# Corruption in Malaysia: A Look at Two Sides of the Same Coin

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**Abstract**

*Widespread corruption remains one of the main problems in Malaysia. To date, Malaysia is still having problems in the battle against corruption, where efforts to mitigate corruption have been said to be far away from success. After several decades of hard work with various plans and initiatives focusing excessively on public sector corruption, with no improvement in the level of corruption, Malaysia has also shifted its attention to the private sector to actively participate in the fight against corruption in the country. Thus, the purpose of this paper is to analyze the prevalence of corruption in both public and private sectors (demand and supply side) in Malaysia. It also highlights what Malaysia has done to fight against corruption on both sides of corruption and underscores the interplay of various factors that sustain corruption in Malaysia. This study contributes to a more nuanced understanding of the underlying dynamics by taking a dual perspective that examines the drivers of corruption from both the demand and supply sides.*

*Keywords: financial crime, private sector corruption, corporate liability, MACC*

## 1.0 Introduction

Corruption is a major issue of financial crime not only in developing and transition economies but also in developed economies. Corruption happens in public and private sectors (Gauthier et al., 2021; Mahmud et al., 2022; Quah, 2020) and it is a distinct type of financial crime in that both the person offering and the person receiving it must be aware of and agree with each other. This is why bribery and corruption benefit those involved and finally, everyone shares in the illicit gain. This complexity makes combating corruption more difficult, and corruption has become widespread and deeply ingrained in some countries. However, corruption levels vary across countries, which can be explained by a variety of factors such as the country's economic status, trade accessibility, size of the public sector, natural resource wealth, religious affiliation, educational quality, legal origin, and degree of democracy (Borsky & Kalkschmied, 2019). In Malaysia, corruption has significantly risen recently to the point where the country is now widely regarded as a kleptocracy. This is demonstrated by the descending corruption perceptions index and a string of high-profile corruption scandals that have drawn attention from around the world (Siddiquee & Zafarullah, 2022).

According to Jones (2022) and Quah (2020) Malaysia has a comprehensive anti-corruption framework in place. However, the level of corruption has remained high, and a multitude of strategies and recent campaigns appear to have made little difference in containing and combating corruption in society. The Global Corruption Barometer for Asia Region 2020 highlights that 71% of Malaysians think that government corruption is a big problem. The survey indicated that the member of parliament (38%) was the most corrupt body in Malaysia, followed by the police (30%), government officials (28%), local government officials (18%) and judges and magistrats (12%)(Transparency International, 2020). The result is possibly due to the newsworthiness of the politicians who abused their positions. It is also likely that the large monetary value of gratification or bribery associated with politicians was greater than gratification or bribery related to public members (Durairaja et al., 2019). Transparency International (TI) Malaysia reported that a minor decline in public expectations of parliament members, politicians, and their officials in recent years could be due to political instability, party hopping, charges of money politics, and corruption scandals involving political figures.

Despite Malaysia's worsening corruption problem, there isn't much academic research on it, which makes it challenging to comprehend the politics of corruption and the key players' roles. Studies that have already been completed provide a comprehensive overview of anti-corruption measures, highlighting institutional weaknesses and ineffective law enforcement specifically in the public sector. Therefore, this study aims to comprehensively examine both the supply and demand sides of this multifaceted issue.

This research contributes to a more nuanced understanding of the underlying dynamics by adopting a dual perspective that examines the root-causes and issues of corruption from both the demand and supply sides. The study also sheds light on how corruption spreads to industries like law enforcement, business, and government, further fostering a culture of dishonesty.

