

# Employee Behavior, HR Practices, and the Risk of Asset Mismanagement: An Organizational Culture Perspective

Susiani

Sekolah Tinggi Ilmu Ekonomi Yapis Merauke

Anita Rusianti

Universitas Cenderawasih

Ali Syahbana

Sekolah Tinggi Ilmu Ekonomi Yapis Merauke

Nurhidayah Yahya\*

Accounting Research Institute, Universiti Teknologi MARA, Malaysia

Nor Balkish Binti Zakaria

Accounting Research Institute, Universiti Teknologi MARA, Malaysia

**DOI Link:** <http://dx.doi.org/10.6007/IJAREMS/v14-i3/26625>

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**Published Online:** 29 September 2025

## Abstract

Asset mismanagement continues to undermine institutional performance across both public and private organizations, resulting in significant financial losses, inefficiencies, and reputational harm. While previous research often emphasizes technical solutions such as enterprise systems and audit mechanisms, this paper argues that employee behavior and human resource (HR) practices, mediated by organizational culture, are central determinants of asset governance outcomes. Drawing upon global evidence, the paper highlights how weak HR systems, inadequate ethical training, and dysfunctional workplace cultures create environments conducive to fraud, negligence, and underutilization of resources. The proposed conceptual framework links employee behavior and HR practices to asset mismanagement risks through the mediating influence of organizational culture. By situating the analysis within governance, organizational behavior, and sustainability literatures, this paper advances a holistic perspective and outlines implications for theory, policy, and practice.

**Keywords:** Employee Behavior, HR Practices, Asset Mismanagement, Organizational Culture, Risk Management

**Introduction**

Asset mismanagement is a recurring organizational challenge with significant economic and social implications. Globally, developing countries lose an estimated USD 20–40 billion annually due to corruption and poor asset oversight (World Bank, 2020). In the private sector, fraud and misappropriation result in losses equivalent to 5 percent of annual revenues worldwide, amounting to nearly USD 4.7 trillion (Association of Certified Fraud Examiners [ACFE], 2022). These figures underscore the systemic nature of the problem and the inadequacy of purely technical approaches to asset governance.

Employee behavior is increasingly recognized as a critical determinant of whether organizational assets are safeguarded or misused. High-profile scandals such as the collapse of Enron in the United States and the 1Malaysia Development Berhad (1MDB) scandal illustrate how misconduct, opportunism, and weak accountability mechanisms undermine both public trust and financial stability (Shah, 2021; Healy & Palepu, 2003). At the same time, ineffective HR practices ranging from poor recruitment and training to weak performance management create fertile ground for unethical conduct.

The scale of the problem extends across regions and sectors. In the European Union, the European Court of Auditors (2020) reported that weak oversight of infrastructure investments resulted in billions of euros of underused or poorly maintained facilities. In Asia, corporate governance lapses in major firms such as Toshiba and Wirecard demonstrated how a lack of ethical leadership and poor HR oversight could allow manipulation of accounts and concealment of losses for years (McCrum, 2020). In Africa, procurement-related mismanagement accounted for up to 25 percent of wasted public expenditure in some countries (OECD, 2020). These cases emphasize that asset mismanagement is not merely a financial concern but a global governance crisis.

Organizational culture provides the contextual backdrop against which HR practices and employee behavior unfold. Research shows that cultures emphasizing transparency and integrity reduce the incidence of fraud, while toxic cultures characterized by opacity and tolerance of misconduct exacerbate mismanagement (Treviño et al., 2006; Schein, 2010). HR departments, by shaping recruitment, training, evaluation, and reward systems, play a governance role that directly influences cultural dynamics. When HR practices emphasize compliance and accountability, employees are more likely to adopt custodial attitudes toward institutional assets. Conversely, when HR systems reward short-term financial results without attention to ethics, employees may be incentivized to cut corners or misuse resources (Wells, 2017).

