked with unique identification numbers, they could not be identified or verified using the names of the respondents.

4.9 Assumptions Required for PLS-SEM

The assumptions underlying the use of PLS-SEM and Smart-PLS, as articulated in Hair et al. (2014), are as follows:

- I. The study targets predictions.
- II. The structural model is a multifaceted system.
- III. The data are not normally distributed, reflecting nonparametric analysis.
- IV. The relationship of the construct is formative. The formative construct is an element of the structural equation.
- V. There are no outliers.
- VI. There are no missing data. In this case, the acceptable tolerance is less than or equal to 5 percent.

4.10 Data Screening

The primary data collected were screened. Every item in the survey was extracted using the SPSS software for data cleaning. Creswell (2002) and Xie (2011) explained that data cleaning is achieved using frequency distribution, box plots, and histograms to visually evaluate missing values and input errors, along with any data that are out of range. Input errors were not anticipated in the screening, as human-generated mistakes were evaded.

4.11 Data Analysis Technique

In quantitative research, information is processed, and outcomes are measured through data analysis (Creswell, 2005). Neuman (2013, p. 447) defined data analysis as “a search for patterns in recurrent data behaviors, objects, or a body of knowledge.” The data in this study were analyzed using SMART-PLS. SPSS was used for data entry. SEM was used as a mechanism for testing complex multiple relationships among variables and for the investigation of structural models that encompass latent constructs (Meyers et al.,

2013). SEM is composed of measurement and structural models. The former deals with the evaluation of the predicted associations among the constructs and the identification of how they are reflected in the relationships between the observed constructs. The latter measures the relationships between the constructs and identifies the extent of the relationships. The structural model is employed to assess the proposed hypothesis model in the study. Structural equation modeling is applied to investigate the measurement and structural models using the SMART-PLS program to test the proposed hypotheses.

4.11.1 Structural Equation Modeling (SEM)

SEM is a complex statistical procedure that helps examine relationships among constructs. It combines multiple regression and factor analyses. SEM was used to offer interrelated and multiple estimation dependencies in this study. This study included exogenous constructs (independent variables) that were not influenced by other independent constructs within the model; these constructs had different impacts on the endogenous variable, the dependent variable (Wang & Wang, 2019).

SEM is a powerful and dynamic approach to evaluating measurement and structural models. It is an extension and combination of CFA and multiple regression analysis (Hair et al., 2016). It has several advantages over other statistical methods. SEM provides the ability to evaluate the relationship between latent constructs and the observed indicators, which is the relationship between dependent and dependent constructs within the same model, by employing the measurement and structural model. Its main feature is its ability to evaluate each latent construct simultaneously. First-generation techniques, such as discriminant and factor analyses, have been used to examine single relationships. However, SEM is a statistical method (second-generation) that helps researchers examine the relationships between multiple constructs and their indicators (Hair et al., 2010).

The first type is formative indicators, which are related to the formation in an unobserved construct, as formative indicators measure the latent construct. Second, the reflective indicators caused by the latent construct are used for theory testing and factor analysis; formative indicators, however, cannot account for observed constructs. A formative construct is dependent on the items within to form the whole construct, and the items can correlate. In addition, the formative items cannot be deleted; on the other hand, reflective construct projects the items, and the items that form the construct cannot be correlated. Deleting one of the items does not affect the overall measurement (Haenlein & Kaplan, 2004; Hair et al., 2017).

Researchers have used SEM to observe their hypothesized models. Anderson and Gerbing (1988) noted that SEM provides comprehensive support in measuring and improving theoretical models. It is used for exploratory purposes and as a form of CFA, which allows researchers to confirm or reject pre-conceived theories. SEM evaluates the measurement and path models, representing the association between variables to test theoretical relationships. SEM may follow the variance- or covariance-based approach (Hair et al., 2017). Covariance-based SEM is utilized to test, verify, or compare theories, as it minimizes variances in the sample covariances projected by the theoretical model (Zhang et al., 2021). Variance-based SEM maximizes the variance of dependent constructs as described by the independent variable (Wong, 2013). This research is exploratory in nature and is based on existing structured theories. Hence, the partial least squares approach, which uses variance-based structural equation modeling, was employed in this study.

4.11.2 Partial Least Squares Approach (PLS)

PLS is a variance-based approach that is used to examine structural and measurement models. It was first presented in 1975 by Wold (Haenlein and Kaplan 2004) and was known as the “nonlinear iterative partial least squares.” The first equation aimed

to increase the dependent construct's variance to govern and describe the independent variable by measuring case values. SEM first evaluates the model parameters. In PLS, latent variables (LVs) are unobservable and measured as exact linear combinations (Fornell & Bookstein, 1982). Urbach and Ahlemann (2010) indicated that PLS is used mainly for theory confirmation studies or CFA. PLS includes two models: the measurement model, which demonstrates the correlation between the latent constructs and their items, and the structural model, which demonstrates the correlation between the latent constructs (Vinzi et al., 2010).

PLS-SEM requires a relative sample size. PLS can be implemented with samples as small as 50 units. Chin et al. (2003) showed that PLS is valid for a relatively small sample. Second, there is no distributional assumption; PLS avoids this assumption, which can be observed using a precise distributional pattern, which means that the data must be inadequately distributed. PLS-SEM guarantees robust results. Variance-based SEM, unlike covariance-based SEM, yields robust results even with a small sample or multivariate deviation from normality (Urbach & Ahlemann, 2010).

4.11.2.1 SEM-PLS as a Method of Analysis

This study adopted PLS-SEM for the following reasons. First, the structural model in this study is moderately complex, with many latent variables and indicators. Therefore, a multifaceted model with four latent variables measured by ten indicator constructs (Figure 2.3) was utilized. Second, the relationship between the indicators and latent variables was based on the formative and reflective measurement model. In this study, ten indicators, or variables that are reflective indicators, are hypothesized to be the common cause of the dependent variable. Using PLS helps a researcher handle the reflective constructs easily (Hair et al., 2016; Wetzels et al., 2009).

Third, the estimation assumptions take a distributional free approach appropriate for data from an unknown distribution or non-normal source. In this study, the Likert scale is used to assess all the items, reflecting an unknown distribution; as normality cannot be established, PLS was chosen as the best approach (Chin, 2010). Fourth, the sample included 241 respondents. The variance-based approach based on SEM requires a sample size between 200 and 800 respondents (Hair et al., 2010). PLS-SEM was used because the sample was relatively small, and the assumption of normality was indeterminate (Gefen et al., 2000). Fifth, the prediction was more critical than the parameter. PLS path modeling is commonly considered appropriate in studies that emphasize predicting phenomena (Wetzels et al., 2009).

The theoretical model proposed in this research, the predictive model, is the hypothesized model. Third, the latent variables proposed in this hypothesized model have not been tested in a single model; the primary constructs are enforcement style, personal and organizational factors, and their relationships with use of discretion. Sixth, new phenomena were explored. A new measurement model was thus deemed necessary.

The conceptual framework integrated two existing theories to offer a unified model tested in this study (Hair et al., 2017). To the best of the researchers' knowledge, no researcher has tested these variables in a single integrated model. In addition, this study integrated three new constructs, namely, workplace aggression, client meaningfulness, and multi-dimensional enforcement style, into a single model. Finally, the model in this study included hierarchical variables, which means that various constructs were used to measure the main observations in this study. This is evident in this study's theoretical framework, as the three main factors (enforcement style, personal characteristics, and internal organizational factors) are reflected by a set of variables measured by them. Hair et al. (2017) noted that if the model is hierarchical, SEM-PLS is the best method to use.

Hence, the foremost vital features of using PLS, as highlighted by Hair et al. (2017), are as given below:

- **Relative sample size:** PLS can be performed with a sample with as few as 50 participants. A simulation performed by Chin, Marcolin, and Newsted (2003) has indicated that PLS is suitable for dealing with a relatively small sample size.
- **Lack of a distributional assumption:** PLS avoids the assumption associated with a specific distributional pattern. That means that the data must be inadequately distributed.
- **Robust results:** Variance-based SEM produces reliable results, even when multivariate deviation from normality may be present or in the presence of a small sample, unlike covariance-based SEM.

Based on these conditions, in this study, PLS was adopted as a suitable technique to guide and assist in analyzing this thesis's empirical data.

4.12 Pilot Study

A pilot study was conducted, wherein the survey was distributed to 30 labor inspectors. Bell (1982) and Hill (1998) recommended having 10 to 30 participants for a pilot study. Efforts were made to ensure that the participants understood the instructions and the language used and the absence of ambiguities was confirmed. The surveys that were returned were carefully examined for remedial modifications. The pilot study was a replica or dress rehearsal of the main study. It helped highlight the weaknesses in the survey and yielded experiences and information that shaped the final version (Kothari, 2004). All types of input in the form of remarks, suggestions, and improvements were considered. The investigator improved and upgraded the survey to ensure that it achieved the expected level of reliability. Reliability tests were carried out before data collection. This exercise resulted in the improved questionnaire that was used in the study.

4.12.1 Pilot Test Results

This section is an examination of the pilot study's results, in which the interactions between the indicators and their constructs were assessed (Hair et al., 2014). The pilot study included the following steps. First, reliability was assessed using Cronbach's Alpha and composite reliability tests with the aim of evaluating the relationships between the correlations among items related to the variables in the proposed model (Al-Ansari, 2014).

The internal consistency reliability was evaluated by employing Cronbach's alpha, as it estimates the reliability by focusing on inter-correlations among the observed constructs. However, it can underestimate the internal reliability because of the sensitivity to the sample size used and the number of questions within the survey (Hair et al., 2017; Hair et al., 2014). Thus, composite reliability was also considered (Hair et al., 2017; Hair et al., 2014). According to Hair et al. (2017), a value from 0.60 to 0.70 is suitable for assessing composite reliability within the exploratory research framework. However, as the research progresses, the values must range between 0.70 and 0.90. The Cronbach's alpha and composite reliability (CR) are reported in Appendix A and range from 0.522 to 0.911 and 0.136 to 0.926, respectively.

In addition, the assessment of the validity in this research was conducted first by assessing the convergent validity through loading and AVE, and, second, through the assessment of the discriminant validity HTMT criterion. Convergent validity through AVE reflects the degree to which several items are in agreement while determining the same constructs. The result of AVE reflects a problem in the survey concerning the instruments used. AVE's threshold ranges from 0.189 to 0.647. Thus, it was concluded that revisions needed to be implemented to obtain better values.

All the datasets are presented in Appendix A. The final step was to assess the discriminant validity via the HTMT criterion, which demonstrates the estimation of the

actual correlation between two variables (Ramayah et al., 2016; Ramayah & Rahbar, 2013). If the correlation is close to 1, a deficiency in the discriminant validity is indicated. Henseler et al. (2015) indicated that a lack of discriminant validity is suggested by a value above 0.90.

The HTMT value for each variable was below 0.90, as shown in Table 3.1. Thus, the discriminant validity was determined using the HTMT criterion. In conclusion, the findings of this assessment were generated using the PLS-SEM procedure, which included the measurement model at this stage, since the main concern was to establish the constructs' validity and reliability. The criteria recommended by Hair et al. (2017) were applied to assess the pilot study's data. The results reflected acceptable discriminant validity and reliability.

Table 4.1 Discriminant Validity through the HTMT Criterion for the Pilot Study

Constructs	1	2	3	4	5	6	7	8	9	10	11
1. Client Meaningfulness											
2. Discretion	0.605										
3. Physical Workload	0.566	0.497									
4. Rebelliousness	0.832	0.322	0.534								
5. Role Expectations	0.818	0.689	0.609	0.720							
6. Accommodation	0.335	0.356	0.417	0.428	0.480						
7. Facilitation	0.450	0.414	0.333	0.327	0.575	0.735					
8. Legal	0.811	0.727	0.448	0.648	0.837	0.400	0.283				
9. Perceived Supervisory Support	0.809	0.686	0.650	0.692	0.857	0.314	0.421	0.760			
10. Willingness to Implement (policies)	0.662	0.754	0.692	0.606	0.748	0.318	0.312	0.656	0.660		
11. Workplace Aggression	0.515	0.380	0.504	0.597	0.547	0.312	0.346	0.441	0.452	0.425	

4.13 Pre-testing

Pre-testing is crucial in the construction of a survey. Scholars have found that pre-testing a survey is of undisputed importance. Even the most experienced researchers with well-designed surveys may experience uncertainties that can fuel doubt about their findings (Babonea & Voicu, 2011; DeMaio et al., 1998; Oksenberg & Kalton, 1991; Presser et al., 2004). Warwick and Lininger (1975) emphasized the importance of pre-testing survey items. The literature offers limited guidelines on pre-testing, even regarding published surveys (Presser et al., 2004).

Pre-testing was conducted to address any issues with length, layout, format, number of lines for replies, sequencing of questions, and quality of questions and to observe if there was any confusion, hesitation, or difficulty in interpreting, understanding, and answering questions (Zikmund et al., 2003). Cognitive, semi-structured, in-depth interviews were conducted in the pre-testing stage (Conrad & Blair, 1996). The respondents were asked to think aloud as they examined the survey questions. They were asked to share their thoughts with the researcher regarding the questions.

This allowed the researcher to validate the respondents' understanding of the questions from their unique perspectives (Conrad & Blair, 1996; Conrad et al., 1999; Dillman, 2011). In this study, the pre-testing was conducted using cognitive interviewing. This procedure was carried out with semi-structured and in-depth interviews (Conrad & Blair, 1996). The process involved the interviewer asking the respondent to think aloud as the researcher read the questions in the survey and asked them to share their thoughts and views (Dillman, 2011).

There is no rule of thumb for identifying a sampling number in the pre-testing stage. The researcher chose four labor inspectors to take the survey. The investigator was

present in the same room as the respondent. The researcher remained a silent observer to avoid distracting the respondents (Willis et al., 1999).

The researcher asked the questions to the inspectors and closely listened to their responses. At this stage, one issue was the lack of a framework to analyze the interviews in terms of validity. Cognitive interviews produce extensive narrative data. This may create a problem around ascertaining validity, and this is a significant flaw in pretesting.

Nonetheless, this stage is critical, as the researcher gains insights into the survey and identifies issues. Each respondent was given time to read, understand, and write comments on the survey questions. This was done so that the researcher could listen to the respondent's reading and analyze any hesitation when reading or identify words that were hard to pronounce. Following this step, the researcher asked questions to the respondents regarding the survey and its sequencing. The respondents indicated that they understood most of the questions and that they were not confusing or misleading.

4.13.1 Pre-Testing Results

Pre-testing is crucial to constructing a survey and depends on the most experienced researchers using the most well-designed surveys to avoid doubts about the results (Babonea & Voicu, 2011; DeMaio et al., 1998; Oksenberg & Kalton, 1991; Presser et al., 2004).