## 2.0 Corruption scenario in Malaysia

Siddiquee and Zafarullah (2020), state that Malaya's (now Malaysia) colonial history created a legacy of corruption, which flourished in the post-independence era. The Malayanization and expansion of the bureaucracy resulted in the appointment of inexperienced officials to positions of responsibility, creating several potentials for corruption. Further, the decades of hegemonic rule by the same ruling party, weak opposition and the absence of adequate checks and balances have contributed to a culture characterized by 'corruption, cronyism and patronage.' (Siddiquee, 2010). Additionally, the implementation of NEP since the 1970s and privatization policies since the 1980s have created massive opportunities for Malay political and administrative elites to enhance their interests through corruption, nepotism, and patronage distribution. The NEP institutionalized affirmative action by mandating Bumiputera quotas in government contracts, permits, and loans. Many Chinese business owners integrated influential Malays as passive partners who solely contributed their influence and contacts to meet NEP regulations. These alliances provided the Chinese access to lucrative government contracts designated for Bumiputeras. The Malay partner benefited by accepting fees and earnings for his name to be utilized. Thus, the ethnic policy has aided and sustained new forms of corruption (Mohammed et al., 2017; Siddiquee, 2010). While in privatised companies, politicians retained influence over the appointment of directors and senior management officers due to their indirect control over these companies and participated in major investment and corporate development decisions, such as acquisitions and subcontract awards (Vithiatharan & Gomez, 2014).

The Corruption Perceptions Index (CPI) of TI can be used to estimate the perceived extent of public sector corruption corruption in Malaysia. Malaysia's CPI rankings improved from 2012 to 2014, but the mega scandals involving some prominent figures caused a downward trend, as shown in Figure 1 exhibits that Malaysia's CPI score has been declining year after year since 2014. Malaysia was ranked 51 out of 174 countries in 2014, with a score of 52, and 54 out of 168 countries in 2015, with a score of 50. Malaysia dropped one position to 55th place in the overall ranking of 176 countries in 2016, scoring 49 points. Malaysia then was ranked 62nd out of 180 countries in 2017 and 61 in 2018, with 47 scores. Malaysia's CPI index improved in 2019 with 53 scores and ranked 51st out of 180 countries after the new government took over and was committed to making Malaysia free of corruption. The rankings, however, indicate a pattern of declining performance, with Malaysia falling six positions to 57th place in 2020 with 51 scores. With a ranking of 62 out of 180 nations in 2021, Malaysia fell another five levels. The drop is worrisome whether Malaysia is on the right track after facing a continuing political crisis and several changes in government in the past few years.
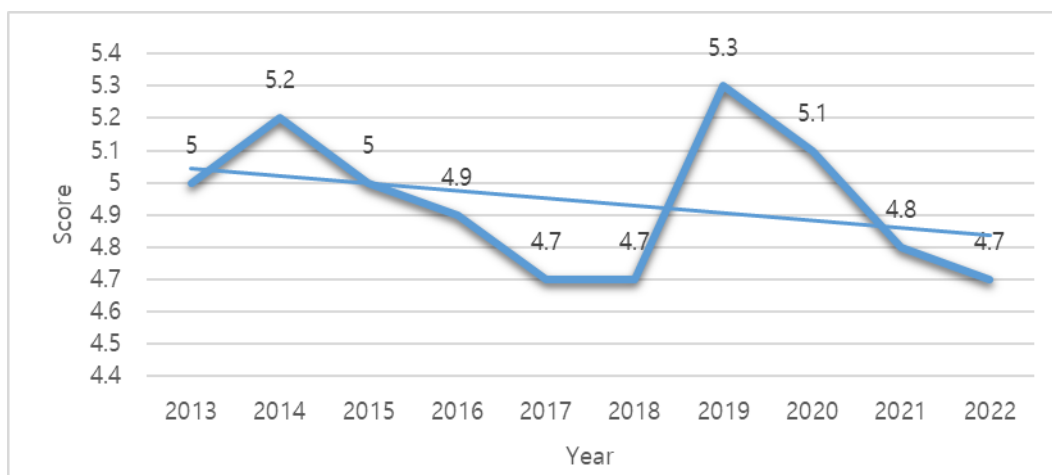


Figure 1: Changes of CPI Index score for Malaysia from 2013-2022
Source: Transparency International, Various issues

Besides, information about private sector corruption in Malaysia is also available and provided by bi-annual PwC surveys. The surveys showthat corruption and bribery are growing most rapidly among other types of corporate fraud in Malaysia. The surveys also indicate that bribery and corrupt practices among corporate entities rose more than threefold from 10% in 2014 to 35% in 2018 and 2020.  Even though the corruption level may have levelled off in the year 2020, 30% of the respondents say they lost their business activities because their competitors paid a bribe, compared to only 11% in 2018.