The importance of addressing these issues is reinforced by the connection to broader developmental goals. Asset mismanagement undermines progress toward the Sustainable Development Goals, particularly SDG 9 (Industry, Innovation and Infrastructure), SDG 12 (Responsible Consumption and Production), and SDG 16 (Peace, Justice and Strong Institutions). Public trust in institutions is closely tied to perceptions of how well resources are safeguarded and utilized. In low- and middle-income countries, mismanagement not only drains scarce resources but also reduces citizen confidence in state capacity, thereby weakening the social contract (Transparency International, 2022).

This paper advances the argument that organizational culture serves as the bridge linking HR practices and employee behavior to asset management outcomes. When organizational culture promotes transparency, accountability, and ethical stewardship, employees are more likely to act as responsible custodians of assets. Conversely, cultures marked by tolerance for corruption, hierarchical opacity, or short-termism exacerbate mismanagement risks. By situating the analysis at the intersection of HR practices, employee behavior, and organizational culture, this study proposes a conceptual framework for understanding and addressing the risk of asset mismanagement.

### **Problem Statement**

Despite heavy investment in asset management systems, organizations across both developed and developing contexts continue to suffer from leakages, fraud, and inefficiencies. The IMF (2019) estimates that 30 percent of global public infrastructure projects fail to meet intended objectives due to poor planning, corruption, and mismanagement. In sub-Saharan Africa, nearly 40 percent of infrastructure assets are either non-operational or underutilized, largely due to weak accountability and lack of skilled personnel (African Development Bank, 2021). Meanwhile, in advanced economies, losses arise from poor utilization. The UK National Audit Office (2020) reported that inefficient use of public sector assets cost the government GBP 3 billion annually.

The persistence of such problems reveals that technology and oversight mechanisms alone are insufficient. Organizational culture and employee behavior remain underexplored drivers of asset mismanagement. Employees may exploit system loopholes, neglect responsibilities, or engage in fraudulent practices when organizational cultures fail to reinforce accountability. Weak HR practices such as inadequate screening during recruitment, insufficient ethics training, and lack of reward systems for integrity further exacerbate risks.

The central problem, therefore, is the insufficient integration of HR practices and cultural reinforcement into asset governance strategies. Unless organizations address these behavioral and cultural dimensions, asset mismanagement will continue to undermine financial sustainability, institutional trust, and developmental progress.

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Global evidence reinforces the severity of this issue. The Association of Certified Fraud Examiners (2022) found that occupational fraud resulted in losses of USD 4.7 trillion worldwide, with 86 percent of cases perpetrated by employees and managers. In Germany, the Wirecard scandal revealed systemic failures of governance where employee misconduct and collusion with management led to the concealment of EUR 1.9 billion in fictitious assets (McCrum, 2020). In the UK, the collapse of Carillion in 2018 exposed how weak HR oversight, cultural complacency, and aggressive short-term incentives contributed to unsustainable practices that left GBP 7 billion in liabilities (National Audit Office, 2018). In Japan, Toshiba's accounting scandal demonstrated how toxic corporate cultures that prioritize obedience and profit over transparency allowed employees to conceal losses of over USD 1.2 billion for years (OECD, 2020). These international cases highlight that mismanagement is not geographically bound but reflects a universal weakness in aligning HR, employee behavior, and organizational culture.

Evidence from the United States also underscores the behavioral dimension of mismanagement. The Government Accountability Office (2022) reported that abandoned or underutilized federal properties still incurred billions of dollars in maintenance costs annually, reflecting not only technical inefficiencies but also poor accountability practices at the employee level. Similarly, Deloitte (2021) observed that 47 percent of corporate fraud incidents in North America were linked to weak HR processes, including failure to conduct due diligence in hiring or neglect of internal reporting mechanisms.

These cases illustrate that the central problem lies not in the absence of systems but in the failure to integrate HR practices and cultural reinforcement into asset governance. Recruitment practices that fail to screen for integrity, training programs that do not emphasize ethics, and reward structures that prioritize profits over accountability create environments where employees are incentivized to act against institutional interests. In developing contexts, where regulatory oversight is weaker, these risks are amplified by entrenched cultures of corruption and resource scarcity. In advanced economies, the risks often manifest in underutilization, complacency, and corporate fraud, with equally devastating financial and reputational consequences.