The draft survey was pre-tested by four labor inspectors and a few academicians. They were asked to evaluate the clarity and relevance of the survey items. Testing helped sharpen the accuracy of the items from the perspective of the Malaysian labor inspectors. However, the results indicated that several items were not in proper order. Thus, the researcher rearranged them accordingly. The main findings were as follows:

1. Some of the questions were not easy to understand. This was remedied by translating the entire survey into Bahasa Melayu, the national language of Malaysia.

2. The scales of the variables were different and confused the respondents, as they ended up focusing on the questions as much as on the scale. This was remedied by unifying the scales, including the five Likert scales for independent variables and six Likert scales for the dependent variable.

3. The variables were rearranged so that the survey began with the questions on the independent variables and ended with those on the dependent variables.

In addition, the main observation while conducting pre-testing with cognitive interviewing, which involves reading the survey questions aloud, was that pre-testing was conducted in this research mainly to address the issues of length, layout, format, number of lines for replies, and sequencing, in addition to the quality of questions and respondents' levels of confusion, hesitation, and difficulty in interpreting and comprehending questions. Carrying out this stage helped ensure that the survey was easy to understand and that there were no misleading or confusing questions. The researcher relied on pre-testing to ensure that the questions were reliable, the sequencing was precise, and the questions came across strictly as intended.

4.14 Ethical Approval

Ethical approval was obtained from the University of Malaya (reference no.: UM.TNC2/UMREC622). The original confirmation is included in appendix B.

4.15 Conclusion

This chapter presented the methodology used in the study. The research questions were addressed through a survey-based instrument and a quantitative, nonexperimental correlational research design centered on the factors determining the labor inspectors' use

of discretion while enforcing minimum wage regulations. The correlation between the independent variables (enforcement style dimensions, personal characteristics, and internal organizational factors) and the labor inspectors' use of discretion was evaluated through SEM-PLS.

The purpose of this research was to examine the set of factors that contributed to determining discretionary behavior among SLBs, using the case of Malaysia, as well as the relationships between the three sets of factors, which were personal characteristics, internal organizational factors, and enforcement style concerning labor inspectors' use of discretion in Malaysia. By doing so, this study presents a comprehensive understanding of the enforcement process related to the minimum wage in Malaysia.

The examination of personal characteristics and internal organizational factors is vital to this study, as it helps to identify the characteristics and main factors contributing to the significant difference in labor inspectors' use of discretion. Most importantly, it is an investigation of how internal organizational factors shape the use of discretion by labor inspectors. Also, this study was an attempt to achieve an understanding of how the various dimensions of enforcement style shape SLBs' perceptions of freedom. Understanding how these features relate to labor inspectors' use of discretion while they strive to enforce the minimum wage in Malaysia and the effect of using various enforcement dimensions on the use of discretion by SLBs provides an overview of the enforcement process of the minimum wage and how SLBs are behaving on the front lines.

CHAPTER 5: DATA ANALYSIS AND RESULTS

This section presents the results by following Hair et al.'s (2017) reporting style. The hypothesized conceptual model was evaluated using PLS-SEM. The statistical assessment techniques used were as follows: (1) response rate analysis via SPSS, (2) demographic analysis via SPSS, (3) normality, (4) outliers, (5) measurement model analysis through PLS, and (6) structural model analysis (PLS) for hypothesis testing.

5.1 Response Rate

The survey was distributed to 315 labor inspectors at the Department of Labor in the Ministry of Human Resources in Malaysia, and 241 questionnaires were completed and returned. These 241 questionnaires were used for the data analysis, as shown in Table 5.1.

Table 5.1 Response Rate

Targeted Respondents	Returned Surveys	%
315	241	76%

5.2 Respondents' Profile

The sample consisted of 241 respondents. Table 5.2 presents the demographic data. All the respondents were employed in the Department of Labor in the Ministry of Human Resources. Whereas 47.3 percent were men, 52.6 percent were women. Further, 3.3 percent were aged between 18 and 24 years, 27.8 percent between 25 and 34 years, 40.2 percent between 35 and 44 years, 24.8 percent between 45 and 54 years, and 3.7 percent were over 55 years old. Additionally, 6.6 percent had acquired a high school education, 25.3 percent had completed STPM/matriculation or pre-university education, 53.5 percent had a bachelor's degree, 14.1 percent had a master's degree, and 0.4 percent

had a doctoral degree. In terms of job experience, 4.5 percent had worked in the Department of Labor for 1 year, 14.5 percent had worked there for 2 to 5 years, 24.4 percent had worked there for 6 to 10 years, 36.9 percent had worked there for 11 to 20 years, 16.5 percent had worked there for 21 to 30 years, and 2.9 percent had worked there for 31 years or more. Among the participants, 12.4 percent had 1 to 2 years of experience as labor inspectors, 17.8 percent had 3 to 5 years of experience, 34.0 percent had 6 to 10 years of experience, 18.6 percent had 11 to 15 years of experience, and 17.0 percent had 16 years or more of experience.

Table 5.2 Demographic Profile (N = 241)

Demographic Item	Category	Frequency	Percentage %
Gender	Male	114	47.3
	Female	127	52.7
Age	18 to 24 years	8	3.3
	25 to 34 years	67	27.8
	35 to 44 years	97	40.2
	45 to 54 years	60	24.8
	55 years or older	9	3.7
Level of education	SPM or high school	16	6.6
	STPM/matriculation or pre-university	61	25.3
	Bachelor's degree	129	53.5
	Master's degree	34	14.1
	Doctoral degree	1	0.4
Years of experience	1 year	11	4.5
	2 to 5 years	35	14.5
	6 to 10 years	59	24.4
	11 to 20 years	89	36.9
	21 to 30 years	40	16.5
	31 years or more	7	2.9
Number of years as a labor inspector	1 to 2 years	30	12.4
	3 to 5 years	43	17.8

6 to 10 years	82	34.0
11 to 15 years	45	18.6
16 years or more	41	17.0

5.3 Missing Values

Hair et al. (2017) explained that a missing value issue arises when respondents purposely or accidentally fail to respond to specific questions. This issue may arise commonly, especially when employing surveys in primary data collection. However, there are numerous ways to minimize missing values (i.e., conducting a case-wise removal, disregarding cases with missing values).

Hair et al. (2017) recommended that, if the number of missing values exceeds 15 percent, it is best not to incorporate a response into the assessment. Including such values tends to produce misleading results. If missing information is found, such responses can be substituted by the “mean of nearby point” (Hair et al., 2009). However, there were no missing values in the final dataset.

5.4 Assessment of Outliers

To ensure adequate estimation, it is essential to look for flawed, unreliable, and unlawful information (Babbie, 2015; Hair et al., 2010). PLS-SEM improves the ability to detect outliers (Hair et al., 2014; Hair et al., 2014). Meticulous scrutiny of outliers should precede data analysis (Hair et al., 2017). There are many ways to assess outliers. In this research, the Mahalanobis distance procedure was employed to detect multivariate outliers via SPSS (Byrne et al., 2010; Hair et al., 2010). However, there were no outliers in this study.

5.5 Assessment of Normality

PLS-SEM is a non-parametric statistical process (Hair et al., 2017). PLS was employed for data analysis to provide meaningful results. The successful utilization of PLS calls for the assessment of the normality of distribution, which is critical for justifying the use of PLS. Skewness and kurtosis were chosen to evaluate normality. As maintained by Hair et al. (2017, p. 54), “Skewness assesses the extent to which a variable’s distribution is symmetrical.” The distribution is skewed when the responses pertaining to a construct are stretched toward a left or right-tailed distribution (Hair et al., 2017). Kurtosis is a measure of whether the distribution is too “peaked (a very narrow distribution with most of the responses in the center)” (Hair et al., 2017, p. 61), and “when both skewness and kurtosis are 0 (a situation that is very unlikely for the researchers ever to encounter), the pattern of response is considered a normal distribution” (Hair et al., 2017, p. 54).

To examine multivariate normality, in this study the “Web Power” online tool was utilized (<https://webpower.psychstat.org/models/kurtosis/>) to evaluate Mardia’s multivariate skewness and the kurtosis coefficients by determining the p-values of the constructs. The Kurtosis coefficients and Mardia’s multivariate skewness p-value were under 0.05, which confirmed multivariate non-normality. Thus, the data were not normal, which proved that PLS was the most appropriate tool to use.

5.6 Assessment of Common Method Variance (CMV)

This research facilitated two approaches to controlling CMV. The first involves employing a marker variable to assess any statistical biases within the proposed model. This construct was not related to the overall conceptual model in this study, as it was utilized merely to remedy the bias. This statistical procedure has been recognized by Chin et al. (2013) and Podsakoff et al. (2003).

The research highlights the fact that cognitive rigidity is the marker variable used to assess the common method bias. The questions within the variable are distinct from those in the primary research model used in this study. The construct items indicated no influence on each PLS model's variable. The evaluation of path coefficients is the next step that allows the market construct to be introduced within the research model and be observed and assessed.

A value of 0.215 marked the original path coefficient estimation for rebelliousness, and, after introducing the marker variable to the model and assessing the path coefficient, the results highlighted the fact that the level correlation (CLC) had a value of 0.220. These changes were minor and insignificant. Therefore, it was concluded that common method bias was not an issue in this research. The results are presented in Table 5.3.

Although non-response bias is nearly non-existent, in this study, an investigation was conducted to examine whether it influenced the outcomes. The researcher contrasted the first and last quartiles of the submissions received, treating the late respondents as non-respondents, in line with Armstrong and Overton's (1977) recommendation. Non-response bias was unlikely to be a factor in this investigation, given that the independent sample t-tests revealed no substantial differences between the research variables.

Table 5.3 Marker Variable Estimation (CMV)

Relationship	Original Estimates	CLC Estimation	Original Estimates	CLC Estimates
	Path coefficients	Path coefficients	t-value	t-value
Rebelliousness -> Discretion	0.215	0.220	3.502	3.507
Workplace Aggression -> Discretion	0.140	0.143	0.893	0.895
Perceived Supervisory Support -> Discretion	0.165	0.168	2.503	2.508
Legal Enforcement -> Discretion	0.265	0.269	4.358	3.360
Facilitation -> Discretion	0.171	0.178	3.792	3.797
Accommodation -> Discretion	0.128	0.130	1.870	1.877
Willingness to Implement (Policies) -> Discretion	0.106	0.108	1.146	1.149
Role Expectations -> Discretion	0.085	0.089	1.895	1.898
Physical Workload -> Discretion	-0.100	-0.101	1.844	0.848
Client Meaningfulness -> Discretion	0.091	0.099	1.435	1.439

Note: The bold values were generated after including the marker variable in the research model.

5.7 Measurement Model

The measurement model is examined in this section. This stage included the assessment of the associations among the items and their corresponding constructs (Hair et al., 2017). The aim of evaluating the measurement model was to examine the reliability and validity of the variables proposed in this study. The following steps were taken to evaluate the model:

1. The Cronbach's alpha and composite reliability were used to assess the reliability
2. A validity assessment was conducted through the following methods:
 - A. Item loading and average variance extracted were used to assess the convergent validity.
 - B. The heterotrait-monotrait ratio of correlations (HTMT) criterion was employed to assess the discriminant validity.

5.7.1 Assessment of the Construct's Reliability

The primary goal of measuring a construct's reliability is to estimate the correlations between the variables and their correlated items. Determining the reliability assists in measuring the correlations within the items of each construct (Donnon et al., 2014).

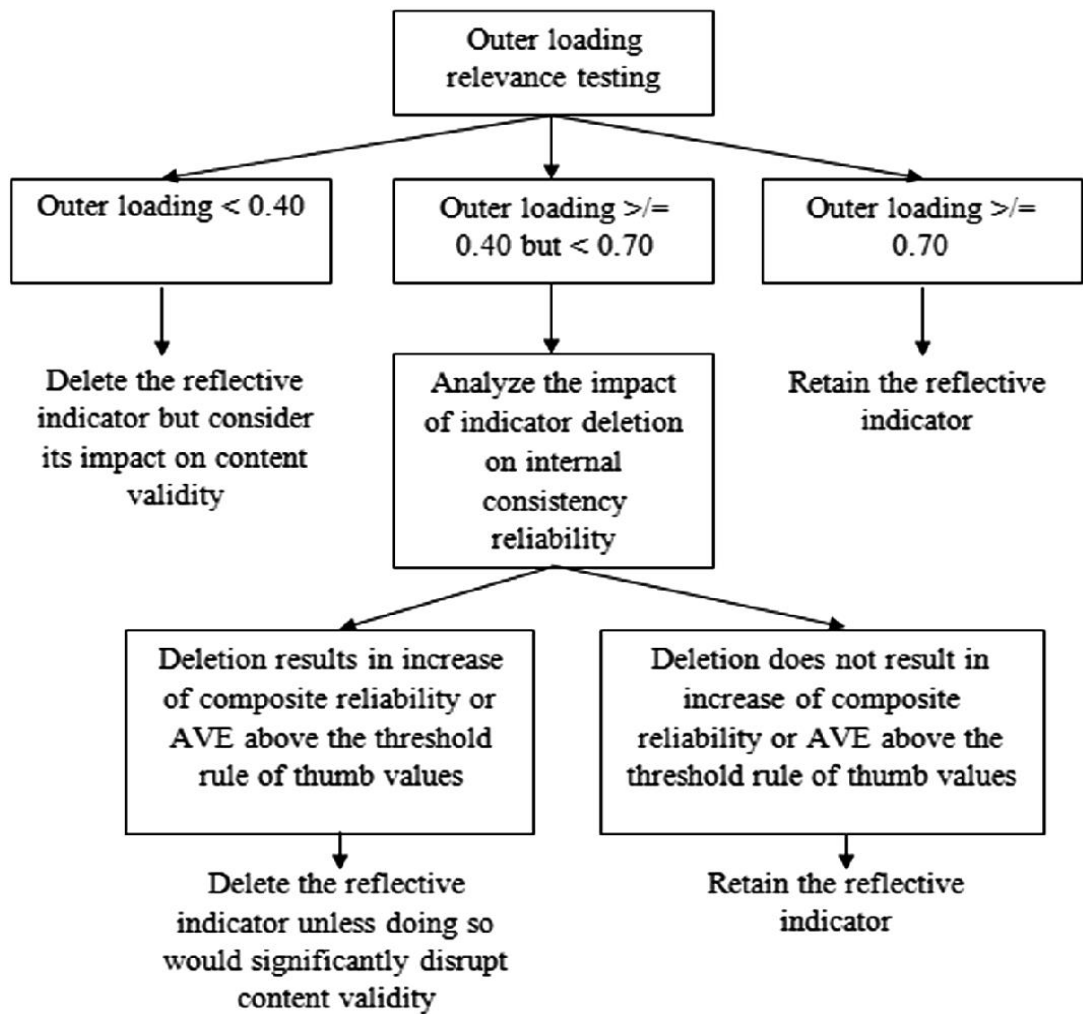
The internal consistency's reliability was examined through Cronbach's alpha, which is traditionally employed to examine the internal consistency of constructs to

estimate the inter-correlations' reliability while being centered on the observed constructs. However, the literature shows that using the Cronbach's alpha understates internal consistency's reliability because it is very susceptible to issues based on the number of items in the scale and the overall sample size (Hair et al., 2017; Hair et al., 2014). Thus, the internal consistency's reliability can be evaluated via an assessment of composite reliability, which is an assessment of the internal consistency of the survey indicators, which has been recommended in the literature (Hair et al., 2017; Hair et al., 2014).

