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MAHATHIR-GOVERNANCE

USING CI AS CORP GOVERNANCE INDICATOR IS A LAZY ASSESSMENT, SAYS DR MAHATHIR

KUALA LUMPUR, March 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad says that to look merely at the performance of the KLSE Composite Index as an indicator for the level of corporate governance among Malaysian companies is a lazy assessment.

Instead, one should look at the overall indicators in the economy to make such an assessment, he said.

If the share index is used to measure corporate governance, then the Dow Jones Industrial Index which plunged recently reflects U.S. companies having bad corporate governance, he said after opening a seminar on business integrity jointly organised by the Anti-Corruption Agency, the Ministry of International Trade and Industry and Ministry of Domestic Trade and Consumer Affairs Ministry.

Since the economic crisis, Malaysia has undertaken a major programme to institute corporate governance among public-listed companies emphasising on more transparency and according greater protection to minority shareholders.

Dr Mahathir said that the level of corporate governance is much better than some other countries in that it is more open and properly managed.

"However, perceptions differ, standards also differ. For some people it is not good enough and they keep on hammering us," he added.

He said the CI went down to its lowest of 262-points during the financial crisis and then managed to climb to the 800-level and with all these perceptions of Malaysian companies, it did not look like corporate governance was influencing the CI.

Malaysia, he added, had managed to grow at tremendous rates of above eight percent for 10 solid years and those were the same companies that had contributed to its growth.

The CI which could be easily manipulated therefore is not a perfect indicator for corporate governance nor is it the only indicator to reflect economic performance, he said.

Mahathir said the government was careful in monitoring every single index in the overall economy, tallied them, and rectified sectors that were not doing well.

For example, he said, when the retail figures were not doing well, the government arranged for big sales and when there was a property overhang, the same was done where home ownership campaigns were launched.

During a press conference later, the Prime Minister was also asked on the lay off of workers by some big electronic companies and an arms supplier.

To this, he said the US economic downturn had an impact on the electronic companies because their products were mostly exported to the US.

However, he said there should be no problem in finding other jobs.

On SME Technologies Sdn Bhd (SMET), a manufacturer of defence equipment whose closure saw 200 people out of their jobs, he said that the company did not make profits and had a limited market.

"In the arms business, anyone who manufactures arms will have to market these products overseas. We have not been able to do so," he said.

However, he said the skills of the company's workers were needed and hoped that the workers could be absorbed elsewhere and their skills used in other fields such as engineering. -- BERNAMA

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