Furthermore, asset mismanagement undermines broader societal and developmental goals. According to the United Nations (2021), resource wastage and inefficiencies in public asset utilization directly impede progress toward the Sustainable Development Goals, particularly SDG 12 (Responsible Consumption and Production) and SDG 16 (Peace, Justice and Strong Institutions). Transparency International (2022) has also shown that countries with higher perceived corruption consistently score lower in infrastructure quality and public trust in governance, reinforcing the link between asset mismanagement and citizen confidence.

In summary, the problem is systemic and multidimensional. Technical reforms and oversight systems have proven inadequate in the absence of strong HR practices and cultures of integrity. Unless organizations address these behavioral and cultural dimensions, asset mismanagement will continue to undermine financial sustainability, institutional trust, and

developmental progress across regions. The central challenge, therefore, is to understand and operationalize the connections between employee behavior, HR practices, and organizational culture in reducing the risk of asset mismanagement.

## Literature Review

### *Employee Behavior and Asset Mismanagement*

Employee behavior is a significant predictor of mismanagement outcomes. The ACFE (2022) found that 86 percent of occupational fraud cases were committed by employees or managers, with median losses of USD 117,000 per case. Behavioral factors such as opportunism, rationalization, and perceived lack of consequences explain why individuals misuse institutional resources (Cressey, 1953). Research also highlights the role of ethical decision-making models, which suggest that moral disengagement and weak accountability increase the likelihood of asset misuse (Bandura, 1999).

The behavior of employees significantly influences the cases of poor asset management within organizations, as evidenced by several studies that have examined this in-depth correlation. Organizational commitment, competence and governance play fundamental roles in determining employees and the quality of asset management. Gunawan et al. (2017) argue that a higher level of organizational commitment leads to better employee performance, which in turn slows down poor asset management. This indicates that employees who are more committed to their organization are less likely to participate in behaviors that could endanger the integrity of assets.

Organizational culture is a critical factor that shapes the behavior of employees in relation to asset management. Yansahrita (2019) highlights the influence of organizational culture on the behavior and decision making of employees, particularly in financial and asset management agencies. A positive culture encourages a sense of responsibility and ethical behavior among employees, which further decreases the probability of poor asset management. In contrast, a toxic culture can lead to a disconnected workforce and more prone to misconduct, thus increasing the risk of improper appropriation of assets.

The relationship between organizational culture and poor asset management is reinforced by the findings of Umar and Firmanda (2021), who discovered that the organizational culture combined with factors such as compensation and competence significantly affects the undue appropriation of assets. His research emphasizes the role of integrity as a moderating variable, which suggests that organizations that promote integrity through their cultures can effectively mitigate the poor management of assets. This double approach to individual culture and responsibility highlights the complexity of employee behaviors that contribute to poor asset management.

The implementation of performance management systems is essential to influence employee behavior. Singh and Twalo (2015) discuss how poorly implemented performance management systems can negatively affect work behavior and general employee performance. This adverse impact could lead to negligence or misconduct regarding asset management, increasing the possibilities of poor management. The presence of a comprehensive and effective system of performance management could encourage better employee behavior by providing clear expectations and responsibility.

In another front, the engineering sector has unique challenges regarding asset management as described by Novak et al. (2017). They argue that the old problems, such as security results, continue to re-emerge within asset management organizations even though new strategies are used. This highlights the relevance of the learning of past errors and the need to promote behaviors that prioritize the security and management of assets effectively. Organizations should not only address existing challenges, but also adapt to emerging trends to minimize the risks of poor asset management.

The concept of organizational citizenship behavior (OCB) is also vital to understand how employee participation influences asset management. Hermawan et al. (2020) claim that the highest levels of employee participation contribute to a better OCB, which can subsequently lead to better job performance. When employees get positively involved and demonstrate OCB, they are more likely to take care of organizational assets, thus reducing the possibilities of poor management. It is logical that encouraging OCB through recognition and participation strategies can promote an environment where asset management practices are respected and maintained.