This show that private sector corruption has also increased significantly in Malaysia since 2018 (PricewaterhouseCoopers, 2020).The PWC survey report was further strengthened by MACC, when MACC warned that corruption is becoming more worrying in Malaysia's commercial and business sectors. A report from MACC showed an increasing number of corruption cases in the private sector from 2014 to 2022, and over the last five years, MACC has arrested more than 1000 individuals due to corruption cases involving the private sector. Table2 below depicts the arrest statistic of corruption offenders in Malaysia provided by the Malaysian Anti-Corruption Commission. Moreover, several mega scandals, namely Felda Global, MARA, SRC International Sdn Bhd, 1MDB and a recent case involving Astro, have nevertheless brought Malaysia to the forefront of the world. Chong and Narayanan (2017) state that bribes paid in the private sectors were about 64% higher than federal sector employees and 71% higher than state public sector employees, which indicates the cost of corruption in Malaysia is higher when involving private sectors.

| Table 1: Arrest Statistic of Corruption Offenders in Malaysia | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** |
| Public Officials | 288 | 170 | 225 | 398 | 465 | 409 | 418 | 525 | 467 | 411 | 323 |
| Private Sector | 105 | 107 | 109 | 127 | 210 | 164 | 186 | 257 | 243 | 240 | 386 |
| General public and others | 308 | 228 | 218 | 316 | 261 | 306 | 290 | 319 | 288 | 200 | 200 |
| **Total number of arrested** | **701** | **509** | **552** | **841** | **939** | **879** | **894** | **1101** | **998** | **851** | **909** |
| Source: Malaysian Anti-Corruption Commission | | | | | | | | | | | |

## 2.1 Instances of major corruption cases in Malaysia

Several high-profile corporate corruption cases have been disclosed at the national level in recent years, severely tarnishing the country's reputation internationally. The following are several instances of corruption involving political prominent figures, government link companies and corporation in Malaysia.

### 2.1.1 Port Klang Free Zone (PKFZ)

PKFZ was developed to become a regional integrated cargo distribution in Port Klang, and it was a hub for businesses to connect to over 120 countries and 500 ports, with highly efficient logistics due to its location, which is near KLIA. The scandal of PKFZ began when PricewaterhouseCoopers' (PWC) position review commissioned by the Port Klang Authority (PKA) was released. The report of mismanagement was confirmed, where decisions were made without consultations. Major decisions on the project were made without prior approval from the PKA board and without seeking advice from the government authorities. The report also revealed deferred payments of interests, and the total cost of PKFZ had gone up from RM1.9 billion to RM12.5 billion. The main players in this project were the ministers or former ministers who were supposed to carry out their duties with adequate care but failed to do so. The joint investigation by the police and MACC resulted in several senior political party leaders being charged with criminal breach of trust but acquitted for political reasons. This scandal was a good example of a conflict of interest, deception, fraud, and undue political intervention (Gomez et al., 2017; Siddiquee & Zafarullah, 2022; Vithiatharan & Gomez, 2014).

### 2.1.2 1Malaysia Development Berhad (1MDB)

The most controversial scandal of corruption that hit head news around the world was the 1MDB scandal. It was a scandal that broke the 61-year-old Government of Malaysia. 1MDB is a strategic development company which was founded and owned by the Malaysian government with the aim of driving the country's economic growth through joint ventures that would bring foreign direct investment into Malaysia. 1MDB was involved in several high-profile projects such as Tun Razak Exchanges, which is set to be a financial hub and the Bandar Malaysia project, a project to turn Sungai Besi Airport into entertainment, education, and workplace sites. 1MDB claims that it received an initial investment of RM1 million from the government upon inception. The company generates its own income through international projects as well as raising capital on local and international debt markets.