Hair et al. (2017) indicated that composite reliability values of 0.60 to 0.70 in exploratory research are adequate to achieve reliability for the constructs examined. However, the composite reliability value should range between 0.70 and 0.90 for the more advanced stages of research. Therefore, it is essential to examine and report the composite reliability, which is widely used and considered a more reliable measurement (Hair et al., 2019).

Furthermore, to make an appropriate judgment regarding the accuracy of the items, the specific latent variable must be based on the reliability threshold of 0.70 or above. Figure 5.1 shows that the threshold values are flexible. Items with an outer loading score of under 0.40 must be eliminated from the latent variable items. Items capturing outer loading values between 0.40 and 0.70 must be assessed with specific criteria, that is, if removing such items increases the composite reliability and average variance extracted values, these items must be removed (Hair et al., 2017; Hair et al., 2014).

Figure 5.1 Outer Loading Relevance



Source: Hair et al. (2017, p. 114)

This study relied on the procedures established by Sarstedt et al. (2017) to evaluate the reliability. The reliability of the measurement models was determined based on the outer loadings of the items in each construct and the composite reliability. All the items and the outer loadings for their constructs were assessed using the guidelines indicated in Figure 5.1. Appendix A shows that the outer loadings of all the items on their corresponding variables achieved or exceeded the recommended threshold value of 0.5. However, the principal threshold suggested by Hair et al. (2017) was used to determine whether to retain the items with outer loadings under 0.5.

Most of the items were determined to be reliable and retained. However, some of the factors had low item loadings: (Supportive Supervision) had one low item (SuperV11), (Style Legal) had one low item (Style_Legal1), and (Role Expectations) had some low item loadings like (Role_EXP4, Role_EXP11). Thus, all the low loadings were removed (see Appendix A), and the other items were retained in the final datasets. The Cronbach's alpha and composite reliability (CR) for all the variables had a value above 0.70. The Cronbach's alpha and CR, which range from 0.751 to 0.962 and 0.708 to 0.966, respectively, are reported in Appendix A.

5.8 Assessment of the Construct's Validity

The instrument's validity used in this study was evaluated through convergent validity to check whether the items in the scale truly measured the constructs (Cooper & Schindler, 2014). The level of coherence of each item under each variable was assessed. The discriminant validity was also used. It involved analyzing the items under each construct and checking to determine whether they differed from those for the other variables in the scale (Fornell & Larcker, 1981). The two forms of construct validity are explored below.

5.8.1 Assessment of Convergent Validity through AVE

Convergent validity deals with the items in a survey and is used to examine what they measure. It is used to evaluate the degree to which various items are in agreement while measuring the same construct. It is used to measure the internal consistency of the construct's items. The convergent validity is used to guarantee that the items for a specific construct correctly measure the construct being examined and not another one (Hair et al., 2017; Ramayah & Rahbar, 2013). It is evaluated through the average variance extracted (AVE). AVE is the "grand mean value" of all the items with a squared loading of each construct, which is used to establish the convergent validity by setting a standard measurement on the construct level and assessing the item's outer loadings (Hair et al., 2017; Hair et al., 2014). Urbach and Ahlemann (2010) indicated that AVE is the "measure of the amount of variance" that a latent construct reflects based on the measurements associated with the latent variable, which is relative to the amount of variation owing to measurement errors. A value of 0.50 or higher shows that the construct is described by an average of over half the indicators' variance. A value under 0.50 signifies that the variable indicates a lower variance on average (Hair et al., 2017; Hair et al., 2014). The AVE in this study was determined to be above the 0.50 threshold value, ranging from (0.580 to 0.806), as shown in Appendix A. Thus, the appropriateness of the measurement model was established in terms of reliability and convergent validity.

5.8.2 HTMT Criterion to Evaluate the Discriminant Validity

The discriminant validity is used to examine whether the variables within a framework are correlated with each other and show how a construct's use is distinct from that of another construct within a model (Hair et al., 2017; Memon et al., 2017). In this study, the discriminant validity was measured to examine whether the constructs used were distinct and whether they showed any correlation with each other. The discriminant validity is measured using two methods. The first examines the cross-loading of the

indicators. The second evaluates the item's outer loading in each construct, wherein the outer loading values should be greater than the cross-loading values for the other variables (Hair et al., 2017; Hair et al., 2014). Nevertheless, the literature no longer endorses the use of these techniques (Hair et al., 2017; Hair et al., 2014).

The Fornell-Larcker criterion was considered as a means of evaluating discriminant validity in this study. In it, it is implied that the AVE's square root value equates to the construct's correlations. The AVE value for each construct should be higher than those of the other variables (Hair et al., 2014, 2017). However, the literature has shown that this approach is unreliable (Henseler et al., 2015; Voorhees et al., 2016). Henseler et al. (2015) recommended using the HTMT, which is defined as the "mean of all correlations of indicators across constructs measuring different constructs (the heterotrait-heteromethod correlations) relative to the (geometric) mean of the average correlations of indicators measuring the same construct" (Hair et al., 2017, p. 123). It highlights the actual correlation between two constructs. It has also been identified as a dis-attenuated correlation. If the value of this correlation is close to 1, it signifies a lack of discriminant validity. Henseler et al. (2015) posited that discriminant validity is established between variables when HTMT values are under 0.90. The HTMT values for all the proposed constructs in this study were below 0.90, as seen in Table 4.4. Thus, discriminant validity was established.

Table 5.4 HTMT Criterion (Discriminant Validity)

Constructs	1	2	3	4	5	7	8	9	10	11	12
1. Client Meaningfulness											
2. Discretion	0.486										
3. Physical Workload	0.178	0.225									
4. Rebelliousness	0.374	0.541	0.304								
5. Role Expectations	0.553	0.560	0.247	0.457							
6. Accommodation	0.125	0.249	0.074	0.306	0.179						
7. Facilitation	0.187	0.389	0.129	0.538	0.307	0.57					
8. Legal Enforcement	0.449	0.270	0.203	0.211	0.494	0.24	0.472				
9. Perceived Supervisory Support	0.424	0.524	0.159	0.286	0.386	0.122	0.125	0.185			
10. Willingness to Implement (Policies)	0.384	0.301	0.184	0.177	0.527	0.141	0.322	0.595	0.252		
11. Workplace Aggression	0.353	0.483	0.275	0.627	0.415	0.142	0.383	0.198	0.196	0.086	

5.9 Evaluation of the Structural Model

The model used in this study was constructed using Smart-PLS to test the hypotheses. The path coefficients were generated through the PLS algorithm processes. The t-value was used to verify the bootstrapping technique. Hair et al. (2017) indicated that the unknown population in the large sample was modeled using the bootstrapping tool. This assumption can be inferred from the new findings. The results of the analysis of the data are validated at the 5% significance level (t-value: 1.645), which is employed as a statistical assessment standard for one-tailed (t-value 1.96) and two-tailed (Hair et al., 2017) tests. In addition, verifying the measurement models' analysis demonstrated positive reliability and validity for all the variables.

The second stage of analysis involved evaluating the results of the structural model. This stage was concerned with assessing the correlations between the variables and the predictive abilities of the proposed framework (Hair et al., 2017). According to Hair et al. (2014) and Hair et al. (2017), who recommended using PLS-SEM, the critical protocols for investigating the structural model are as listed below:

1. Collinearity issues
2. Relevance and significance of structural model relationships
3. R^2 value
4. Effect size f^2
5. Predictive relevance Q^2

The above-mentioned protocols constitute the main stages in assessing the structural models, as described in the following sections.

5.9.1 Collinearity Issue Assessment

Evaluating multicollinearity is the first stage in evaluating the structural model. Therefore, this statistical phenomenon must be investigated before evaluating the structural model. According to Kock and Lynn (2012), multicollinearity describes the relationships between variables, wherein the presence of a strong correlation indicates multicollinearity. It is a vital part of validation analysis, as multicollinearity between constructs can generate issues because a high correlation among clustering factors may overpower one or more underlying constructs. According to Hair et al. (2017), complete collinearity can appear between two variables even though their correlation coefficient is one.

The collinearity issues in the structural model can be examined by assessing the values of the variance inflation factor (VIF) and tolerance level. Multicollinearity arises when predictors (two or more) in the proposed model are correlated and offer unnecessary information. Both the multicollinearity tolerance and VIF were checked.

As Table 5.5 shows, there were no multicollinearity issues in this study while the value of the tolerance level was more than 0.1 and less than 10. In addition, this study involved an examination of the variance of inflation factor (VIF). When the VIF value is under 5, there is no multicollinearity problem (Hair et al., 2010; Hair et al., 2017). Table 5.5 presents the findings. These results show no problem with multicollinearity, as the VIF values of all the constructs were below 5 and the tolerance was below 10.

Table 5.5 Assessment of Multicollinearity

Constructs	Tolerance Level	VIF
Client Meaningfulness	0.265	1.637
Physical Workload	0.325	1.189
Rebelliousness	0.185	2.237
Role Expectations	0.235	1.711
Accommodation	0.612	1.454
Facilitation	0.546	2.022
Legal Enforcement	0.223	1.320
Perceived Supervisory Support	0.177	1.276
Willingness to Implement (Policies)	0.123	1.582
Workplace Aggression	0.325	2.046
Discretion	N.A	N.A
Notes: VIF = variance of inflation factor. N/A = not applicable.		

5.9.2 Path Coefficients of the Structural Model

The primary function of the structural model is to enable scrutiny of the hypothesized associations between the variables emphasized in this study, presenting the relationships between the proposed constructs. In addition, the structural model can be used to examine the degree of explained and unexplained variance in the endogenous variables (Donnon et al., 2014; Tabachnick & Fidell, 2001). This study involved employing bootstrapping with 5,000 re-samples, as advocated by Hair et al. (2017), to estimate the inner structural models' parameters.

5.9.2.1 Testing of the Path Coefficient (Hypothesis Testing)

First, the respondents' demographic factors were included as control variables (age, gender, education, and number of years of experience) to check whether such factors affected the findings of the study. Among these factors, only number of years of

experience had a significant effect on the dependent variable (i.e., use of discretion) as per ($\beta = 0.301$, t- value 3.871, and $p < 0.000$). Table 5.6 presents the proposed hypotheses.

This section is a discussion of the results of the direct effects of the 10 hypotheses described below:

- Rebelliousness and discretion were significantly negatively correlated ($\beta = -0.218$, t-value = 3.500, p-value = 0.000). Thus, H_1 was not supported.
- Willingness to implement (policies) and discretion were insignificantly correlated ($\beta = 0.106$, t-value = 1.146, p-value = 0.126). Thus, H_2 was not supported.
- Client meaningfulness and discretion were insignificantly correlated ($\beta = 0.091$, t-value = 1.435, p-value = 0.076).
- The relationship between workplace aggression and discretion was not statistically significant ($\beta = -0.140$, t-value = 0.893, p-value = 0.186).
- The relationship between perceived supervisory support and discretion was positively significant ($\beta = 0.165$, t-value = 2.503, p-value 0.006).
- The relationship between role expectations and discretion was statistically significant ($\beta = 0.085$, t-value = 1.895, p-value = 0.001).
- The relationship between physical workload and discretion was statistically significant ($\beta = -0.100$, t-value = 1.844, p-value = 0.005).
- The relationship between legal enforcement and discretion was statistically significant ($\beta = 0.245$, t-value = 1.435, p-value = 0.000).
- The relationship between facilitation and discretion was statistically significant ($\beta = 0.174$, t-value = 3.791, p-value = 0.001).
- The relationship between accommodation and discretion was statistically significant ($\beta = 0.129$, t-value = 1.872, p-value = 0.033).

Table 5.6 Hypotheses Testing (Path Coefficient Analysis)

Bias and Corrected Bootstrap 95% CI								
Hypothesis	Relationship	SB	SE	t- value	p- value	[Lower Level; Upper Level]		Decision
Hypothesis -1	Rebelliousness -> Discretion	-0.218	0.064	3.500	0.000	[0.126	0.341]	Supported
Hypothesis -2	Willingness to Implement (Policies) -> Discretion	0.106	0.093	1.146	0.126	[-0.274	0.010]	Not supported
Hypothesis -3	Client Meaningfulness -> Discretion	0.091	0.063	1.435	0.076	[-0.015	0.195]	Not supported
Hypothesis-4	Workplace Aggression -> Discretion	-0.140	0.156	0.893	0.186	[-0.262	-0.309]	Supported
Hypothesis-5	Perceived Supervisory Support -> Discretion	0.165	0.066	2.503	0.006	[0.066	0.284]	Supported
Hypothesis-6	Role Expectations -> Discretion	0.085	0.061	1.895	0.001	[0.034	0.161]	Supported

Hypothesis-7	Physical Workload -> Discretion	-0.100	0.069	1.844	0.005	[-0.268	-0.043]	Supported
Hypothesis-8	Legal Enforcement -> Discretion	0.245	0.062	4.248	0.000	[0.163	0.362]	Supported
Hypothesis-9	Facilitation -> Discretion	0.174	0.042	3.791	0.001	[0.081	0.260]	Supported
Hypothesis-10	Accommodation -> Discretion	0.129	0.078	1.872	0.033	[0.211	0.026]	Supported
	Control Variables							
--	Gender -> Discretion	-0.074	0.127	1.112	0.210	-0.434	0.083	
--	Age-> Discretion	0.099	0.046	1.245	0.151	0.027	-0.176	
--	Education Level-> Discretion	0.016	0.043	0.795	0.423	0.068	-0.238	
--	Number of Years of Experience-> Discretion	0.301	0.062	3.871	0.000	0.187	0.396	
Notes: Based on a bootstrap test (5,000 re-samples).								

