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IT AMOUNTS to naivete to the extreme if the performance of the stock market is taken as the sole indicator of a nation's business and corporate health. To make a fair assessment of the situation, a broader outlook has to be taken which takes in all the nation's macro economic indicators. This is sound advice especially at a time when the market is languishing in the bearish doldrums. The southbound graph tracking the Kuala Lumpur Stock Exchange Composite Index moved Prime Minister Datuk Seri Dr Mahathir Mohamad to take detractors of the Malaysian economy in general and stock market players in particular to task.

He observed that the naysayers claim the lack of corporate governance as the reason for the market's languor.

Talk of double standards - when the Dow Jones suffered a similar southward slide, the corporate governance bogey was not paraded as an excuse!

While that in part explains the unfathomable herd mentality of investors who shun our capital markets, not for one moment did the PM countenance dropping our guard in the pursuit of good corporate governance.

Taking this cue, both the KLSE and the Securities Commission (SC) have been at the forefront of efforts to achieve this goal.

However irksome it may be or burdensome the stringency, the instruments are there to promote transparency, accountability which all add up to good corporate governance. To this end, the business of regulating for sustainable growth should be the 'raison detre' of regulations. Enacting and enforcing high standards of regulations can only bring benefits in the promotion of a good business climate. The KLSE advocates market growth, strengthening efficiency and enhancing credibility with the promotion of its new listings requirements (NLR). It lays out clearly the responsibilities of company directors including greater disclosure requirement.

The SC is putting in place a disclosure-based regulation (DBR) which puts the onus of ensuring the provision of sufficient information to allow investors to make informed decisions squarely on the relevant companies concerned. Not that investors themselves cannot vote with their feet. Notice how some companies have been punished in the way they have been shunned by investors.

Both add up to; corporate governance. KLSE Executive Chairman Dato' Mohd Azlan Hashim observes that the core of all these efforts is the objective to instill the enduring principle of business efficacy with business integrity in the practice of corporate governance. Good companies should not suffer for the mortal sins of the few, more so now when the market needs all the boost it can get.