In the Financial year ended March 2014, 1MDB reported a loss of RM665.3 million due to the high finance costs used to grow its assets base. The company was at risk of defaulting on a loan of approximately RM2 billion from a group of Malaysian Banks. The due date for repayment had been rolled over two times; however, 1MDB managed to repay the loan in early 2015. In 2015, allegations were made in several newspapers, including The Wall Street Journal, that the company had been used to siphon state funds into the accounts of Malaysian the former Prime Minister Datuk Seri Najib Razak (DSNR) and people associated with him. For years, the company has gotten wide publicly across the globe, and some major financial centres, including Switzerland, Singapore, Great Britain and the United States of America, demanded an investigation regarding the accusation of a missing fund of approximately USD4 billion from this company. The 1MDB case is still undergoing trial as of August 2023 (Dettman & Gomez, 2020; Jones, 2020).

### 2.1.3 Telekom Malaysia-Alcatel Lucent

Another corrupt corporate case in Malaysia involves the international business transaction between Alcatel Lucent and Telekom Malaysia. US Securities and Exchange Commission charged the Paris-based Alcatel-Lucent with violating the Foreign Corrupt Practices Act (FCPA) by paying bribes to foreign government officials to illicitly win business in Latin America and Asia, namely Costa Rica Honduras, Taiwan, and Malaysia. Alcatel Lucent was reported to have paid bribes to employees of Telekom Malaysia Berhad (TM), a government-linked company (GLC), in order to obtain confidential details related to a public tender for a contract worth USD 85 million that Alcatel lucent won. Alcatel Lucent had paid two Telekom Malaysia consultants USD 200,000 and USD 500,000, respectively (Koehler, 2011; Mageswari, 2011). According to TI (Malaysia), using "consultants" or intermediaries in closed or negotiated tenders raises strong suspicion of corrupt practices.

### 2.1.4 SRC International Berhad

SRC was founded on January 2011 as a private company limited by shares, and the company involved in projects associated with the exploration, extraction, processing, logistics and trading of conventional and renewable energy resources, natural resources and minerals including all other activities related thereto. At the time, SRC had only two units of shares worth RM1 each and known as RM2 company(Tee & Lim, 2019). SRC International experienced a dizzying number of internal changes eight months after its inception, including the appointment of two 1MDB directors as SRC International directors. The Ministry of Finance (MOF) Incorporated took over SRC International from 1MDB in February 2012. At the time, the former Prime Minister, DSNR was the Finance Minister, and he claimed that the ownership transfer did not incur costs to the Finance Ministry because it was accomplished through 1MDB's payment of dividends in the form of SRC International shares. For years, SRC experienced a series of board of director changes, as well as multiple changes in the firm's company secretary. In 2018, DSNR has gone to court to face seven charges over the misappropriation of RM42 million from SRC International, where three counts of criminal breach of trust and three counts of money laundering of RM42 millions of SRC funds between Dec 26, 2014 and Feb 10, 2015. He was also convicted of abusing his power with regards to the RM4 billion Retirement Fund Inc (KWAP) loan which the Cabinet approved via a government guarantee in two meetings that he chaired in August 2011 and March 2012. Finally, in July 2020, DSNR was sentenced to 12 years in prison and a total fine of RM210 million in default of five years in prison by the High Court after he was found guilty of seven charges in the first of a series of cases involving the SCR International, a 1MDB subsidiary (Dettman & Gomez, 2020; Siddiquee & Zafarullah, 2022; Yatim, 2020). Until 22 August 2022, the sentences have been delayed pending the outcome of an appeal. Finally, on 23rd August 2022, DSNR lost in his final appeal at the Federal Court and was taken to prison to serve his jail sentences.