5.10 Coefficient of Determination (R^2 Value) Assessment

The model's predictive accuracy, which was developed by the constructs in this study, was measured using the coefficient of determination. R^2 is the square of the correlation that links the predictive and actual values for the endogenous variables. This coefficient presents the combined effects of a specific endogenous variable and an exogenous variable (Hair et al., 2017). The R^2 value varies from 0 to 1. Higher values demonstrate an advanced level of predictive accuracy.

The literature has identified the implications of several R^2 values. For example, Al-Ansari (2014) noted that values greater than or equal to 0.10 represent the presence of variance. Cohen (1988) noted that R^2 values ranging from 0.26 to 0.13 reflect strong and moderate predictive accuracy, and 0.02 is considered a weak result. Hair et al. (2014) and Hair et al. (2017) indicated that the R^2 values of 0.75, 0.50, and 0.25 for endogenous variables could be labeled as strong, moderate, and weak, respectively. Table 5.7 presents the values of the endogenous constructs that are considered moderate.

Table 5.7 Endogenous Constructs of Models (R^2 Value)

Construct (Dependent Variable)	R Square
Discretion	0.466

5.11 Assessment of the Effect Size f^2

The effect size f^2 needed to be examined to determine how significant the influence of an exogenous construct was on specific endogenous latent variables. The effect size f^2 depends on an examination of the changes in R^2 by omitting the exogenous variable from the proposed model. The effect size can be implemented using a formula, as given below:

$$f^2 = \frac{R_{AB}^2 - R_A^2}{1 - R_{AB}^2}$$

Source: Selya et al. (2012).

Cohen (1988) presented a strict procedure to assess the f^2 effect size of any exogenous variable for a specific endogenous latent construct and indicated that f^2 effect size is labeled as large, medium, and small for the values of 0.35, 0.15, and 0.02, respectively (Cohen, 1988).

Hair et al. (2017) recommended using a stricter standard to examine the effect sizes and indicated that large, medium, and small effect sizes take values of 0.025, 0.01, and 0.005, respectively. Table 5.8 presents the f^2 effect size values in this study.

Table 5.8 f^2 Effect Sizes

Constructs	f^2
Client Meaningfulness	0.012 [S]
Physical Workload	0.018 [M]
Rebelliousness	0.041 [L]
Role Expectations	0.018 [S]
Perceived Supervisory Support	0.037 [L]
Legal Enforcement	0.005 [S]
Facilitation	0.008 [S]
Accommodation	0.004 [S]
Willingness to Implement (Policies)	0.017 [M]
Workplace Aggression	0.020 [M]

Notes: S = Small, M = Medium, and L = Large.

5.12 Predictive Relevance Q^2 Assessment

Predictive accuracy is commonly assessed using Stone-Geisser's Q^2 value (Geisser, 1974; Stone, 1974). As has been noted, "This measure is an indicator of the model's out-of-sample predictive power or predictive relevance" (Hair et al., 2017, p. 202).

These assessment validations were significant in establishing the predictive relevance of the model proposed in this study. The blindfolding technique was used to calculate the Q^2 value as a "procedure for a certain omission distance." Blindfolding employs a procedure that "omits" all data points of the endogenous variable in a proposed model (Chin, 1998a; Hair et al., 2014, 2017).

Lack of predictive relevance can be reflected in Q^2 values of 0 and below (Chin, 1998a; Hair et al., 2014). Q^2 values of 0.35, 0.15, and 0.02 for an endogenous construct are considered large, medium, and small, respectively (Hair et al., 2014). Table 5.9 demonstrates the endogenous constructs of the Q^2 values. The results indicate that Q^2 represents a high degree of predictive accuracy.

Table 5.9 Endogenous Constructs Q^2

Construct (Dependent Variable)	SSO	SSE	$Q^2 (= 1 - SSE/SSO)$
Discretion	864	776.877	0.312

5.13 Conclusion

The analysis of the measurement and structural models provided vital information. The measurement model was used to evaluate the validity and reliability of the scale employed. The results show that the measurements had adequate reliability and validity. The data collected successfully demonstrated the establishment of discriminant validity. The examination of the structural model demonstrates the significance of the relationships between the proposed constructs and tests the hypotheses. All the techniques used followed the criteria, as Hair et al. (2017) recommended.

CHAPTER 6: DISCUSSION

This chapter is an examination of whether the survey data provided answers to the research questions. The aim of this study was to investigate how three key factors shape SLBs' use of discretion using SEM. This goal was achieved. The findings provided insights into how various factors shape the use of discretion and define the regulatory enforcement process. The study's research data indicate and substantiate its theoretical framework and highlight SLBs' behavior during regulatory enforcement efforts. It also helps evaluate the impact of the three primary constructs on the use of discretion.

6.1 How SLBs' Personal Characteristics Shape Their Use of Discretion

1. Rebelliousness (reluctance to act)

The literature has shown that bureaucrats demonstrate rebelliousness if they exhibit rebellious or unorthodox traits while engaging with inspectees. They see themselves as people with a limited ability to act freely. SLBs take the necessary steps to protect their freedom of choice from any external constraints (Brehm, 1966). This construct demonstrates that people and bureaucrats who display rebelliousness feel that something or someone is restricting their right and ability to make choices. Rebelliousness generates a longing to reinstate personal freedom, which directly influences SLBs' ability to judge situations accurately during their interactions with clients.

The previous research has shown that if SLBs exhibit attitudes of reluctance, it negatively shapes the way they interact with clients, as it tends to limit their ability to act freely during implementation, which, in turn, results in a negative correlation between both constructs (Brehm, 1966; Shen & Dillard, 2005; Steindl et al., 2015).

An examination of this research's data demonstrates that there is a significant relationship between rebelliousness and SLBs' ability to act freely in Malaysia. This hypothesis was confirmed by the data gathered in this study. This is new knowledge, and it enhances the existing information on the factors that shape bureaucrats' behavior on the front lines.

This phenomenon can be explained by the work of Brehm and Brehm (2013), who argued that, when individuals sense a constraint on their freedom to decide on a matter freely, it impacts their overall behavior. They act in negative ways, as they feel that someone is suppressing their freedom. This notion is intertwined with a basic argument within the theory of physical reluctance, which contends that people who exhibit rebellious behavior are possibly experiencing a deficit of, or an assault on, their freedom, thus they feel that their ability to decide on a matter freely is being weakened.

Individuals deemed rebellious tend to be striving to restrain or lessen any factor that may restrict their ability to act freely. Those who feel that their freedom and independence are limited are likely to perceive their freedom to act as inadequate and may occasionally consider the decision-making power provided to them as insufficient to achieve their goals. Individuals who experience rebelliousness tend to minimize their freedoms by protecting whatever is left of their ability to act freely, resulting in difficulty and exhibiting their unwillingness to decide on how to manage responsibilities in the workplace freely. The literature on reluctance to act has suggested that individuals who exert rebellious behavior tend to recognize that their ability to decide on matters freely is being restricted and consider independent decision-making unachievable in relation to what they regard as the appropriate course of action. This is mainly due to the feeling that their perceived ability to decide on matters freely has been eliminated, which constrains their ability to undertake work-related responsibilities (Brehm & Brehm, 2013; Hassan et al., 2021b).

The literature has not assumed any specific reason for SLBs to believe that their capability to make judgments freely is being threatened, and the theoretical models have not addressed this question (Brehm & Rozen, 1971; Brehm & Brehm, 2013). There is a narrow debate on what constitutes a threat to freedom and how such threats shape the use of discretion by SLBs. Any pressure put on a bureaucrat performing their job and experiencing situations that require discretion constitutes a threat. A threat is triggered by external pressure and by the people within the work environment directly causing SLBs to view their personal freedom as restricted (Steindl et al., 2015).

Lipsky (2010) explained that, if SLBs feel intimidated by others when make decisions, they tend to challenge any factor limiting their ability to act freely. He indicated that the capacity to freely determine the course of action that must be taken by SLBs is regularly undermined and constrained by factors pertaining to other SLBs within the bureaucratic organization where they work or the clients with whom they interact, as they are held accountable for a considerable amount of work, which comes with accompanying stress and pressure with which they must cope. This, in turn, results in SLBs being unwilling to decide on matters and hesitant to act when interacting with clients during enforcement.

The result of this research demonstrates that during face-to-face interactions with clients, inspectors manage to cope with pressures and constraints on their freedom by employing coping mechanisms that allow SLBs to handle the consistent pressure to achieve the desired enforcement outcomes (Lipsky, 2010). Such coping mechanisms can include focusing on clients demanding genuine services from bureaucrats and only entertaining demands that are considered easy to handle. Lipsky (2010) also argues that SLBs work with limited resources and experience never-ending demands from clients, which result in bureaucrats' inability to meet the demands of clients. Moreover, these

constant demands deter bureaucrats from positively addressing their client's needs (Durose, 2011a; Nielsen, 2006; Vedung, 2015; Winter & Nielsen, 2008).

Winter and Nielsen (2008), based on Lipsky (2010), identified two main coping mechanisms. The first is reducing the demand for output, implying that SLBs employ discretion when enforcing regulations by targeting the clients who are most in need of their support or with whom they feel most comfortable and who do not pose any threat to them. This limits the amount of work they must undertake and can ease work-related pressure on SLBs, which helps mitigate their tendency toward rebellious behavior.

The second factor is rationing output, or "creaming," as Lipsky (2010) termed the practice. This strategy involves selective enforcement, meaning that SLBs offer full cooperation to a few select clients, whom SLBs view positively. SLBs use both mechanisms to reduce work pressure. In this study, it is argued that coping mechanisms contribute to how SLBs experience rebelliousness and how this tendency shapes the use of discretion by labor inspectors in Malaysia during the enforcement process.

2. Willingness to Implement (policies)

"Willingness to implement (policies)" refers to the positive behavioral intentions of SLBs when implementing a policy (Metselaar, 1997). Research on this construct shows that an increase in the willingness of SLBs to implement a policy tends to have a positive impact on their use of discretion (Meier & O'Toole, 2002; Tummers & Bekkers, 2014). This is essential in shaping discretion and the overall behavior of SLBs while interacting with the public (Lipsky, 2010; Tummers et al., 2012). The literature shows that an SLBs willingness is the main factor that shapes their discretion. The lack of willingness to implement policies implies the absence of the ability to decide freely and results in poor performance. Lipsky (2010) indicated that willingness could modify enforcers' decision-making processes while enforcing regulations.

Willingness to implement policies enhances SLBs' abilities to engage with clients and ensures a high level of effectiveness and efficiency in terms of enforcement. It shapes how SLBs experience discretion when enforcing regulations (Hupe & Hill, 2015). Lipsky (2010) concluded that the willingness of SLBs shaped their ability to decide freely (discretion) and indicated that the process of enforcing any policy is intertwined with their willingness. An analysis of the willingness to implement policies and use of discretion revealed insignificant results with a t-value of 1.146, which reflected an insignificant correlation between both variables. These conclusions shed light on the significance of willingness to implement policies as a factor shaping an SLB's freedom to decide on matters (Hupe, 2019).

Lipsky (2010) noted that SLBs' willingness to implement policies is extremely low on some occasions, mainly because of resource constraints. He added that exercising discretion resulted in SLBs having the power to determine how to enforce policies and respond to citizens' needs. Constraints are caused by two critical factors that reduce the responsiveness and willingness of SLBs to employ discretion. The first set of constraints includes personal motivations in the public sector, and the second includes pressures within their enforcement agency. Grandvoininnet et al. (2015) and Lodenstein et al. (2016) explained that personal motivations are key determiners of SLBs' willingness to implement policies when dealing with their clients. Public officials experience a diverse set of motivations that determine their actions and their enforcement of public policies. SLBs are driven by ideas and the culture of public service. These motivations can change over time and are shaped by their experiences of dealing with clients, which motivate their actions. Their actions often translate into policy outcomes.

Joshi and McCluskey (2018) and Hupe and Hill (2015) cited internal administrative aspects in enforcement agencies as crucial elements shaping the personal attitudes of and willingness to implement policies among SLBs. They indicated that there

are formal and informal enforcement agency constraints. The former includes official the policies, rules, and regulations within an organization that are inherent in SLBs' behavior because of public service training and socialization, thus making them more accountable to bureaucratic hierarchies rather than to the citizens' demands and needs. The latter includes organizational culture, networks, peers, and professional ethics, contributing to limitations on SLB's willingness. These factors tend to promote or hinder the accountability and effectiveness of SLBs, and the organizational environment serves as a primary tool to create an atmosphere in which good performance is expected as the norm. The results of the study show that these factors directly influence SLBs' willingness to respond to civil claims. Joshi and McCluskey (2018) added that formal factors include central bureaucratic pressures, which can be characterized as the administrative rules and standard operating procedures that guide SLBs' everyday activities. They argued that these rules might put pressure on SLBs by pushing them to do things that they are not capable of doing. Thus, they can cause a loss of personal motivation to attain an implementation goal, reducing enforcers' willingness to implement regulations.

Hupe and Hill (2015) offered a different perspective to explain this relationship. They emphasized that the literature on street-level bureaucracy offers a set of factors that explain why SLBs are sometimes unwilling to implement regulations. These factors include workload, professional norms, policy instruments, and economic incentives that may have a negative impact on their willingness to implement policies. A critical factor that was relevant to the current study's results was the frustration felt by SLBs toward their clients. This was caused mainly by the clients' demands, which, at times, were not met. Frustration usually accumulates while SLBs carry out their responsibilities. The client provides little assistance or information to bureaucrats while enforcing the law, which leads SLBs to feel compelled and enticed to act in a problematic manner. As a result, SLBs may demonstrate an unwillingness to implement regulations and fail to

enforce them. This can create a hostile environment between SLBs and their clients, which, in turn, can minimize the former's ability and willingness to implement regulations and meet clients' demands.

In conclusion, this section explained the main factors determining SLBs' low levels of willingness to implement policies. The main factors include personal motivation, client frustration, and bureaucratic pressure within enforcement agencies. These factors may explain the results of this study.

3. Client Meaningfulness

Client meaningfulness describes the perceptions among SLBs concerning the advantages they can extend to their clients while engaged in regulation enforcement. For instance, one might ask, "Do they perceive that they are helping their clients by implementing this policy?" (Tummers et al., 2012, p. 9). Hence, such perceptions of SLBs toward their clients ultimately shape how they interact with their clients and whether they decide to exercise their discretion. Durant et al. (2011) noted that SLBs often depend on their use of discretion to attain success at work. The desire to make judgments freely in line with clients' demands, which bureaucrats see as a tool to achieve success, depends on how they perceive their clients, as such perceptions determine SLBs' level of willingness to help their clients. Sandfort (2000) found that in the US public welfare system, SLBs experienced high levels of freedom to decide on matters and noted that agency had a positive impact on bureaucrats' opinions of the advantages they could present to their clients.

