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Most firms in Malaysia believe Government's anti-graft efforts are working

BY CECILIA KOK

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KUALA LUMPUR: Despite the perception of widespread corruption in Malaysia, many companies believe that the Government's anti-bribery initiatives are moving in the right direction.

"Of the executives in Malaysia polled for our first Asia-Pacific Fraud Survey, 56% believe that the Malaysian government's efforts against bribery have had a sustained impact on the level of bribery in the country," Ernst & Young (EY) Malaysia country managing partner Datuk Abdul Rauf Rashid said in conjunction with the launch of the Asia-Pacific Fraud Survey Report Series 2013 here on Monday.

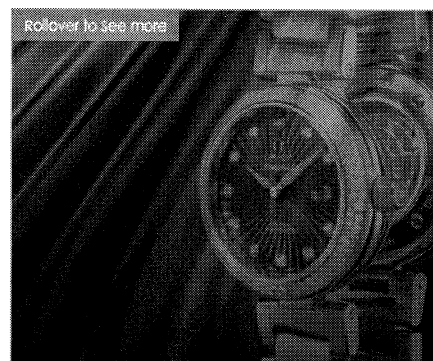
The same report, which was entitled "Building a more ethical business environment", had earlier been released in Hong Kong, while Singapore was expected to launch the report for its market within this week.

EY's survey on Corporate Malaysia, which polled around 100 companies from various industries, found that the perception of widespread corruption was still persistent, with 39% of the respondents saying that bribery or corrupt practices were happening widely in the country.

That was nearly double the Asia-Pacific average of 21%.

In addition, 29% of the respondents in Malaysia said that bribery or corrupt practices had actually increased due to tough economic times and increased competition, while 15% regarded the use of bribery to win contracts as a common practice.

"The survey results show that, even though policies are in place, there is still a disconnect between the policies and the practical application against fraud, bribery



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and corruption activities, which continue to be perceived as a common practice in the marketplace," Rauf said.

"The disconnect between theory and reality also indicates that many organisations could be under a misperception that they are adequately addressing fraud, bribery and corruption issues, when in reality, they are still exposed to substantial risks," he added.

The fight against corruption in Malaysia, Rauf noted, was a journey that would take time to take effect.

"It will not happen overnight," he said, adding that such efforts would also need to be accompanied by a change in people's mindset, culture and practices.

"Clearly, we have more work to do to fight fraud, bribery and corruption in the country, but Malaysia is definitely moving in the right direction," EY advisory partner and Asean risk leader Philip Rao said.

"With laws against bribery and money laundering, as well as the Whistleblower Protection Act, there is an expectation to see improvements as Malaysia facilitates protected disclosures and shields for whistleblowers against retaliatory action from employers through criminal sanctions," Rao explained.

The EY's survey revealed that around 77% of the companies polled in Malaysia had a whistleblowing hotline in their companies. This was the highest among the Asia-Pacific markets surveyed.

Companies in Malaysia also fared well in terms of having an anti-bribery/anti-corruption (ABAC) policy and code of conduct, with 45% respondents saying they had such mechanisms in place, compared with the Asia-Pacific average of 40%.

Respondents from Malaysia were also found to be satisfied with their companies' anti-bribery and corruption policy, with 55% describing it as relevant and effective.

To manage the risk of fraud, bribery and corruption, EY noted that Malaysian companies need to continue to focus on five specific proactive measures.

These included having a two-way communication, with the senior management setting the tone with a robust framework of rules, employee standards and a culture of compliance, while employees taking the initiative and step forward when they observed unethical behaviour; and having shared accountability with companies encouraging greater employee input on fraud, bribery and corruption policies.

Companies, EY noted, should also make compliance relevant to local teams by engaging them to manage specific requirements while retaining a robust and consistent approach; conduct regular assessments to formulate a game plan to deal with new issues that arises in the course of doing business; and invest in tools and resources, especially data analytics, to detect risks.

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