### 2.1.5 Maxis Group

In 2006, the CEO of Maxis Communication Berhad, T. Ananda Krishnan, was charged with paying kickbacks to India's Telekom Minister Dayanidhi Maran in assisting Maxis Group in acquiring Aircel Ltd. India base bureau, the Central Bureau of Investigation (CBI), reported that Dayanidhi Maran's family business received an investment of INR 740 crore in exchange for his assistance in helping Maxis Group acquire Aircel Ltd. Other than T. Ananda Krishnan, his close assistant, Ralph Marshall, was also charged in the Aircel-Maxis scandal in India. CBI also arrested former India finance minister P Chidambaran, his son Karti Chidambaram and five other government officials, including the then secretary, joint secretary, under-secretary and joint director of economic affairs ("Ananda Krishnan", 2018; Tripathy, 2014).

### 2.1.6 Felda Global Ventures Holdings Berhad

Felda Global Ventures Holdings Berhad, or currently known as FGV Holdings is an affiliate of the Federal Land Development Authority (FELDA). FGV produces oil palm and rubber products, oleochemicals and sugar products, with materials sourced from FELDA colonies throughout the country. The crisis of FGV, the world's third largest oil palm plantation operator started after its Chief executives Officer and three other top management were forced to take immediate leave of absence on June 2017, pending an investigation of certain transactions by FGV's

subsidiary, Delima Oil products Sdn Bhd with Afghan company Safitex (Lokman, 2017). However, the CEO then sends a letter to FGV's chairman, Tan Sri Mohd Isa Abdul Samad (TSMIAS), affirming his innocent. Months later, the CEO resigned, and being called by MACC to assist with the investigation over the alleged improprieties in FGV.

Soons after that, MACC starts a new probe into the Federal Land Development Authority (FELDA) following a new lead the commission has received. TSMIAS was arrested on Aug 15, the same year to assist investigations on Felda Investment Corporation's (FIC) questionable purchases of the two luxury hotels. MACC's probe into FGV had unraveled evidence of possible corruption and power abuse on FIC hotel purchases in London and Sarawak. FIC was reported to have bought a four-star hotel in Kensington, London, for about RM330 million in December 2014, said to be far above the original price, and alleged to have suffered millions of ringgit in losses as a result. As for the purchase of the Kuching hotel, also in 2014, which features 213 guest rooms and apartment suites, it is alleged that FIC paid between RM40 million and RM50 million more than the actual market value of the hotel. Finally, on February 2021, former Federal Land Development Authority chairman TSMIAS, who was found guilty on nine charges of corruption involving RM3 million and was sentenced to six years' jail and a fine of RM15.45 million, was granted a stay of execution of his sentence, pending appeal. TSMIAS was charged with nine counts of dishonestly receiving gratification for himself in cash totaling RM3,090,000 from Ikhwan Zaidel, who is a board member of Gegasan Abadi Properties Sdn Bhd, through his former special political officer Muhammad Zahid Md Arip, for helping approve the purchase of a hotel (Chin, 2021).

### 3.0 The fight against corruption in Malaysia in both public and private sector

The fight against corruption in Malaysia was started as early as during the reign of British colonial through the introduction of a number of provisions, including the Penal Code 1871, The Straits Settlement Ordinance No 41 of 1937, Federated Malay States Enactment No. 23 of 1938 and Johore Enactment No 14 of 1940 (Kapeli & Mohamed, 2015). In 1950, the Prevention of Corruption Ordinance (POCO) 1950 was introduced to replace the previous enactment. In 1961, a new law then replaced POCO, the Prevention of Corruption Act (POCA), due to several weaknesses indicated in POCO. The POCA was modelled after several other countries' anti-corruption legislation, including Singapore's Prevention of Corruption Ordinance (1960), Ceylon's Bribery Act (1954), and Hong Kong's Prevention of Corruption Ordinance. After 26 years of POCA, Malaysia then introduced a new Act that was said to have taken into account various flaws in previous laws known as Anti-Corruption Act (1997). After that, in 2009, the government passed another law on corruption known as the Malaysian Anti-Corruption Commission Act 2009. The purposes of this Act are to promote the integrity and accountability of public and private sector administrations through the establishment of an anti-corruption commission and to educate public authorities, public officials and members of the public about corruption and its adverse impacts on administration and the community (Kapeli & Mohamed, 2015).