In this study, the analysis of client meaningfulness for labor inspectors in Malaysia in relation to using their discretion yielded insignificant results with a t-value of 1.435 and a p-value of 0.076. This finding could be contextualized within the street-level bureaucracy theory to justify the actions of SLBs during the enforcement process.

This study showed that there was an insignificant correlation between client meaningfulness and discretion. This shows that inspectors in Malaysia lack a sense of client meaningfulness. This can be explained by Joshi and McCluskey (2018), who suggested that public officials tend to come from high-social-status backgrounds in developing countries. Most governments employ Weberian bureaucratic systems that lead to a division between SLBs and the public, as government employees distance themselves from the public and see themselves as their superiors. Joshi and McCluskey (2018) added that the perception of the client's legitimacy by SLBs is an essential factor, as it defined how they view their clients and can be used to interpret their efforts to meet their clients' needs.

Lodenstein et al. (2016) suggested that how SLBs perceive their clients is deeply related to the likelihood of the existence of citizen participation laws. If such regulations exist, SLBs tend to positively perceive their clients and accept their claims, as such laws ensure a certain level of communication between the public and the government during regulation formation. Hence, regulation enforcement tends to be based on a mutual understanding between bureaucrats and clients. Additionally, how SLBs perceive the legitimacy of clients' demands shapes how bureaucrats behave during regulation enforcement. For example, the number of demands made by clients tends to have a profound influence on SLBs perception, and if such proposition is within a valid set of rights that the client is entitled to, SLBs tend to perceive their clients positively and react in a constructive manner that will guarantee client demands are fulfilled. Alternatively, when clients continually make new demands, SLBs tend to view their clients negatively, mainly due to bureaucrats' inability to fulfill all their demands. Furthermore, SLBs' perception of their clients' demands and the ingenuity of such propositions influences bureaucrats' ability to offer exclusive services to clients to meet their demands. However,

when a bureaucrat views a client's demands as genuine, SLBs offer unique services to accommodate such demands.

Overall, SLBs' levels of client meaningfulness will be negatively impacted if they consider the clients' demands inauthentic. This will contribute to negative perceptions among SLBs toward their clients. These factors constitute a fundamental notion that explains why client meaningfulness has an insignificant correlation with the use of discretion by SLBs.

This result regarding demographic factors and their impact on discretion can be explained by the idea that SLBs who have extensive experience dealing with clients enjoy greater freedom to act and deviate from official guidelines to exercise this freedom (Olaison et al., 2018). SLBs with more significant work experience are better-equipped to implement policies (Evans, 2016). In contrast, age and gender were found to have no impact on discretion.

Keulemans and Van de Walle (2020) argued that SLBs' attitudes toward their clients significantly impact their discretion during their interactions, as SLBs' perceptions toward their clients are determined by how they perceive the authenticity of the offered information. As bureaucrats always work with complex cases, a bureaucrat's behavior is dependent on their attitudes and tendencies when dealing with clients' demands. Their perception of their clients generally shapes their attitudes; hence, bureaucrats' behavior is not free from biases (Baviskar & Winter, 2017) as bureaucrats may favor clients based entirely on their personal perceptions, making this factor key to understanding bureaucrats' behavior and decisions on the front lines.

In conclusion, personal characteristics are an essential factor shaping SLBs' ability to act freely on the front lines of regulatory enforcement. The constructs also offer

a decisive explanation for the existence of imperfect enforcement and how bureaucrats shape the enforcement process.

6.2 How Internal Organizational Factors Shape SLB's Use of Discretion

The first factor analyzed in this study was workplace aggression. The correlation with discretion was insignificant. Labor inspectors in Malaysia have demonstrated minimal workplace aggression. According to Weatherley and Lipsky (1977), who examined police and schoolteachers, workplace aggression negatively impacts SLBs' use of discretion. An increase in the number of incidents in which SLBs face external aggression tends to result in reluctance to minimize their discretionary powers. Salin and Hoel (2011) similarly indicated that workplace aggression or, as the scholars call it, "workplace bullying," affects SLBs in relation to their organizations, especially when they interact with clients and the public. The reluctance of SLBs to use their discretionary power has been associated with the experience of workplace aggression (Merecz et al., 2009). The findings of this study validated Lipsky's theory. There was a negative relationship between workplace aggression and use of discretion among labor inspectors in Malaysia.

Another variable in this study was perceived supervisory support. This construct was found to have positive significance with a t-value of 2.503. The results show that supportive supervision is positively correlated with the use of discretion by labor officers in Malaysia. This shows that supportive supervision has a positive impact on SLBs. Lipsky (2010) stated that supervision is indispensable to empowering SLBs to make effective decisions when implementing policies.

Wood (2006) noted that supervisors are essential and constitute a primary source of motivation for bureaucrats. The study also showed that supervision requires a multi-dimensional approach in which, as he argues, supportive supervision is an important

dimension that correlates with motivating bureaucrats to work productively. To ensure that SLBs meet the goals set by their organizations, it was noted in the study that supervision should not solely be understood in terms of rewards and punishment. Supervisors play an essential role in ensuring that SLBs are satisfied with their workplaces and their ability to use discretion to enforce policies. The supervisor's role is significant, as SLBs frequently seek assistance while using their discretion to ensure compliance. Many studies have shown that supervision is relevant in the study of SLBs (Brehm & Gates, 1999; May, 1999; Riccucci, 2005), and supervision may have a limited association with discretion. However, as seen in the current study, supervision plays a critical role in shaping the abilities of SLBs when handling their day-to-day responsibilities.

Hupe and Hill (2015) and Lipsky (2010) highlighted a lack of research on the direct relationship between supervision and bureaucrats' behavior during the implementation process. The findings in the current study offer insights into how supportive supervision positively impacts SLBs. The findings of this study confirm Lipsky's (2010) assertion that supervision positively shapes and motivates SLBs' use of discretion to enforce policies.

The third variable is physical workload. In this study, the physical workload was defined as the tasks and responsibilities that SLBs undertake in their work. The literature on this variable and SLBs has demonstrated that there is a negative correlation between physical workload and discretion. Physical workload negatively correlates with discretion, reflecting the idea that, with an increase in their physical workload, SLBs must focus on overcoming their day-to-day tasks in the workplace. Thus, such activities tend to reduce the ability of SLBs to exercise their discretion freely, as they are occupied with attempting to cope with their workload (Hupe & Hill, 2015; Lei et al., 2019; Lipsky, 2010).

In this study, the relationship between physical workload and discretion was statistically significant, with a t-value of 1.844. This relationship indicates that the physical workload of labor inspectors in Malaysia is positively correlated with discretion. This result is explained by Lipsky's theory of SLBs, highlighting how bureaucrats employ coping strategies to manage their workloads.

According to Eybers et al. (2019) and Styhre (2008), who documented the management of physical workloads in their study of bureaucratic organizations, a focus on standard operating procedures is essential, as it shapes a bureaucrat's use of discretion while they are discharging their day-to-day responsibilities.

This was also confirmed by Lipsky (2010) and Peters et al. (2015), who argued that standard operating procedures shape the exercise of discretion. Agencies develop such procedures to guide SLBs in performing their roles and help them find ways to use their discretion to enforce regulations while facilitating collaborations between SLBs and their clients. They added that how such standard operating procedures are written and their comprehensibility and clarity from the perspective of SLBs are essential; they determine how SLBs perceive the standard operating procedures, which, in turn, affects their use of discretion. Winter and Nielsen (2008) explained that standard operating procedures are detailed documents that indicate how a policy should be enforced. They provide details on performing a task in relation to policy enforcement, the materials necessary, where and when the task should be executed, and how they should exercise their discretion to enforce it.

Lipsky (2010) indicated that SLBs face consistent pressure in the workplace. The size of the physical workload is one such source of pressure. In response, SLBs establish coping strategies to minimize and ease the pressure in the workplace. Increases in client demands naturally increase their workload. Nevertheless, they cannot meet all their

clients' demands and are thus faced with an unfavorable situation in which they are compelled to use coping mechanisms.

Specific mechanisms help them maximize their productivity. Strategies may include favoring some clients over others, which could have a negative impact on enforcement. To avoid this situation, Lipsky (2010) recommended two coping strategies: limiting client demand and creaming. The former involves limiting the workload. This is done by using an information limitation strategy that, over time, reduces the dissemination of information, which is related to their abilities. This is done by asking the clients to wait for services. SLBs may sometimes make themselves unavailable or may refer clients to different agencies. Creaming involves offering services to a limited number of handpicked clients with well-defined issues, who are less likely to be time-consuming than others.

The idea is to focus on cases that are easy to handle with a high likelihood of a successful outcome and to downplay the difficult or tricky ones, which can help SLBs ensure that they can handle their workload in the best way possible and at the same time achieve the required results (Agger & Poulsen, 2017; Hupe & Hill, 2015; Sevä, 2015; Vedung, 2015).

As seen in this study, the positive correlation between discretion and physical workload may likely be the result of SLBs in Malaysia using coping strategies to handle the overwhelming number of cases. On the other hand, they may be using both strategies. Hence, SLBs in Malaysia develop strategies to assist them in using their discretion to enforce regulations. Thus, the use of discretion by SLBs is positively correlated with their physical workload due to the use of coping strategies.

Finally, a role expectation is defined as "how the mission and values of a program, as they are communicated to the staff, becomes embodied in their workers' perception

and shape their attitudes towards their work and their clients and what their perceptions of and attitudes towards their work are” (Jewell & Glaser, 2006, p. 341). Additionally, a role expectation is referred to as an SLB’s “perception of their role in policy delivery” (Berkel et al., p. 22). The result of this study can be explained by referring to Jewell and Glaser (2006), who, in their study of how a bureaucrat’s role expectations align with the objectives of the policies they are responsible for, found that, while some bureaucrats see themselves as a vital component of the policy enforcement process, some do not see themselves this way, instead of viewing their work in narrow and technical terms.

Lipsky (2010) explained that SLBs’ peers and colleagues shape this relationship. SLBs’ colleagues will likely influence how they perceive themselves and interact with their clients. In Lipsky’s theory, SLBs deal with the public with a sense of commitment to the public good and a desire to help their clients. However, SLBs “develop conceptions of their work and their clients that narrow the gap between their personal and work limitations and the service ideal” (Lipsky, 1980, p. xiii). Lipsky argued that role expectations differ significantly among SLBs and shape their encounters when conflicting with their clients.

Based on the work of Lipsky (2010), the result of this research can be justified by the extent to which the public’s expectations shape SLBs’ role expectations. The findings reflect how labor inspectors perceive themselves and what they do as an essential element that profoundly impacts the entire enforcement stage. In addition, labor inspectors in Malaysia expressed a positive perception toward the public and their views of them.

SLBs often face considerable disagreement, which results in role conflicts for them. In such situations, as seen in some cities in the US that enforce the law vigorously, SLBs have a great sense of the importance of their role. However, in other cities, police officers tend to emphasize upholding order and view themselves as having negative role

expectations, which is reflected by their perceptions regarding their ability to decide how to deal with the public and use their discretion freely; such SLBs often fail to enforce regulations effectively (Jewell & Glaser, 2006).

Role expectations positively impact the use of discretion owing to the support of colleagues. Bureaucrats contend that only their colleagues understand the work pressures they face and the extent of the work-related strain. The subject of peer support is crucial in understanding how SLBs form their role expectations. Lipsky (2010) argues that when SLBs exercise discretion freely, they must have the support of their colleagues, from which they can more clearly see their role within the organization as essential and receive consistent advice and support. One example of this phenomenon can be seen in police officers who enforce regulations using a legalistic, strict style, as the actions of the police officers are shaped by the support they receive from their colleagues while performing their job duties. Such support can come in the form of advice or even physical assistance while dealing with conflicts (Hupe, 2019; Lipsky, 2010).

Clients' attitudes toward SLBs are also an essential factor. Lipsky indicated that clients are not the main points of reference for SLBs. They do not comprise any of the groups that classify or alter SLBs' roles. This does not mean that, as in the case of teachers or judges, the children or defendants are unimportant; rather, it is simply understood that these groups do not primarily determine their role expectations. SLBs view their clients' demands based on the consideration that their clients are not a part of their peer group. Many bureaucrats provide day-to-day services to their clients and are required to interact with the public to give the impression that they perceive their clients as having a say in their work. Bureaucrats must have clear role expectations so that their actions are not impaired, which might affect their ability to decide on matters effectively and result in a low level of workplace effectiveness (Lipsky, 1979; Rossi, 1974; Yuan & Woodman, 2010).

Hupe and Hill (2015) offered a different point of view to aid in understanding the relationship between role expectations and the use of discretion. They showed that SLBs perceive any action they undertake in their work as having a significant impact on their clients. These perceptions indicate that SLBs view their role as essential to the success of any policy they enforce. Thus, internal organizational factors positively affect the use of discretion by SLBs.

6.3 The Extent to which SLBs' Multi-Dimensional Enforcement Style Shapes their Use of Discretion

SLBs' "enforcement style" refers to the actions taken to enforce regulations (Braithwaite, 2006). Bruijn et al. (2007) indicated that the attitudes of enforcers when dealing with clients comprise their enforcement style in action. They also added that enforcing regulations is fundamentally a "game" played between SLBs and clients, with the objective being gaining the greatest advantage while incurring minimal losses. The literature has validated two dimensions of enforcement style. The first is the single-dimensional enforcement style, which refers to SLBs behaving in a specific manner; for example, a police officer may use deterrence as the only means of enforcement or act as an advisor to their clients and provide guidance on how to comply with regulations. Most SLBs who follow a single-dimensional enforcement style are rigid about following the law (McAllister, 2010). Kagan (1994) showed that the single-dimensional enforcement style ranges from cooperative to punitive. However, scholars have pointed out that the single-dimensional approach is insufficient to grasp the complexity of SLBs' enforcement style (Burby, 1995; Gormley, 1998).

The second is the multi-dimensional enforcement style (de Boer et al., 2018; Mascini, 2013). May (1999) proved that enforcement style varies and is often multi-dimensional. May and Winter (2000, p. 147) noted that it ranges from formalism to coercion and defined formalism as "the degree of rigidity in interactions that vary from

informal conversations and rule-bound instances on the part of the SLBs.” May and Winter (2000) defined “coercion” as “the willingness to issue threats that vary from a trusting inspector not issuing warnings, to a skeptical [street-level bureaucrat] threatening to report or to impose penalties for violations.” May and Winter (2000) noted that both dimensions play a role in the enforcement of regulations. Regarding the multi-dimensional enforcement style, three components have been identified in the literature, namely, legal enforcement, facilitation, and accommodation (de Boer, 2019). SLBs who employ the legal dimension score high in terms of formalism but moderate in terms of coercion. Those who follow a facilitation strategy score moderately high in terms of both formalism and coercion. Those who follow an accommodation strategy score low in terms of both formalism and coercion. The current study’s results confirmed that enforcement style is multi-dimensional and that SLBs in Malaysia employ the three enforcement style dimensions.