In addition, research on issues related to fraud reveals other nuances in employee behavior and their impact on asset management. Ruankaew (2016) explores the notion of the "fraud diamond", which presents a framework that includes opportunities, motivation, rationalization and capacity as contributing factors to fraud. Understanding these factors can allow organizations to create preventive measures and strategies that address the fundamental causes of poor management related to employee behavior.

Finally, an integral approach to the exchange of knowledge within organizations serves as a critical strategy to mitigate the poor asset management. Safa and Von Solms (2016) propose a model of knowledge knowledge of information security that improves employee competition and the ethical understanding of asset management. By promoting a collaborative environment where information is freely exchanged, employees can develop a stronger sense of responsibility for organizational assets, thus reducing the instances of poor management.

In conclusion, there is a complex interaction between the behavior of employees and the instances of poor asset management, accentuated by factors such as organizational culture, commitment, performance management systems and knowledge exchange. The consequences of ignoring these correlations can lead to significant losses and operational inefficiencies. Therefore, organizations must implement effective strategies that cover these behaviors and characteristics, creating environments that avoid poor asset management and promote integrity and responsibility between employees. This multidimensional approach is essential to promote a sustainable framework that mitigates the risks associated with the poor management of assets in various organizational contexts.

#### *HR Practices and Governance Outcomes*

Human resource management plays a pivotal role in shaping organizational integrity. Strong recruitment systems help filter candidates with ethical alignment, while training and performance management reinforce standards of accountability (Becker, 1993; Northouse, 2019). Conversely, ineffective HR systems that neglect ethics or focus narrowly on financial

performance may inadvertently incentivize misconduct. For example, Wells (2017) notes that organizations without fraud-awareness programs are twice as likely to suffer from asset misappropriation.

The relationship between human resources practices (HR) and governance results has aroused significant attention in recent years, in particular in the context of organizational responsibility, compliance and overall performance. Effective human resources strategies serve not only as mechanisms for the management of talents, but also as crucial elements to promote ethical governance and sustainable commercial practices. The synthesis of literature reveals a convincing topic that human resources practices significantly affect governance's results, implying both the involvement of employees and organizational effectiveness.

Ibrahim and Zulkafli (2016) explore the intersection between corporate government practices and human resources, revealing that the organizations that implement human resources management strategies experience improved performance levels. They argue that effective human resources management practices contributes to improving responsibility by aligning employees' objectives with the organization's governance framework. This alignment is essential to ensure that employees include their roles not only as a contribution to organizational objectives, but also as administrators of the ethical conduct. In this context, the responsibility emerges as an integral result of strategically designed human resources practices that emphasize transparency and ethical behavior.

Wood and Brewster (2016) provide a wider perspective on how effective HRM influences the corporate government paintings. The fact that the integration of education thesis to governance practices leads to greater effectiveness of compliance, in particular as regards regulatory requirements. As organizations face growing control and governance requests, human resources strategies that promote compliance and ethical standards become indispensable. These strategies cultivate a culture of responsibility and adherence to the regulations, ultimately modeling the reputation and compliance metrics of the reputation of the organization.

Literature further discuss how human resources practices affect overall results and governance through the aim of good governance. Arulrajah (2016) underlines the idea that the alignment of human resources practices with the principles of governance promotes a structured approach to the management of performance. When human resources management practices encapsulate assessments based on ethical governance, organizations can evaluate performance more reliable. Therefore, the incorporated nature of these practices produces a workforce oriented towards governance which is, in essence, more responsible and in accordance with policies and organizational objectives.

In their supplementary analysis, Lima and Galles (2021) underline the importance of managing human resources in achieving the objectives of the corporate government. They argue that the relationship between governance and HRM is mutual; Although effective human resources management can lead to better governance results, solid governance practices can also improve the functions of human resources. Their results indicate that organizational services improve when human resources management strategies are strictly

aligned with governance paintings, resulting in a culture of services that gives priority to responsibility and ethical standards.