Up to now, the Malaysian government has also established numerous institutions that aim to strengthen the anti-corruption infrastructure. After independence, the responsibility to investigate corruption cases was given to a Special Crime Branch (SCB) unit under Criminal Investigation Department and the Corruption Prevention Unit under Prime Minister's Department. Both of these units were responsible for investigating major corruption cases and corruption charges received from the public. The most significant entity, the Anti-Corruption Agency (ACA), was formed in 1967 with the mission of preventing and eradicating all forms of corruption, abuse of power, and maladministration in society. Unfortunately, the ACA suffered some flaws, such as lack of authority in appointing members, lack of skilled employees and other related issues (Kapeli & Mohamed, 2019). Following that, ACA was replaced by a new agency known as the National Bureau of Investigation (NBI), established by a parliament-approved law with the authority to hire its own staff and have the authority over the police jurisdiction and in the areas where ACA officers were previously not authorized. However, the NBI has been under fire from many parties for arresting individuals involved in petty corruption while failed to act against grand corruption involving prominent business people and politicians (Durairaja et al., 2019; Kapeli & Mohamed, 2015). NBI also experienced challenges such as a lack of independence and a staff deficit. As a result of NBI-related issues, the government dissolved NBI in 1982 and reinstated ACA. The new ACA was strengthened and granted the authority to investigate, prosecute, conduct research, and prevent corruption and was granted the power to obtain documents and witnesses as needed; freeze assets; confiscate passports; monitor income and assets, and recommend administrative and legal improvements (Kapeli & Mohamed, 2019; Siddiquee, 2010).

In 2009, the Malaysian Anti-Corruption Commission (MACC) took over the role of ACA. MACC acts as an independent, transparent and professional body to effectively and efficiently manage the nation's anti-corruption efforts. Currently, the MACC is the most powerful and significant of all anti-graft institutions. Modelled on Hong Kong's Independent Commission Against Corruption (ICAC), it is responsible for eradicating corruption from society. Five external oversight bodies, including an independent advisory board, a parliamentary committee, and a complaints committee, monitor MACC's activities.

Despite structural reforms, the MACC is not an autonomous organization devoid of executive influence. It continues to draw criticism for its lack of autonomy and genuine authority in exerting itself, particularly in criminal prosecution. While the MACC Act 2009 increased its investigative capability, it does not have the power to prosecute criminals, which is the Attorney General's job that indirectly impedes efforts to combat corruption (Siddiquee & Zafarullah, 2022).

Besides that, in 1971, the Public Complaints Bureau (PCB) was established to operate as a place for the public to lodge complaints and seek remedies for any administrative failures and abuses in dealing with government bureaucracy. The PCB was empowered to receive and investigate public complaints against civil servants about unjust actions, violations of existing laws, abuse of power, and maladministration (Siddiquee, 2011). It was required to report the outcome of its investigation with recommendations to a high-powered Permanent Committee on Public Complaints (PCPC). However, the PCB's efficiency is in doubt since it lacks the authority to take action against wayward personnel. The PCB's role was limited to investigating cases and submitting its findings to the PCPC for further consideration and decision on recovery actions (Siddiquee, 2010).Further, the Malaysian government has also put an elaborate set of mechanisms and strategies such as the Public Accounts Committee, Auditors General Office, Customs and Malaysian Administrative Modernization and Management Planning Unit (MAMPU) to build and strengthen anti-corruption infrastructures. Another important feature of public sector anti-corruption strategy is the establishment of Integrity Management Committees (IMC) at various levels of the government. At the highest level, the Special Cabinet Committee on Management of Public Integrity (SCCMPI), chaired by the Prime Minister, oversees the overall management of public integrity. Moreover, Malaysia has also been working to instill positive values and work ethics among public officials. Among the main projects were Leadership by Example (1983), Name Tags (1985), Assimilation of Islamic Values (1985), Clean, Efficient, and Trustworthy Government (1989), and Excellent Work Culture (1989). A similar impact was projected from Total Quality Management, ISO 9000 series, Clients Charter, and Benchmarking. E-government is another key component in the fight against public service corruption. Because clients may now trade with the government electronically without visiting the office or meeting the officials physically, this should reduce the possibility of corruption (Siddiquee, 2010).