A typical result is a positive correlation between the legal enforcement dimension and the use of discretion. This can be seen in the behavior of SLBs when carrying out their daily duties, as they are likely to employ deterrence-based measures, such as sanctions and penalties, as their primary method of enforcement or narrowly focus on following the letter of the law rather than paying attention to the unique circumstances of their clients (de Boer, 2018; Hassan et al., 2021c).

When SLBs employ the facilitation dimension, they rely on their ability to accommodate the unique needs of their clients by altering how they decide on matters. Such behavior can occur due to SLBs’ lack of trust in their clients or their desire to comply with regulations. This variable encompasses the persuasive educational type of enforcement style, which mainly deals with the ability of bureaucrats to communicate, educate, and provide information regarding regulations and compliance methods to

clients. By doing so, the inspectees are motivated to comply with regulations (Hassan et al., 2021c; Lo et al., 2009).

The facilitation dimension is grounded in the ability of SLBs to share information with their clients. When a bureaucrat shows that they are willing to share information that helps their clients, it indicates the desire for a positive relationship between SLBs and clients and ultimately increases the use of discretion by bureaucrats as they try to encourage cooperation with inspectees (Bruijn et al., 2007; Etienne, 2013). The result of this variable is in line with the consensus on its relationship with the overall ability of bureaucrats to act freely (discretion), and this enforcement dimension is supported by empirical evidence (Hassan et al., 2021c; Pautz, 2010; Pautz & Wamsley, 2012). SLBs who employ facilitation attempt to consider inspectees' unique circumstances and be forgiving and offer them a second chance to comply with regulations (May & Wood, 2003).

The third dimension is accommodation. It refers to the extent to which SLBs rely on the opinions of others during an inspection. For example, an inspector may listen and pay heed to the opinions of their colleagues or the team leader and follow that advice while interacting with inspectees. The literature shows that this variable positively impacts the use of discretion, as inspectors rely on the opinions of their colleagues and supervisors during enforcement (Lo et al., 2009). The findings of the current study showed that inspectors who scored high in terms of discretion tend to use increased accommodation measures. The standard coefficient was statistically significant ($\beta = 0.129$, $SE = 0.078$, t -value of 1.872). This shows that inspectors in Malaysia considered their colleagues' and supervisors' advice while conducting regulatory enforcement measures, as it helped them exercise discretion effectively. This study shows that labor inspectors in Malaysia employ a multidimensional style while enforcing minimum wage regulations. The legal enforcement dimension registered the highest correlation between

behaving in a formal, legalistic manner without considering the inspectees' unique circumstances and enforcing regulations (Hassan et al., 2021c; Lo et al., 2009).

Braithwaite (2006) examined the enforcement style among bureaucrats in developing countries and recommended using a mixed enforcement style, wherein the legal dimension would be relied on only when inspectees deliberately fail to comply with regulations. Hence, based on the result of this study, labor inspectors in Malaysia are mainly legalistic in nature; however, SLBs employ the accommodation and facilitation dimensions to a certain degree.

Lipsky (2010) noted that bureaucrats tend to choose deterrence-based methods first because they believe it is the most effective method. Accordingly, this school of thought argues that deterrence measures are the most effective way to ensure full compliance with the law, as bureaucrats emphasize behaving strictly with inspectees, requesting that they fulfill specific policy requirements. For the most part, these matters involve rigid legal requirements that demand considerable attention from clients (Mascini, 2013; Rechtschaffen, 1997). This result has been confirmed in the literature on multi-dimensional enforcement styles with an explicit focus on the legal dimension.

Boer et al. (2018) noted that most inspectors prioritize the legal dimension over facilitation and accommodation. These results were corroborated in the current study, in which facilitation had a t-value of 3.91, demonstrating a positive correlation with the use of discretion and the accommodation dimension was the third construct, which registered a t-value of 1.872 in relation to the use of discretion.

This study shows how SLBs employ a mixed enforcement style, which is a complex phenomenon. This study confirms the findings of other studies showing that the enforcement style includes more than one dimension (de Boer, 2019; Hassan et al., 2021c; Lo et al., 2009). Several studies have been focused on SLBs worldwide and have reflected

a consensus that they share several common behaviors and constraints (Hupe, 2019; Lipsky; 2010; Tummers et al., 2012).

Although developing and developed countries are drastically different in terms of their bureaucratic systems and operation methods, there are considerable similarities in SLBs' use of discretion. SLBs face constraints on their freedom to act and employ coping mechanisms to minimize such constraints. Nevertheless, they face common issues worldwide because the nature of their work is similar: they enforce regulations and deal with the specific circumstances concerning the public while implementing policies (Lipsky; 2010; Rowat, 1990; Stanica, 2020).

6.4 Conclusion

This study has enriched the existing knowledge on regulatory enforcement through an examination of how the variables pertaining to SLBs and responsive regulation theories shape and impact the use of discretion and behaviors of inspectors. This study's findings confirmed the multi-dimensional nature of the enforcement style (legal enforcement, facilitation, and accommodation) used by bureaucrats on the front lines. The findings highlight the relationship between the choice of enforcement style and use of discretion and show how SLBs employ a combination of these dimensions to enforce regulations.

A key takeaway from this research is that SLBs who exhibit rebellious behavior in their interactions with clients during the enforcement process are employing a coping mechanism to deal with constraints on their ability to exercise discretion. Willingness to implement policies had an insignificant correlation with the use of discretion, reflecting inspectors' low levels of willingness to implement the minimum wage regulation. Client meaningfulness registered a negative relationship with SLBs' perceived ability to act freely, which means that SLBs perceive clients negatively, possibly because of numerous

client demands. The physical workload of SLBs had a significantly negative relationship with the use of discretion, implying that labor inspectors in Malaysia relied on coping mechanisms to address and lessen heavy workloads, which, in turn, had little impact on the use of discretion. This study showed that variables like rebelliousness, multi-dimensional enforcement style, and perceived supervisory support were significantly associated with SLBs' ability to act freely and highlighted the need to emphasize the ability of SLBs to build a positive relationship with inspectees, as such associations determine how bureaucrats offer services to clients.

This study contributes to the knowledge on regulatory enforcement by offering an examination of how the constructs highlighted by street-level bureaucracy and responsive regulation theories shape the use of discretion. The findings confirmed the use of a multi-dimensional enforcement style (legal enforcement, facilitation, and accommodation). The broad question posed by this study can be answered by highlighting the fact that SLBs' use of discretion is affected by a vast set of factors that may limit or enhance their use of discretion to enforce regulations. Thus, imperfect enforcement may continue to exist. Research has helped facilitate a better understanding of why imperfect enforcement exists and has highlighted and examined crucial components of the imperfections in the enforcement process.

Regarding the imperfect enforcement of the minimum wage policy in Malaysia, this limitation can be associated with a lack of willingness to implement regulations and the negative perceptions of inspectors toward their inspectees. SLBs employ coping mechanisms to manage their heavy workloads and the constraints within their organizations. The study's findings highlight three main dimensions of the enforcement style SLBs use to enforce minimum wage regulations, which primarily include legal enforcement, followed by facilitation and accommodation. Based on the classic works of de Boer et al. (2018), Lo et al. (2009), and May and Winter (2000), this can be viewed as

a positive interaction between inspectors in Malaysia and their inspectees, as it contributes to better enforcement of regulations.

6.5 Theoretical and Practical Implications

This study makes significant contributions to the literature on SLBs' enforcement style by examining how the legal enforcement, facilitation, and accommodation dimensions shape their use of discretion. Researchers have previously examined the relationship between one or two enforcement style dimensions (Hutter, 1989; May & Winter, 2000; May & Wood, 2003). This study offers a comprehensive examination of the three dimensions that may affect an SLB's use of discretion while enforcing regulations. Few studies have addressed the effects of a multidimensional enforcement style (de Boer, 2019) and personal characteristics on the use of discretion (Tummers et al., 2012). Most of the existing research has been focused on the West. By examining the context of Malaysia and analyzing the direct effect of internal organizational factors, an assessment was made of the consistency of the relationships between these constructs across various social frameworks, precisely within the Malaysian context.

This research highlights the importance of considering street-level bureaucracy and responsive regulation theories as the main tools for examining regulation enforcement. These theories present critical variables that shape the ability of SLBs to act freely during the enforcement phase. The personal characteristics of SLBs are associated with behavioral and attitudinal outcomes and have a substantial effect on the relationship between the multidimensional enforcement style and use of discretion. This study is focused on examining how the willingness of SLBs to implement a regulation shaped their behavior on the frontlines, as it was closely associated with bureaucrats' ability to decide on matters freely. Moreover, combining both theories facilitated a comprehensive examination of the factors that shaped SLBs' behavior and enabled an identification of the underlying dimensions that constitute SLBs' enforcement style while enforcing

minimum wage regulations. This research also sheds light on several constructs that can help us understand SLBs' behavior during the policy implementation stage.

The main theoretical contribution of this study is that it shows how SLBs are shaped by their willingness to implement policies and perceptions of client meaningfulness. These two constructs are likely the reasons for imperfect enforcement. The practical implication of this study is that the multidimensional enforcement style directly influences the use of discretion. SLBs and labor inspectors play a critical role in ensuring the successful enforcement of regulations. Therefore, public agencies should carefully consider the selection of inspectors and provide training for SLBs to ensure that they employ a multidimensional enforcement style when interacting with the public.

The results of this study are valuable both for enforcement agencies and bureaucrats, especially considering bureaucrats' willingness to implement policies and, to a certain degree, the overall organizational intent to enforce the minimum wage and the resources allocated to ensuring a sustainable enforcement process. Enforcement agencies should consider SLBs' willingness to implement policies when deciding whether to hire them. They should also provide them with relevant training to help develop their cognitive resources, which can contribute to encouraging their reliance on a persuasive method of enforcement and help them develop a constructive relationship based on trust between inspectors and inspectees.

Essentially, this study suggests that the willingness to implement policies constrains the ability of SLBs to decide on matters and act freely on the front lines and that how SLBs view their clients shapes how they interact with them during policy enforcement. Indeed, the relationship between the multidimensional enforcement style, personal characteristics, and internal organization factors and bureaucrats' ability to decide on matters freely is vital in any regulation's enforcement. Moreover, it determines

the success or failure of the implementation phase and leads to positive social exchanges with inspectees.

6.6 Limitations of the Study

This study has a few limitations. First, employing a survey as the main instrument to gather information has limitations. The SLBs may have perceived that the questions within the survey were a tool to assess their abilities indirectly. They may have portrayed the challenges they face on the job and factors shaping their perception of the ability to decide on matters freely and factors within their work environment as aspects that had little influence on their behavior. However, the average score was used to reduce this impact.

There were methodological limitations, as this study was based on a single survey, which may have resulted in an overestimation of the relationships between the constructs within the model (Podsakoff et al., 2003).

Finally, this study was based on a self-reporting survey, which entails specific limitations. The first limitation of self-reporting questionnaires is the possibility that respondents will provide invalid answers. While answering the survey questions, especially those that respondents may consider sensitive, respondents may not answer truthfully. This well-documented phenomenon, which is known as the social desirability bias, and it indicates that individuals may respond with what they consider to be socially acceptable answers. This behavior affects the validity and reliability of the survey. Another limitation is the lack of flexibility in the fixed-choice questions. This may have limited the participants' ability to express themselves by limiting the answers to specific points with a few options. At times, these answers may not reflect what the respondents have experienced during the implementation process (Demetriou et al., 2014; Lee & Van Ryzin, 2019; Sjoberg & Miller, 1973).

6.7 Recommendations

Regulatory enforcement and SLBs' use of discretion are complex phenomena. The challenges faced by government workers while enforcing regulations are inherently related to the SLBs responsible for enforcement. Considering street-level bureaucracy and responsive regulation theories can help researchers discover the critical factors that shape the use of discretion by bureaucrats during the enforcement process.

The case study of Malaysia's labor inspectors highlights three critical issues that limit SLBs' use of discretion and their ability to decide on matters freely during enforcement. The first is that SLBs' enforcement style is primarily legalistic, as it involves using strict rules, sanctions, and penalties while interacting with citizens (May & Wood, 2003). Lipsky (2010) argued that when bureaucrats' behavior is strictly legalistic, they do not consider the unique situations faced by clients, which results in a problematic relationship. This is then reflected in poor enforcement activities and low levels of compliance with regulations (Hill & Hupe, 2009). To ensure that SLBs employ a mixed enforcement style, proper training workshops must be provided. Such workshops must provide step-by-step instruction and assistance on how SLBs should cooperate with their clients and on how to identify the most reliable enforcement style based on a client's situation (Ayres & Braithwaite, 1994).

Second, the organizers of training workshops should concentrate on equipping SLBs with the knowledge to implement various strategies to enforce regulations depending on a client's unique situation. For example, Mayntz (1984) highlighted the following practical strategies that SLBs can employ during regulation enforcement: a command-and-control approach to achieve regulation objectives, which can be carried out by focusing on clients who are historically known to have above-average non-compliance rates, and providing information to clients on modes of compliance and the objectives of the minimum wage policy as well as its benefits, which can enhance the

level of awareness among the public. This is helpful because many of the non-compliant behaviors of clients arise from a lack of available information concerning how to comply with regulations (Hupe & Hill, 2015; Lipsky, 2010).

The study also highlighted the importance of the willingness to implement policies and client meaningfulness. Minimum wage enforcement in Malaysia involves common tendencies that relate to SLBs' ability to decide on matters and act, as illustrated by Lipsky (2010), who explicitly argued that if SLBs' willingness to implement policies is weak and their perception of clients is poor, it constrains their use of discretion, as they tend not to act or provide any services to clients under such circumstances, thus resulting in imperfect enforcement. Moreover, client meaningfulness and willingness to implement policies are likely constrained by the rules and procedures that provide daily guidance to an SLB. This shows that these constructs limit an SLB's use of discretion. This may be explained per Lipsky's (2010) theory stating that bureaucrats prefer to follow the rules and SOPs to undertake their work and focus on ensuring that the rules and guidelines are followed rather than interacting with clients during the enforcement process.