An influential aspect of this relationship revolves around corporate sustainability and ethical climates influenced by human resources management practices. CRIFO, Escrig-Olmedo and Mottis (2019) argue that the corporate government acts as a critical company sustainability driver, significantly influenced by the way in which HRM's functions. When organizations employ human resources practices that give priority to ethical conduct and sustainability, they not only reach compliance, but also improve organizational performance. This double focus cultivates a proactive approach to governance, in which employees are committed to supporting the organization's ethical standards.

Guerci et al. (2015) They also affirm that human resources management practices directly shape organizational ethical climates, which are essential for a successful governance. Their research underlines the importance of human resources practices in promoting a culture in which ethical behavior is the norm. Literature indicates that when employees are encouraged to engage in ethical practices facilitated by strategies to support human resources, organizational responsibilities and conformity to thrive, thus improving overall performance.

In addition, the comparative analysis of governance structures in various contexts offers in - depth perspectives on the relationship between HRM and governance. Jacoby (2018) discuss the distinctive work relationships in Japan and the United States, highlighting how these cultural differences influence the results of organizational governance. His exam suggests that adequate -tailored human resources practices for specific cultural contexts and governance lead to improved performance. This indicates that HRM's strategies could not be effective in achieving optimal governance results, thus underlining the need for conscious HR interventions.

In summary, the exploration of the complex relationship between the practices of human resources and the results of governance reveals that effective human resources strategies are fundamental in influencing organizational responsibility, compliance and performance. The summary of the research indicates that the organizations that recognize and exploit this relationship not only meet their regulatory obligations, but also cultivate environments in which ethical conduct and services are priority. Therefore, the integration of education thesis to governance practices emerges as essential to promote a culture of responsibility and sustainable organizational success, announcing significant implications for both practice and future research.

#### *Organizational Culture as a Mediator*

Organizational culture is the underlying system of shared values, beliefs, and norms that shape behavior (Schein, 2010). Cultures of integrity and transparency reduce the incidence of fraud and negligence, while toxic or permissive cultures normalize unethical practices. Treviño, Weaver, and Reynolds (2006) argue that culture influences not only individual behavior but also the effectiveness of HR interventions. A culture that emphasizes whistleblowing, transparency, and accountability amplifies the positive effects of HR practices, whereas a culture of silence diminishes them.

Organizational culture has a profound impact on the behavior of employees and the effectiveness of human resources practices (HR), in particular through the lenses of transparency and responsibility compared to toxic environments. The behavior of employees are intrinsically modeled by the values, rules and hypotheses prevalent in their workplaces, which in turn affect the organizational results. A key aspect of this relationship is ethical culture, which acts as a basis to promote responsibility and transparency, leading to a better effectiveness of human resources.

The role of organizational culture in modeling ethical behavior has been well documented. Weaver (2014) stresses that encouraging ethics within organizations requires a profound understanding of how culture influences the moral compass of employees. A culture that demonstrates and promotes ethical values will probably promote high standards of integrity and responsibilities between employees. On the contrary, organizations that present toxic attributes - such as dishonesty, lack of transparency and unemployment - have raised an environment in which non-ethical behaviors thrive. Afedzie (2015) discovers that employees of organizations with positive cultural attributes are more likely to engage in ethical behavior, while those in toxic environments experience reduced ethical standards, leading to higher rates of misconduct and lower liability levels.

Furthermore, the intersection of the management of human resources and organizational culture cannot be neglected. De Silva and Optatha (2015) argue that the ethical orientation of human resources practices is vital to establish an ethical organizational culture. The initiatives of human resources that give priority to transparency and moral leadership help to cultivate a work environment in which employees feel authorized to act ethically. This alignment between human resources practices and organizational culture not only improves employees's performance, but also strengthens the overall ethical standards of the organization. On the contrary, when the practices of human resources are misaligned or contribute to a toxic organizational culture, the effectiveness of human resources interventions is significantly undermined.

The presence of ethical leadership is also essential to model organizational culture and guide ethical practices. Sheikholeslami Kandelusi and Amiri (2024) identify the dimensions of ethical leadership as a key to promoting an open communication environment and ethical decision-making process. In organizations in which leaders model ethical behavior and give priority to responsibility, employees are more likely to reflect these behaviors, improving the effectiveness of human resources. On the contrary, in toxic environments in which leaders show non-ethical behavior, employees can feel disillusioned and disengaged, leading to a widespread non-ethical conduct and a decrease in adherence to consolidated policies.