Furthermore, the fifth Prime Minister of Malaysia (Tun Abdullah Ahmad Badawi) introduced the National Integrity Plan (NIP) in 2004 in line with his declaration to make fighting corruption his priority. NIP is a comprehensive framework for promoting ethics and integrity in society. Therefore, NIP serves as a master plan to guide all sectors, including individuals, families, private sectors, public administrations, socio-cultural agencies, NGOs and politicians, toward nurturing an ethical culture and integrity (Kapeli & Mohamed, 2019). To ensure smooth implementation of NIP, an agency known as the Malaysian Institute of Integrity (IIM) was established to monitor and coordinate NIP implementation (Siddiquee, 2011). In 2008, the government decided to appoint chief integrity officers (CIOs), who must be approved by the MACC, in each ministry and other public agencies. The MACC, as well as the ministry or public agency itself, may provide candidates for the CIO position. At both the Federal and State levels, Integrity Units were established in 2013 and are led by the CIO with assistance from Integrity Officers. The CIO and Integrity Units' is responsible to any complaints from the public and other organizations, including whistle-blowers, and to refer the matter to the MACC if there is any indication of a corrupt practice (Jones, 2022). Next, in 2010, the sixth Malaysian prime minister, DSNR introduced the Government Transformation Program (GTP) over three phases. GTP aims to address seven key areas known as National Key Result Areas (NKRA), and one of the key areas is the fight against corruption. Through this NKRA, various initiatives were introduced to address corrupt acts among civil servants (Ferry et al., 2018; Kapeli & Mohamed, 2015; Siddiquee, 2011). According to Ferry et al. (2018), from an anti-corruption viewpoint, the purpose of GTP 1.0 (2010-2013) is to tackle top-down corruption. This included tightening the system of procurement aimed at reducing corruption opportunities. GTP 1.0 main focus was establishing compliance units in key enforcement agencies such as the Malaysian Anti-Corruption Commission.

Meanwhile, GTP 2.0 (2013-2015) focused more on substantive mechanisms involving four core areas comprising an enforcement agency, grand corruption, government procurement and education underpinned by 21 anti-corruption initiatives(Ferry et al., 2018). However, during the implementation of GTP 1.0 and GTP 2.0, the CPI index dropped from 36th to 50th in 2014. Further, GTP 3.0 (2015-2020) was launched to establish an innovative citizen-centred governance structure that will enable the country to achieve the status of a developed nation. Several achievements can be acknowledged under GTP 3.0, such as the drafting of the corporate liability provision in the MACC Act, which marked a significant step in holding companies accountable for corrupt practices, as well as the introduction of the MS-ISO 37001 Anti Bribery Management system to help organization enforce measures that meet internationally recognized anti-bribery practices and controls (Ferry et al., 2018). Table 2.3 depicts the achievements of the government in combating corruption at the end of 2017. Nevertheless, the Malaysian government also established the Malaysian Institute of Corporate Governance (MICG) and Business Ethics Institute of Malaysia (BEIM), which are expected to play a significant role in promoting ethics and good governance in the private sector (Siddiquee, 2010)

