

Corporate Sector Against Corruption

Let me begin by thanking the Kuala Lumpur Society for Transparency and Integrity for inviting me to this fund-raising dinner and for giving me the opportunity to speak on a subject that has been, and continues to be, one of the top priorities of my government. I refer, of course, to the issue of combating corruption and strengthening ethics and integrity in all spheres of national life.

History has proven that corruption or the misuse of entrusted power for private benefit can be severely damaging to a nation. It exacts a heavy toll on a nation's social, political and economic development, and can even threaten the viability of democratic institutions and market economies. Victims of corruption are most often the poorest, the marginalised and the least educated members of society. As such, there is a compelling need to fight corruption not just for its own sake, but also as part of the process to alleviate poverty and to empower all levels of society so that they are not denied the social and economic benefits that, by right, should accrue to them.

Over the years, Malaysia has made a lot of progress in tackling corruption in the country. According to Transparency International's 'Corruption Perception Index', Malaysia improved its position from the 32nd percentile (33rd out of 102 countries surveyed) in 2002 to 28th percentile (37th out of 133 countries surveyed) in 2003. While steady progress has been made, there is much more to do. The perception that corruption still exists within the public and private sectors remains. This has galvanised me and my government to make a concerted effort to fight corruption across the board and to implement actions and policies that are based on the principles of good governance.

Indeed, the battle against corruption is a long drawn out process. Graft involves the twin evils of avarice and temptation, and usually occurs in a hidden and concealed manner. Often, we may be met with some disappointment as corruption rears its ugly head in different circumstances, despite our best efforts.

Speech by Dato' Seri Abdullah Ahmad Badawi, Prime Minister of Malaysia at the fund-raising dinner organised by the Kuala Lumpur Society for Transparency and Integrity at Mandarin Oriental Hotel, Kuala Lumpur on 6 October 2004.

But we must stay the course and strengthen our resolve to tackle this debilitating disease, no matter how difficult and no matter the cost; for we cannot allow corruption, in whatever shape or form, to take root in Malaysia.

My government has taken a two-pronged approach in the fight against corruption by addressing both the punitive and preventive aspects. While enforcement has been stepped up and stiff penalties imposed against those found guilty of corruption, the preventive aspect has also been emphasised with the launching of the National Integrity Plan, as well as the establishment of the Malaysian Integrity Institute to oversee that plan. In addition, the move to make the public service delivery system more efficient and transparent can also be viewed as part of an anti-corruption approach that promotes an attitude of zero-tolerance for corruption, as well as one that reduces opportunities for corruption by improving systems and procedures.

The battle against corruption cannot be mounted, let alone won, by policies, campaigns, laws and punitive measures imposed by the government alone. Just as corruption and integrity are issues that involve the whole of society, so too must the fight against corruption involve the whole of society. This includes the public sector, the private sector, non-governmental organisations (NGOs) as well as individuals. In fact, the National Integrity Plan that I launched a few months ago is a blueprint for involving the whole of society in the fight against corruption in various concrete and effective ways.

Nevertheless, having a plan in place, no matter how good, is simply not enough. Effective implementation is key. I also believe that to carry out the National Integrity Plan successfully, all segments of society have to first embrace the values of ethics and integrity. They must be willing to take all the necessary steps to eliminate from their respective spheres of influence the practice of corruption as well as the opportunity for corruption to occur. In that respect, I believe that active involvement of all segments (and not mere compliance) is what is needed to build a true corruption-free society.

I am pleased to say that NGOs such as the Kuala Lumpur Society for Transparency and Integrity have always played an active role as advocates in the fight against corruption. The society's work in raising public awareness of the dangers and effects of corruption has been admirable. In addition, league tables such as the 'Corruption Perception Index' produced by the society's international affiliate, Transparency International, are invaluable resources for governments and corporates to gauge the relative level of corruption in a particular country. More importantly, the society has always been willing to share its anti-corruption strategies, ideas and best practices with the government. For this, I am deeply appreciative. My government is pleased to have the Kuala Lumpur Society for Transparency and Integrity and other like NGOs as active partners in the battle against corruption in our country.



Another important segment of society and a key player in the fight against corruption, is the corporate sector. Along with the government, the corporate sector is the engine that provides the primary thrust for economic growth and development. Thus, no anti-corruption initiative can be launched, much less sustained, if the business community itself is not fully on board. As such, I would like to take this opportunity to remind the corporate sector of its important social responsibility; fighting corruption actively in business transactions must surely be one of the sector's largest contributions to the nation's well-being.

I, like the rest of you, want to see our corporate community prosper, and I strongly believe that this does not have to be at the expense of national integrity. Our long-term economic prospects depend on how our corporate leaders run their businesses with honesty and transparency. Our economic interests also depend on how our trading partners and especially the international investing institutions, perceive our standards of ethical behaviour. These perceptions, rightly or wrongly, determine to an extent whether foreign direct investments (FDI) come in or bypass us. In the new globalised economy, standards for public and corporate behaviour are much higher. We have to be in step with contemporary developments as far as governance is concerned. After all, as a trade-dependent economy, we cannot afford not to do so.

I am confident that Malaysia's corporate sector has now reached a level where it is mature enough to stop thinking of success purely in terms of Ringgit and Sen, but to also judge success by the degree of commitment and contribution to the nation's well-being. Business ethics must be put in the driving seat and not, as so often happens, left on the back seat. What is needed is the commitment and will to go through the motions of developing and maintaining a high standard of business integrity. I therefore welcome any initiative that the corporate sector may wish to introduce to improve transparency and accountability in business dealings.

On my government's part, we will do our utmost to ensure a conducive governance environment as well as to set the tone for the fair and transparent conduct of business transactions. Towards this end, the government has introduced a number of measures including the Malaysian Code of Corporate Governance. The government has also stepped up enforcement of various anti-corruption laws through regulatory bodies such as the anti-corruption agency and the Securities Commission. In the area of public procurement, the government has emphasised an open tender system to ensure that bidders compete in a transparent manner on a level playing field.

Nevertheless, no matter how good our institutions, legal framework, rules and regulations may be – they will only serve a limited purpose if the people who work within those rules and regulations are not imbued with a sense of values.

Integrity and character come from within. The moral fibre of our people is the most important determinant of our success. It is for this reason that I welcome the Kuala Lumpur Society for Transparency and Integrity's initiative to launch the 'Tan Sri Azizan Zainul Abidin Integrity Circle for Young Malaysians', a programme to promote basic values of honesty, integrity and self-worth among young people. I am told that this long-term ethics development programme is to honour the late Tan Sri Azizan who in his lifetime had been a beacon of integrity and moral fortitude, and who had understood the imperative of imbuing strong values in our youth. As a strong believer in developing the potential of Malaysia's younger generation, I am delighted to be associated with this programme and I hope others will lend their support to this worthy endeavour.

In the final analysis, no change or improvement in the way we manage our affairs can be sustained without adherence to the principles of good governance. These principles, grounded as they are on the notions of trusteeship, stewardship, transparency, honesty and accountability, are prerequisites in every sphere of life. Every sector – government, business or civil society – must play their part in enhancing integrity in the country. In particular, I have every confidence that the corporate community will respond positively to helping to enhance our moral and ethical landscape, as we continue to build an honest and upstanding society in Malaysia.