Organizational culture interacts further with national cultural values, influencing ethical practices in specific contexts. Osafo (2016) presents a case of study that highlights how the interaction between national culture and ethical organizational paintings model the results of performance in multinational organizations. This research underlines that the crops that appreciate transparency and responsibility significantly exceed those rooted in toxic behaviors. The implications are clear: the organizations that embrace a culture that promote ethical values can navigate more effectively challenges while improving their overall performance.

Ethical culture and moral identity also play a significant role in determining how employees respond to ethical dilemmas in the workplace. RESEND, Porto and Gracia (2021) argue that the cultivation of a strong ethical culture strengthens the moral identities of employees, creating a robust picture for the ethical decision-making process. When employees identify with the ethical culture of their organization, their probability of engaging in non-ethical behavior decreases. On the contrary, toxic cultures can distort moral identities, leading to an increase in cases of poor conduct and a distribution of trust between employees and management.

A crucial consideration in this speech is the role of the social responsibility of companies (CSR) and its ties with ethical culture within organizations. Pasricha, Singh and Verma (2018) illustrate that organizations with organic cultures - characterized by flexibility, collaboration and emphasis on ethical leadership - tend to engage in a wider way in CSR initiatives. These organizations not only improve their reputation capital, but also cultivate an internal culture of responsibility that prevents the toxic behavior from taking root. The synergy between CSR and ethical culture contributes to a virtuous cycle in which responsibility is strengthened and prosperous ethical behavior.

In addition, the examination of the Team's ethical cultures offers valuable information on the complexity of organizational culture. Cabana and Kaptein (2021) say that within larger organizations, different teams can exhibit different ethical cultures that affect the behavior and overall performance. Understanding and differentiating these cultures can help human resources professionals implement tailor-made interventions that guarantee a homogeneous ethical framework through the organization, thus mitigating the risk that toxic behaviors emerge within isolated teams.

In summary, the organizational culture deeply shapes the behavior of employees and the effectiveness of human resources by establishing a picture within which ethical behaviors can thrive. Transparency and responsibility act as a key components to encourage ethical culture, while toxic environments represent significant risks for practices and ethical ethics. Future research should continue to deepen these relationships, striving to identify strategies to dismantle toxic cultures and improve ethical paintings in different organizational contexts. The tests suggest that a commitment to cultivate a positive ethical culture is not simply a regulatory choice, but an essential factor of the organizational success and the well-being of employees.

### **Conceptual Framework**

The proposed framework positions organizational culture as the mediating variable linking HR practices and employee behavior to asset management outcomes.

- i. HR Practices: Recruitment, training, performance management, and reward systems designed to foster integrity.
- ii. Employee Behavior: Ethical or unethical conduct shaped by incentives, accountability, and personal values.
- iii. Organizational Culture: Shared norms and values that reinforce or undermine accountability, mediating the impact of HR practices on behavior.
- iv. Outcome: Risk of asset mismanagement, manifested in fraud, underutilization, or wastage.

## Illustration 1: The Conceptual Framework

**Conceptual Framework: Employee Behavior, HR Practices, and Asset Mismanagement**

This conceptual framework, as illustrated in Figure 1, shows the relationship between HR practices, organisational culture, employee behaviour, and the risk of asset mismanagement. HR practices influence organizational culture, which mediates employee behavior, ultimately shaping whether assets are safeguarded or mismanaged.

The illustration represents the proposed conceptual framework linking HR practices, organizational culture, employee behavior, and the risk of asset mismanagement. At its core, the diagram visualizes how organizational culture acts as the mediating force through which HR practices influence employee behavior, thereby shaping institutional outcomes in terms of asset stewardship.