The literature has discussed the importance of selecting SLBs to overcome the issues around willingness to implement and client meaningfulness. The enforcement of regulations requires competent individuals who are physically and mentally capable of overcoming the issues encountered during enforcement. Three main factors must be taken into consideration. The first is the age of the bureaucrats. This study showed that most labor inspectors in Malaysia who are responsible for the enforcement of minimum wage regulations are aged forty years and above. Enforcement is complex and requires the physical capability to ensure that clients' needs are met. The second is the education level of the SLBs, as education helps them understand new modes of enforcement and provides a means to ensure that enforcement is carried out successfully. Finally, SLBs who demonstrate cognitive strictness are essential—that is, they must employ their abilities to

ensure successful policy enforcement (Hupe, 2019; Lipsky, 2010). The results of this study highlight the fact that many labor inspectors in Malaysia have pre-university training or a bachelor's degree. Thus, well-educated labor inspectors with a theoretical and practical understanding of enforcement methods and the most effective strategies in terms of interacting with the public and inspectees are vital to the entire implementation process.

The bottom-up approach suggests that such individuals prioritize having a positive impact on their clients and demonstrate unlimited willingness to implement the policies they are responsible for enforcing. This is because they must view the policy as a vital element to the success of minimum wage regulations in Malaysia (Hupe & Hill, 2015; Tummers et al., 2012).

In conclusion, the willingness to implement policies, client meaningfulness, and a multi-dimensional enforcement style are vital factors influencing SLBs' ability to decide on matters freely when interacting with clients. These concepts have an overwhelming influence on the ability of SLBs to exercise discretion and delineate the steps that must be taken to ensure successful regulation enforcement. Therefore, educating SLBs on how to persuade and advise clients on complying with and paying careful attention to the hiring processes involved in selecting employees will likely have a fundamental influence on the enforcement of minimum wage regulations.

6.8 Future Research

This study is an examination of the primary constructs and how they affect the use of discretion by SLBs. However, future research should fill gaps in the field, specifically with the goal of understanding the overall function of SLBs in the enforcement phase. This is vital to understanding how regulations are enforced and how SLBs interact with the public.

Many questions around regulatory enforcement and discretion may remain inside a proverbial Pandora's box. Future research can help us better understand SLBs' behavior.

Future research could be focused on exploring three aspects of the situation. The first would involve examining the constructs highlighted in this study from a qualitative perspective. This method could provide an alternative means of understanding how each construct shapes the use of discretion. Understanding the factors that contribute to an SLB's willingness to implement a policy and rebelliousness and client meaningfulness is essential.

Second, given the issues caused by the COVID-19 pandemic, researchers need to focus on the mental health of bureaucrats and examine how they exercise discretion while implementing policies under exceptional circumstances. Factors such as risk perception, self-efficacy, and social media exposure could be useful to explore. Third, researchers could seek to understand how inspectees/clients perceive SLBs' behavior and use of discretion and identify the factors that shape successful interactions during the implementation and enforcement process that takes place between SLBs and citizens.

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LIST OF PUBLICATIONS

1. Hassan, M. S., Raja Ariffin, R. N., Mansor, N., & Al Halbusi, H. (2021). An Examination of Street-Level Bureaucrats' Discretion and the Moderating Role of Supervisory Support: Evidence from the Field. *Administrative Sciences*, 11(3), 65. <https://doi.org/10.3390/admsci11030065>
2. Hassan, Mohammed Salah; Raja Ariffin, Raja Noriza; Mansor, Norma & Al Halbusi, Hussam (2021). Rebelliousness and Street-Level Bureaucrats' Discretion: Evidence from Malaysia. *Journal of Administrative Science*, 18 (1):173 - 198.
3. Hassan, M. S., Raja Ariffin, R. N., Mansor, N., & Al Halbusi, H. (in press). *International Journal of Public Administration*. The Moderating Role of Willingness to Implement Policy on Street-level Bureaucrats' Multidimensional Enforcement Style and Discretion. <https://doi.org/10.1080/01900692.2021.2001008>
4. Mohammed Salah Hassan, Hussam Alhalbusi, Ahmad Bayiz Ahmad et al. Discretion and its Effects: Analyzing the Role of Street-Level Bureaucrats' Policy Enforcement Style, 08 December 2022, PREPRINT (Version 2) available at Research Square [<https://doi.org/10.21203/rs.3.rs-1600724/v2>]

REGULATORY ENFORCEMENT OF MINIMUM WAGE POLICY: AN EXAMINATION OF STREET-LEVEL BUREAUCRATS' DISCRETION IN MALAYSIA

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7	"Global Encyclopedia of Public Administration, Public Policy, and Governance", Springer Science and Business Media LLC, 2018	<1%

APPENDIX A

First Order- Constructs	Second Order- Constructs	Items	Loading	Cronbach's Alpha	CR	AVE
Rebelliousness		Emotional_response1	0.782	0.753	0.857	0.667
		Emotional_response2	0.825			
		Emotional_response3	0.841			
		Reactance_compliance1	0.846	0.751	0.811	0.593
		Reactance_compliance2	0.618			
		Reactance_compliance3	0.825			
		Resisting_influence1	0.655	0.779	0.859	0.606
		Resisting_influence2	0.736			
		Resisting_influence3	0.851			
		Resisting_influence4	0.854			
		Reactance_advice1	0.926	0.820	0.918	0.848
		Reactance_advice2	0.915			

**Workplace
Aggression**

Work_agg1	0.745	0.937	0.945	0.683
Work_agg2	0.744			
Work_agg3	0.867			
Work_agg4	0.882			
Work_agg5	0.841			
Work_agg6	0.799			
Work_agg7	0.864			
Work_agg8	0.859			

**Supervision
Support**

SuperV1	0.824	0.962	0.966	0.671
SuperV2	0.775			
SuperV3	0.852			
SuperV4	0.731			
SuperV5	0.773			
SuperV6	0.830			
SuperV7	0.899			
SuperV8	0.841			

SuperV9	0.845
SuperV10	0.828
SuperV12	0.811
SuperV13	0.828
SuperV14	0.826
SuperV15	0.794

**Role
Expectations**

Role_EXP1	0.663	0.806	0.833	0.582
Role_EXP2	0.693			
Role_EXP3	0.786			
Role_EXP5	0.540			
Role_EXP6	0.879			
Role_EXP7	0.532			
Role_EXP8	0.693			
Role_EXP9	0.570			
Role_EXP10	0.584			
Role_EXP12	0.513			
Role_EXP13	0.691			
Role_EXP14	0.635			

Physical Workload	Phyis_load1	0.521	0.858	0.862	0.565
	Phyis_load2	0.613			
	Phyis_load3	0.778			
	Phyis_load4	0.926			
	Phyis_load5	0.847			
Client Meaningfulness	Client_meaning1	0.609	0.781	0.828	0.692
	Client_meaning2	0.752			
	Client_meaning3	0.745			
	Client_meaning4	0.725			
	Client_meaning5	0.665			
Willingness to Implement	Willing_Imp1	0.796	0.904	0.924	0.709
	Willing_Imp2	0.872			
	Willing_Imp3	0.706			
	Willing_Imp4	0.884			

	Willing_Imp5	0.933			
Legal	Style_Legal2	0.507	0.781	0.708	0.605
	Style_Legal3	0.942			
	Style_Legal4	0.612			
	Style_Legal5	0.538			
Facilitation	Style_Fac1	0.882	0.920	0.943	0.806
	Style_Fac2	0.930			
	Style_Fac3	0.915			
	Style_Fac4	0.862			
Accommodation	Style_Acc1	0.862	0.896	0.927	0.760
	Style_Acc2	0.880			
	Style_Acc3	0.902			
	Style_Acc4	0.842			
Discretion	Discretion1	0.712	0.774	0.842	0.671
	Discretion2	0.679			
	Discretion3	0.716			
	Discretion4	0.618			

Discretion5	0.636
Discretion6	0.747

Notes: CR= Composite Reliability; AVE= Average Variance Extracted.

APPENDIX B



UM.TNC 2/UMREC

8 November 2019

Mohammed Salah Hassan
Department of Administrative Studies and Politics
Faculty of Economics and Administration
University of Malaya

Dear Sir/Madam,

RESEARCH ETHICS CLEARANCE APPLICATION

On behalf of the University of Malaya Research Ethics Committee (UMREC), we are pleased to inform you that your application as detailed below has been **approved**:

Name of PI : Mohammed Salah Hassan
Title of Proposal: Regulation Enforcement of Minimum Wage Policy in Malaysia
Reference Number: UM.TNC2/UMREC - 622

Kindly proceed with the research in accordance with the University of Malaya Research Ethics Guidelines.

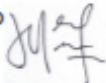
Please do take note that this approval is valid from **November 2019** till **November 2022**

In the case of amendment to the research project, please complete the "Amendment Form" (available from the website) and submit to UMREC office for approval.

For more information about University of Malaya Research Ethics, please visit: <http://umresearch.um.edu.my/>

Thank you.

Yours sincerely,

pp 

DR. TEE MENG YEW
Member,
University of Malaya Research Ethics Committee (Non-Medical)

s.k Head, Department of Administrative Studies and Politics
Deputy Dean (Research), Faculty of Economics and Administration
University of Malaya

University of Malaya Research Ethics Committee (UMREC Non-Medical)
•Tel No.: 03-79676289 / 6942 •e-mail: umrec@um.edu.my
Website: <https://www.um.edu.my/um2017/research-and-community/our-impact/information-for-researchers/research-governance/um-research-ethics-committee>

The Survey

Dear Participant:

I am Mohammed Salah a PhD student at the University of Malaya. Currently I am conducting research on regulatory enforcement of minimum wage in Malaysia. This research examines how labor inspectors enforce the law and how different factors shapes their discretion. I am inviting you to participate in this research study by completing the attached surveys.

Please answer all questions as honestly as possible.

Participation is strictly voluntary, and you may refuse to participate at any time. Thank you for taking the time to assist me in my educational endeavors. The data collected will provide useful information regarding regulation enforcement in Malaysia.

Please be assured that the contents of the survey are CONFIDENTIAL, and your responses will not be divulged to any person or institution outside of University Malaya. All information collected will be used solely for ACADEMIC PURPOSES.

Completion and return of the questionnaire will indicate your willingness to participate in this study.

The following questionnaire will require approximately 15-25 minutes to complete.

If you require additional information or have questions, please contact me at the number listed below. If you are not satisfied with the manner in which this study is being conducted, you may report (anonymously if you so choose) any complaints to:

Mohammed Salah Hassan

017-9923287 or sala@siswa.um.edu.my

Peserta yang dihormati:

Saya Mohammed Salah seorang pelajar PhD di Universiti Malaya. Saya sedang menjalankan kajian mengenai Penguatkuasaan Peraturan Gaji Minimum Di Malaysia. Kajian ini mengkaji bagaimana penguatkuasa buruh menguatkuasakan undang-undang dan apakah faktor-faktor yang membentuk budi bicara mereka.

Saya menjemput tuan/puan untuk mengambil bahagian dalam kajian ini dengan melengkapkan kaji selidik yang dilampirkan. Sila jawab semua soalan dengan sejujur yang mungkin. Penyertaan adalah secara sukarela dan tuan/puan berhak untuk berhenti mengambil bahagian dalam kajian ini sekiranya perlu.

Terima kasih kerana meluangkan masa untuk membantu saya dalam usaha melengkapkan pengajian saya. Data yang dikumpul akan memberikan maklumat berguna mengenai penguatkuasaan peraturan di Malaysia.

Kandungan tinjauan adalah SULIT dan pandangan tuan/puan tidak akan didedahkan kepada mana-mana pihak termasuk individu atau institusi di luar Universiti Malaya.

Semua maklumat yang dikumpulkan akan digunakan semata-mata untuk TUJUAN AKADEMIK sahaja. Kerja melengkap dan memulangkan soal selidik akan menunjukkan kesudian tuan/puan untuk mengambil bahagian dalam kajian ini.

Soal selidik berikut memerlukan lebih kurang 15-25 minit untuk dilengkapkan. Sekiranya tuan/puan memerlukan maklumat tambahan atau mempunyai sebarang pertanyaan, sila hubungi saya di nombor yang disenaraikan di bawah. Sekiranya tuan/puan tidak berpuas hati dengan kaedah kajian ini, tuan/puan boleh melaporkan (secara anonim jika perlu) sebarang aduan kepada:

Mohammed Salah Hassan

017-9923287 or sala@siswa.um.edu.my

***Instruction: to answer the questions for this part, please click within the circle for the answer you have chosen.**

Arahan: untuk menjawab soalan-soalan untuk bahagian ini, sila klik lingkarkan jawapan yang telah anda pilih

Attitude (sikap peribadi)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1. I become frustrated when I am unable to make free and independent decisions Saya menjadi kecewa apabila saya tidak dapat membuat keputusan secara bebas	1	2	3	4	5
2. It irritates me when someone points out things which are obvious to me Ia mengganggu saya apabila seseorang menunjukkan perkara yang jelas kepada saya	1	2	3	4	5
3. I become upset when my freedom of choice is restricted Saya menjadi kecewa apabila kebebasan pilihan saya dibatasi	1	2	3	4	5
4. Regulations trigger a sense of resistance in me Peraturan mencetuskan rasa lawan dalam diri saya	1	2	3	4	5
5. Contradicting others discourages me Bertentangan dengan orang lain tidak bermotivasi saya	1	2	3	4	5
6. When something is prohibited, I usually think, "That's exactly what I am going to do." Apabila ada sesuatu yang dilarang, saya biasanya berfikir, "Itulah yang saya akan lakukan."	1	2	3	4	5
7. I am contented only when I am acting on my own free will.	1	2	3	4	5

Saya berpuas hati apabila saya bertindak atas kehendak saya sendiri.					
8. I resist the attempts of others to influence me. Saya menentang percubaan orang lain untuk mempengaruhi saya.	1	2	3	4	5
9. It upset me when another person is held up as a role model for me to follow Ia mengganggu saya apabila orang lain dijadikan sebagai contoh untuk saya ikuti	1	2	3	4	5
10. When someone forces me to do something, I feel like doing the opposite Apabila seseorang memaksa saya untuk melakukan sesuatu, saya berasa seperti melakukan sesuatu yang sebaliknya	1	2	3	4	5
11. I consider advice from others to be an intrusion Saya rasa nasihat daripada orang lain adalah gangguan	1	2	3	4	5
12. Advice and recommendations usually induce me to do just the opposite Nasihat dan cadangan biasanya mendorong saya untuk melakukan yang sebaliknya	1	2	3	4	5

Part 2 Organizational internal factors
Faktor dalaman organisasi

Role expectation (Harapan peranan)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Sangat Setuju</i>
1. I believe I make a difference Saya percaya saya membuat perbezaan	1	2	3	4	5

