

Malaysia one of the most corrupt nations, survey shows
Malaysian Insider
Sept 27 , 2013
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Malaysia has been ranked as one of the most corrupt nations and listed as a country which is most likely to take shortcuts to meet targets when economic times are tough, according to a recent survey by Ernst & Young, signalling that the government's Performance Management and Delivery Unit (Pemandu) has failed in its role to transform the economy.

Malaysia, along with China, has the highest levels of bribery and corruption anywhere in the world, according to the latest report, Asia-Pacific Fraud Survey Report Series 2013.

This year's survey polled 681 executives in China, Singapore, Australia, New Zealand, Indonesia, Vietnam, Malaysia and South Korea.

About half of the 681 executives polled on their perception of fraud felt that China, Indonesia, Malaysia and Vietnam were the worst in bribery and corruption.

Those polled were employed at corporations with a turnover in excess of US\$500m, ranging from the industrial sector to financial services, retail and natural resources.

"Fraudulent practices are on the rise, and there is a disconnect between the policies that are in place and how they are applied in practice," said Chris Fordham, EY Fraud Investigation & Dispute Services Managing Partner of Asia-Pacific, in the report.

About 39% of respondents said that bribery or corrupt practices happened widely in Malaysia, a figure which is nearly double the Asia-Pacific average of 21%.

In addition, 29% of respondents said that bribery or corrupt practices here have increased due to tough economic times and increased competition, which is the third highest among the countries surveyed.

The report also revealed that respondents felt that while some countries in Asia had strong anti-bribery and corruption policies, they did not work in practice.

Around 40% of respondents said their companies have anti-bribery policies or codes of conduct in place and 35% confirmed that their senior management has communicated its commitment to these principles.

E&Y also found that the risk of fraud, bribery and corruption were greater in growth markets.

"This may be due to a weak control environment that results in policies and procedures being implemented differently from global compliance frameworks.

"Companies operating in local markets may also feel compelled to operate in line with local business culture, resulting in conflicts with global compliance regimes," the report noted.

E&Y found 4% of the respondents "agreed" or "strongly agreed" that it was all right to offer cash payments to win business.

"It should be zero, because companies have a policy of zero tolerance towards bribery," said Torsten Duwenhorst, an E&Y partner.

Prime Minister Datuk Seri Najib Razak has staked his premiership on six National Key Result Areas (NKRA), of which "Reducing Corruption" was one of the most important.

Najib and his team have taken great pains to point out to Malaysians and foreigners the "efforts" and "successes" in achieving the key performance indicators (KPIs) of the NKRA.

In 2011, Pemandu boasted that the initiatives taken have shown tremendous results in eradicating corruption.

The government also pointed out that "the effectiveness of the actions taken is being slowly felt and acknowledged by the general public". – September 27, 2013.

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