On the left, HR practices are presented as the starting point. These include recruitment, training, performance management, and reward systems. Effective recruitment helps ensure that employees entering the organization share its ethical values and competencies. Training and continuous professional development enhance staff skills and awareness of governance standards. Performance management and reward systems create incentives for accountability, discouraging negligence and fraudulent activities. Weak or poorly designed HR systems, on the other hand, create fertile ground for misconduct by failing to instill ethical responsibility or align employee goals with organizational integrity.

At the center of the framework is organizational culture, which mediates the relationship between HR practices and employee behavior. Culture encompasses shared norms, values, and informal rules that shape how employees interpret and act upon organizational policies. A culture of accountability reinforces HR practices by embedding ethical conduct into daily operations, while a culture of silence or tolerance for corruption undermines even the best HR systems. In this way, culture determines whether formal HR mechanisms achieve their intended impact or are diluted by informal practices and power dynamics.

On the right, employee behavior represents the direct driver of asset governance outcomes. Employees who act ethically and responsibly become custodians of institutional resources, ensuring their optimal use and protection. Conversely, employees who rationalize unethical conduct or exploit system loopholes contribute to asset mismanagement, including fraud, underutilization, and wastage. Employee behavior, shaped by both individual dispositions and organizational context, is the decisive factor that translates HR practices and cultural norms into outcomes.

At the bottom, the outcome is framed as the risk of asset mismanagement. This encompasses a wide spectrum of failures, from embezzlement and procurement fraud to poor maintenance and resource wastage. The downward arrow emphasizes that the combined effects of HR practices, culture, and behavior ultimately converge on whether institutions safeguard or squander their assets.

Overall, the illustration underscores that asset mismanagement cannot be solved by technical systems alone. It requires a comprehensive strategy that integrates HR practices with cultural reinforcement to positively shape employee behavior. By doing so, organizations can reduce risks, build accountability, and enhance sustainable asset governance.

### **Discussion**

The integration of HR practices, employee behavior, and organizational culture provides a more comprehensive understanding of asset mismanagement than technical frameworks alone. First, it highlights that mismanagement is often rooted in human weaknesses rather than system design flaws. Second, it demonstrates that HR departments play a governance role by shaping the workforce's ethical orientation. Third, it underscores that organizational culture amplifies or diminishes the effectiveness of HR practices.

Comparative evidence reinforces this view. In high-income countries, poor cultural alignment has undermined otherwise strong HR systems, leading to scandals in banks and multinational corporations. In developing countries, weak HR capacity and entrenched cultures of corruption create persistent risks despite donor-funded reforms (Transparency International, 2022). This suggests that reforms must target not only systems but also the cultural and behavioral dimensions of asset governance.

Policy implications are clear. Regulators and policymakers should incentivize organizations to integrate HR practices with governance frameworks. For example, public sector reforms could mandate ethics training and whistleblowing protections as part of HR functions. Private sector organizations could embed integrity metrics into performance appraisals. By shaping culture and employee behavior, such reforms reduce systemic risks of mismanagement and build institutional resilience.

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Beyond compliance, the framework also emphasizes the importance of culture change as a long-term safeguard. In many organizations, HR processes are implemented mechanically without genuine cultural reinforcement. For example, performance management systems may exist on paper, but if employees perceive them as biased or punitive, they are unlikely to translate into improved accountability (Singh & Twalo, 2015). Similarly, training programs that focus solely on technical skills while neglecting ethical decision-making risk producing competent but ethically disengaged employees. Thus, successful reforms require alignment between formal HR policies and the informal cultural cues that guide day-to-day behavior.

Cross-sectoral perspectives also demonstrate the framework's relevance. In the public sector, asset mismanagement often stems from bureaucratic inertia and lack of personal accountability. HR-led reforms that promote transparency and ethical leadership can reduce waste and strengthen service delivery. In the corporate sector, misaligned incentives and profit-driven cultures increase the temptation for employees to manipulate assets or conceal losses, as seen in global scandals such as Wirecard and Toshiba. By embedding ethical values into recruitment, rewards, and leadership development, private firms can mitigate these risks.