2. I see clear evidence of the impact of my work. Saya melihat bukti jelas tentang kesan kerja saya.	1	2	3	4	5
3. My work has a lasting impact. Kerja saya mempunyai kesan yang berkekalan.	1	2	3	4	5
4. The minimum wage regulation is too complicated for me to understand. -"Peraturan gaji minimum terlalu rumit bagi saya untuk memahami."	1	2	3	4	5
5. The company I work with have too many issues to deal with. - "Syarikat yang saya periksa mempunyai terlalu banyak masalah untuk ditangani."	1	2	3	4	5
6. I believe that minimum wage is a good policy that will benefit the nation. -"Saya percaya bahawa gaji minimum adalah dasar yang baik yang akan memberi manfaat kepada negara."	1	2	3	4	5
7. Following the rules and guidelines is the best way to enforce minimum wage. - "Mengikuti peraturan dan garis panduan adalah cara terbaik untuk menguatkuasakan gaji minimum."	1	2	3	4	5
8. Each company has unique circumstances so each one of them must be dealt with differently. -"Setiap syarikat mempunyai keadaan yang unik supaya setiap daripada mereka mesti ditangani secara berbeza."	1	2	3	4	5
9. I believe labor inspectors are very important to labor laws success. -"Saya percaya pemeriksa buruh sangat penting untuk berjaya undang-undang buruh."	1	2	3	4	5
10. I think the minimum wage regulation is complicated for the companies. -"Saya fikir peraturan gaji minimum rumit untuk syarikat"	1	2	3	4	5

11. When enforcing minimum wage, a labor inspectors must be flexible and not only follow SOPs. -"Apabila menguatkuasakan gaji minimum, pemeriksa buruh mestilah fleksibel dan bukan sahaja mengikut SOP."	1	2	3	4	5
12. Labor inspectors' ultimate goal is to protect workers' rights in Malaysia. -"Matlamat utama pemeriksa buruh adalah untuk melindungi hak-hak pekerja di Malaysia."	1	2	3	4	5
13. Companies mostly do not want to comply with minimum wage. -"Syarikat kebanyakannya tidak mahu mematuhi gaji minimum."	1	2	3	4	5
14. Companies intentionally pose issues to government regarding minimum wage compliance. - "Syarikat-syarikat dengan sengaja menimbulkan isu-isu kepada kerajaan dengan mengelak daripada mematuhi gaji minimum."	1	2	3	4	5

Supervisory support (Sokongan penyelia)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1. My supervisor value my contribution to the well-being of our department Penyelia saya menghargai sumbangan saya kepada kesejahteraan jabatan kami	1	2	3	4	5
2. My supervisor appreciates extra efforts from me Penyelia saya menghargai usaha tambahan daripada saya	1	2	3	4	5
3. My supervisor strongly considers my goals and values Penyelia saya sangat menimbangkan tentang matlamat dan nilai saya	1	2	3	4	5

4. My supervisor wants to know if I have any complaints Penyelia saya ingin mengetahui sama ada saya mempunyai sebarang aduan	1	2	3	4	5
5. My supervisors take my best interest into account when he/she makes decision that involves me Penyelia saya mengambil kira minat terbaik saya apabila dia membuat keputusan yang melibatkan saya	1	2	3	4	5
6. Help is available from my supervisors when I have a problem Bantuan boleh didapati daripada penyelia saya apabila saya mempunyai masalah	1	2	3	4	5
7. My supervisor really cares about my well-being. Penyelia saya benar-benar mengambil berat tentang kesejahteraan saya	1	2	3	4	5
8. If I did the best job possible, my supervisor would be sure to notice. Sekiranya saya melakukan tugas yang terbaik, penyelia saya pasti akan menyedarinya.	1	2	3	4	5
9. My supervisor is willing to help me when I need a special favor. Penyelia saya bersedia membantu saya apabila saya memerlukan bantuan khas.	1	2	3	4	5
10. My supervisor cares about my general satisfaction at work. Penyelia saya mengambil berat tentang kepuasan am saya di tempat kerja.	1	2	3	4	5
11. If given the opportunity my supervisors would take advantage of me Jika diberi peluang, penyelia saya akan memanfaatkan saya.	1	2	3	4	5

12. My supervisors show a lot of concern for me Penyelia saya menunjukkan banyak perhatian kepada saya	1	2	3	4	5
13. My supervisor appreciates my opinions Penyelia saya menghargai pendapat saya.	1	2	3	4	5
14. My supervisors take pride in my accomplishments. Penyelia saya bangga dalam pencapaian saya.	1	2	3	4	5
15. My supervisor tries to make my job as interesting as possible Penyelia saya cuba untuk membuat kerja saya lebih menarik.	1	2	3	4	5

Workplace aggression while dealing with companies (Pencerobohan tempat kerja semasa berurusan dengan syarikat)

	<i>Never-Sangat Tidak pernah</i>	<i>Rarely-Jarang sekali</i>	<i>Sometimes-Kadang kala</i>	<i>Very often-Sangat kerap</i>	<i>Always-Sentiasa</i>
1. Screamed at you Menjerit pada awak.	1	2	3	4	5
2. Threatening you while reclaiming their own rights Mengancam anda semasa menuntut semula hak mereka.	1	2	3	4	5
3. Blackmailed you Memeras ugut anda.	1	2	3	4	5
4. Tried to attack, physically hit you Cuba untuk menyerang, memukul anda secara fizikal.	1	2	3	4	5
5. Perceived as dangerous to you	1	2	3	4	5

Dipandang berbahaya kepada anda.					
6. Being foul-mouthed. Mengata sesuatu yang buruk.	1	2	3	4	5
7. Offending you, being foul-mouthed at the presence of other clients. Memerangi dan mengata sesuatu yang buruk tentang anda di hadapan pelanggan lain.	1	2	3	4	5
8. Assaulted you. Menyerang anda.	1	2	3	4	5

Cognitive rigidity (ketegaran kognitif)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1. Once I've come to a conclusion, I sometimes change my mind. Apabila saya perlu membuat keputusan, saya kadang-kadang mengubah fikiran saya.	1	2	3	4	5
2. I don't change my mind easily. Saya tidak mengubah fikiran saya dengan mudah.	1	2	3	4	5
3. My views are very consistent over time. Pandangan saya sangat konsisten dari semasa ke semasa.	1	2	3	4	5

Physical Workload (Beban Kerja Fizikal)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1. I have much work. Saya mempunyai banyak kerja.	1	2	3	4	5
2. I often must work very fast. Saya kerap bekerja dengan cepat.	1	2	3	4	5
3. I have to work extra hard to finish my work. Saya perlu bekerja keras untuk menyelesaikan kerja saya	1	2	3	4	5
4. My job leaves me with little time to get things done. Pekerjaan saya hanya memberi saya dengan sedikit masa untuk menyelesaikan sesuatu.	1	2	3	4	5
5. I must do more work than I can do cope. Saya mesti melakukan lebih banyak kerja daripada yang saya dapat lakukan.	1	2	3	4	5

Attitude toward companies (Sikap terhadap syarikat)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1.The policy is harmful for my client's privacy Dasar ini berbahaya untuk privasi pelanggan saya	1	2	3	4	5

2. With the policy I can better solve the problems of my clients Dengan dasar yang ada saya dapat menyelesaikan masalah pelanggan saya dengan lebih baik	1	2	3	4	5
3. The policy is contributing to the welfare of my clients Dasar ini menyumbang kepada kebajikan pelanggan saya	1	2	3	4	5
4. Because of the policy, I can help clients more efficiently than before Kerana dasar ini, saya dapat membantu pelanggan dengan lebih cekap daripada sebelumnya	1	2	3	4	5
5. I think that the policy is ultimately favourable for my clients Saya fikir bahawa dasar itu baik untuk pelanggan saya	1	2	3	4	5

Part 3

Willingness to implement (Kesediaan untuk dilaksanakan)

	Strongly disagree- <i>Sangat tidak bersetuju</i>	Disagree- <i>Tidak setuju</i>	Neutral	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>
1. I intend to convince clients of the benefits the policy will bring Saya berhasrat untuk meyakinkan pelanggan mengenai manfaat yang akan dibawa oleh polisi	1	2	3	4	5
2. I intend to put effort into achieving the goals of the policy Saya berhasrat untuk berusaha ke arah mencapai matlamat dasar ini	1	2	3	4	5

3. I intend to reduce resistance among clients regarding the policy Saya berhasrat untuk mengurangkan rintangan di kalangan pelanggan berhubung dasar ini	1	2	3	4	5
4. I intend to make time to implement the policy Saya berhasrat untuk meluangkan masa untuk melaksanakan dasar ini	1	2	3	4	5
5. I intend to put effort in order to implement the policy successfully Saya meletakkan usaha untuk melaksanakan dasar dengan jayanya	1	2	3	4	5

Style of enforcement (Gaya penguatkuasaan)

During inspection, I focus on (Semasa pemeriksaan, saya memberi tumpuan)

	Never- <i>Tidak pernah</i>	Rarely- <i>Jarang</i>	Sometimes- <i>Kadang-kadang</i>	Very often- <i>Sangat kerap</i>	Always- <i>Sentiasa</i>
1. That I enforce the law in an unambiguous way saya menguatkuasakan undang-undang dengan cara yang tidak jelas	1	2	3	4	5
2. That I make strict agreements with clients saya membuat perjanjian yang ketat dengan pelanggan	1	2	3	4	5
3. That I execute the inspection as complete as possible Bahawa saya melaksanakan pemeriksaan selengkap yang mungkin	1	2	3	4	5

4. That I uphold high standards regarding inspectees' compliance with rules and regulations Bahawa saya menegakkan piawaian yang tinggi untuk pelanggan dengan mengikuti peraturan	1	2	3	4	5
---	---	---	---	---	---

During inspections, I focus on:

Semasa pemeriksaan, saya memberi tumpuan kepada:

	Never- <i>Tidak pernah</i>	Rarely- <i>Jarang</i>	Sometimes- <i>Kadang-kadang</i>	Very often- <i>Sangat kerap</i>	Always- <i>Sentiasa</i>
1. Transferring my professional knowledge to clients Memindahkan pengetahuan profesional saya kepada pelanggan	1	2	3	4	5
2. Giving indications on how to improve compliance to clients Memberi petunjuk bagaimana meningkatkan pematuhan kepada pelanggan	1	2	3	4	5
3. Being as helpful as possible to clients Menjadi yang sebaik mungkin untuk pelanggan	1	2	3	4	5
4. The circumstances of clients that I encounter. Keadaan pelanggan yang saya hadapi.	1	2	3	4	5

During inspection, I consider (Semasa pemeriksaan, saya pertimbangkan):

	Never- <i>Tidak pernah</i>	Rarely- <i>Jarang</i>	Sometimes- <i>Kadang-kadang</i>	Very often- <i>Sangat kerap</i>	Always- <i>Sentiasa</i>
1.The opinions about inspecting of colleagues from my team Pendapat tentang pemeriksaan rakan sekerja daripada pasukan saya	1	2	3	4	5
2.The opinions about inspecting of other teams Penilaian mengenai pemeriksaan pasukan lain	1	2	3	4	5
3.The opinion about inspecting of clients Pendapat mengenai pemeriksaan pelanggan	1	2	3	4	5
4.The opinions about inspecting of my team leader. Pendapat tentang pemeriksaan ketua pasukan saya.	1	2	3	4	5

* Instruction: to answer the questions in this part, please **CLICK** in the box for your answer.

"Petunjuk: untuk menjawab soalan-soalan di bahagian ini, sila **KLICK** dalam kotak untuk jawapan anda"

Part 1 individual characteristics - ciri-ciri individu

What is your age- Bera pakah umur anda?

18 to 24

25 to 34

35 to 44

45 to 54

55 or older

What is your gender- Apakah jantina anda?

Female

Male

2. How many years in total have you been working in the government service- Berapa lama anda telah bekerja dalam perkhidmatan kerajaan?

Please specify in numerical value the number of years, rounded to the nearest year end (For those who have worked for less than a year, please round it up to 1 year- Sila nyatakan nilai berangka bilangan tahun, bulatkan ke hujung tahun yang terdekat (Bagi mereka yang bekerja kurang dari setahun, sila bulatkan sehingga 1 tahun)

1 year

2-5 years

6-10 years

11-20 years

21-30 years

31 years and above

3. How many years have you been employed as an inspector in the labour department- Berapa tahun anda telah bekerja sebagai inspektor di jabatan buruh.

If you are not an inspector, do not answer this question- jika anda bukan inspektor, jangan jawab soalan ini.

Please specify in numerical value the number of years, rounded to the nearest year end (For those who have worked for less than a year, please round it up to 1 year- Sila nyatakan nilai berangka bilangan tahun, bulatkan ke hujung tahun yang terdekat (Bagi mereka yang bekerja kurang dari setahun, sila bulatkan sehingga 1 tahun)

1-2 years

3-5 years

6-10 years

11-15 years

16 years and above

4. What is the highest level of education you have completed, Apakah tahap pendidikan tertinggi yang telah anda selesaikan?

SPM or High school equivalent

STPM/Matriculation or Pre-University

Bachelor's Degree

Master's Degree

Doctoral Degree

Part 4

Discretion (kebijaksanaan)

	Disagree Very Strongly- <i>Sangat tidak bersetuju</i>	Disagree Strongly- <i>Tidak setuju Sangat</i>	Disagree- <i>Tidak setuju</i>	Agree- <i>Setuju</i>	Strongly Agree- <i>Setuju Sangat</i>	Agree Very Strongly- <i>Setuju Sangat Teguh</i>
<p>1. I believe I have the freedom to decide how to implement the policy</p> <p>Saya percaya saya mempunyai kebebasan untuk memutuskan bagaimana untuk menguatkuasakan dasar itu.</p>	1	2	3	4	5	6
<p>2. While working with the policy, I can be in keeping with the client's needs</p> <p>Saya boleh selaras dengan dasar dan keperluan pelanggan</p>	1	2	3	4	5	6
<p>3. Working with the policy, doesn't feel like a challenge, and I can easily decide.</p> <p>Bekerja dengan dasar itu tidak terasa seperti satu cabaran, dan saya boleh membuat keputusan dengan mudah.</p>	1	2	3	4	5	6
<p>4. When I work with the policy, I have to adhere to tight procedures</p> <p>Apabila saya bekerja dengan polisi ini, saya perlu mematuhi prosedur yang ketat</p>	1	2	3	4	5	6

<p>5. While working with the policy, I can tailor it to the needs of my clients</p> <p>Sementara bekerja dengan dasar ini, saya dapat menyesuaikan dengan keperluan pelanggan saya</p>	1	2	3	4	5	6
<p>6. While working with the policy, I can make my own judgements</p> <p>Semasa bekerja dengan dasar ini, saya boleh membuat penilaian saya sendiri</p>	1	2	3	4	5	6