Finally, the framework carries significant implications for sustainable development. Effective integration of HR, behavior, and culture not only reduces immediate financial losses but also contributes to broader institutional credibility and trust. This aligns directly with the Sustainable Development Goals, especially SDG 16 on strong institutions. Future research should therefore examine how different cultural contexts and HR strategies influence mismanagement risks, potentially offering tailored policy insights for diverse settings.

In sum, the discussion reveals that employee behavior, HR practices, and organizational culture are inseparable dimensions of asset governance. Addressing them holistically provides organizations with a more resilient strategy to prevent mismanagement, restore trust, and achieve long-term sustainability.

## **Conclusion**

This paper argues that asset mismanagement is as much a human and cultural issue as it is a technical one. Employee behavior, HR practices, and organizational culture interact to

determine whether assets are safeguarded or squandered. While technological tools and audits are essential, they remain insufficient unless supported by robust HR systems and cultures of integrity. The proposed conceptual framework provides a pathway for future empirical research and practical reforms. For theory, it bridges human capital and organizational culture perspectives in governance studies. For practice, it highlights the need for HR leaders and policymakers to integrate culture and behavior into asset management strategies. Ultimately, building institutions that are financially sustainable and socially credible requires investment not only in systems but also in people and the cultural environments that shape their actions.

This paper argues that asset mismanagement is as much a human and cultural issue as it is a technical one. Employee behavior, HR practices, and organizational culture interact to determine whether assets are safeguarded or squandered. While technological tools and audits are essential, they remain insufficient unless supported by robust HR systems and cultures of integrity. The proposed conceptual framework provides a pathway for future empirical research and practical reforms. For theory, it bridges human capital and organizational culture perspectives in governance studies. For practice, it highlights the need for HR leaders and policymakers to integrate culture and behavior into asset management strategies. Ultimately, building institutions that are financially sustainable and socially credible requires investment not only in systems but also in people and the cultural environments that shape their actions.

The findings also underscore that asset mismanagement is a global concern, cutting across sectors and borders. In developing countries, weak HR practices, limited resources, and entrenched corruption create persistent vulnerabilities. In developed economies, the risks manifest differently, often through corporate scandals, underutilization of assets, or cultural complacency. These contrasts reveal that while contexts vary, the fundamental challenge remains the same: aligning people, practices, and culture to safeguard institutional assets.

The theoretical contribution of this paper lies in highlighting organizational culture as the mediating mechanism that links HR systems and employee behavior to asset management outcomes. Existing literature often isolates these elements, but this framework demonstrates their interdependence. It provides a fresh lens for future academic inquiry into how culture amplifies or weakens the effectiveness of HR policies and how employee behavior ultimately drives asset performance.

Practical and policy implications are equally significant. Policymakers can draw upon this framework to design regulations that integrate HR reforms into broader governance strategies. For example, mandating ethics training, whistleblowing protections, and performance systems that reward integrity can embed accountability into everyday organizational life. For practitioners, the framework suggests that investment in recruitment, training, and leadership development must go hand in hand with cultivating a culture of transparency and responsibility. Without this alignment, HR initiatives risk becoming symbolic rather than transformative.

Future research should empirically test this framework in diverse contexts. Comparative studies across regions, sectors, and cultures could reveal how variations in HR systems and

cultural norms shape outcomes. Quantitative analyses could measure the financial savings of reduced mismanagement linked to HR and cultural reforms, while qualitative studies could explore the lived experiences of employees navigating organizational cultures of accountability or silence.

Finally, the implications extend to sustainability and institutional trust. Effective asset management supports the Sustainable Development Goals, particularly SDG 9, SDG 12, and SDG 16, by promoting responsible use of resources, resilient infrastructure, and strong institutions. Reducing mismanagement frees resources for social investment, builds investor and citizen confidence, and enhances the long-term credibility of institutions. In a global environment where governance failures increasingly undermine development, this integrated approach offers a pathway toward more resilient, ethical, and sustainable organizations.

### Acknowledgement

The authors gratefully acknowledge the support of the Accounting Research Institute (HICoE), Universiti Teknologi MARA, and the Ministry of Higher Education Malaysia for facilitating this research.

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