| No | KPI | Target Score | Actual Score |
|---|---|---|---|
| | Table 2: Achievement Against Combating Corruption Initiatives at the End of 2017 | | |
| 1 | Corruption perception Index (CPI) | 55 | 62 |
| 2 | Percentage of disposal of corruption cases within 1 year upon registration | 85% | 43.1% |
| 3 | Special corruption courts judges seminar conducted | 1 | 1 |
| 4 | Percentage of conviction rate for corruption cases | 85% | 80.7% |
| 5 | Tabling AuG report in every parliament session | 2 | 2 |
| 6 | Percentage of resolution of cases highlighted in AuG report series 1-2 2015 successfully dealt within 1 year after being table in parliament | 90% | 76.5% |
| 7 | Corporate liability provision bill tabled in Parliament | 100% | 60% |
| 8 | Training to public listed companies (PLCs) and Government Link Companies (GLCs) CIP signatories | 30% | 66% |
| 9 | Political Financing Act: Cabinet approved formation of the special Committee for drafting the political financing bill – 33% Formation of the Special Committee for the drafting – 50% First draft completed – 100% | 100% | 100% |
| 10 | Establish Malaysian standards in accordance with ISO 37001 | 100% | 100% |
| | Source: National Transformation Program Annual Report 2017, page 289 | | |

## 4.0 New anti-corruption initiative under new government

After the 14th general election in 2018, the Pakatan Harapan government launched National Anti-Corruption Plan (NACP) to achieve the aspiration of 'Malaysia to be known for her integrity and not corruption'. The sixth Prime Minister, Tun Mahathir, in his speech during the launch of NACP said the government would address corruption by promoting transparency, accountability and integrity in all government administrations as outlined in the Sustainable Development Goal (SDG) Goal 16. Goal 16 is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. The five-year plan was developed with six priority areas identified as high risk for corruption, namely, i. political governance, ii. Public sector administration, iii. Public procurement, iv. Legal and judicial, v. law enforcement and vi. Corporate governance. The aforementioned strategies accomplished 17 strategic objectives, which resulted in 115 initiatives to be launched between 2019 and 2023, 22 of which have been identified as priority initiatives based on the severity of the causes(GIACC, 2019).GIACC is the main agency responsible for implementing the plan and is tasked with the leading role in the initiatives. According to the MACC Chief Commissioner, As of December 31, 2022, 62 of the 111 NACP initiatives being watched had been accomplished, with the completion rate being at the output level, or about 55%. MACC is currently keeping an eye on the remaining 49 initiatives.39 of the 49 initiatives that are still being worked on by the Lead Agencies are anticipated to be finished on schedule and by the end of December 2023, representing 91% of the overall success of NACP implementation. Due to the complexity of implementation, 10 additional initiatives, which include proposed amendments to the Federal Constitution, amendments to existing laws, and the creation of new laws were found to be likely to be postponed until 2023 (MACC,2023)

Besides, the government has also mandated the National Centre for Governance, Integrity and Anti-Corruption (GIACC) to monitor and evaluate the implementation of initiatives by lead agencies (NACP,2019-2023). The GIACC was established in 2018 to oversee all anti-corruption, governance, integrity, and human rights matters. It is guided by the Special Cabinet Committee on Anti-Corruption, which reports directly to the Prime Minister(GIACC, 2019). However, since April 2023, GIACC have been absorbed into the MACC, and now known as National Governance Planning Division (BPGN).A total six main function of the GIACC will continue under MACC including the monitoring on implementation of NACP (MACC, 2019). The new Pakatan Harapan government in 2018 also made it a priority for the GLCs to establish Integrity and Governance Units (IGUs) to perform similar functions as the aforementioned Integrity Units and JITU. The IGU is led by the chief integrity and governance officer, whose position is equivalent to that of the head of internal audit, and is overseen and guided by the MACC.

Further, the new government has passed section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2009 (MACCA, 2009), as drafted in GTP 3.0 on corporate liability provisions that took effect on June 1, 2020. This provision imposes liability on the corporate entity for any corrupt activity by any associated person done for the benefit of the company.

Before the amendment of the act, the penalties were only applicable to the individual, which included fines and the dissolution of officials' businesses. The implementation of Section 17A, the corporate company under which such persons operate would now be held responsible for not avoiding the occurrence of corrupt actions. This law of corporate liability aims to help deter and minimize corrupt activities among corporations which are the main resources of corruption around the globe. After a year
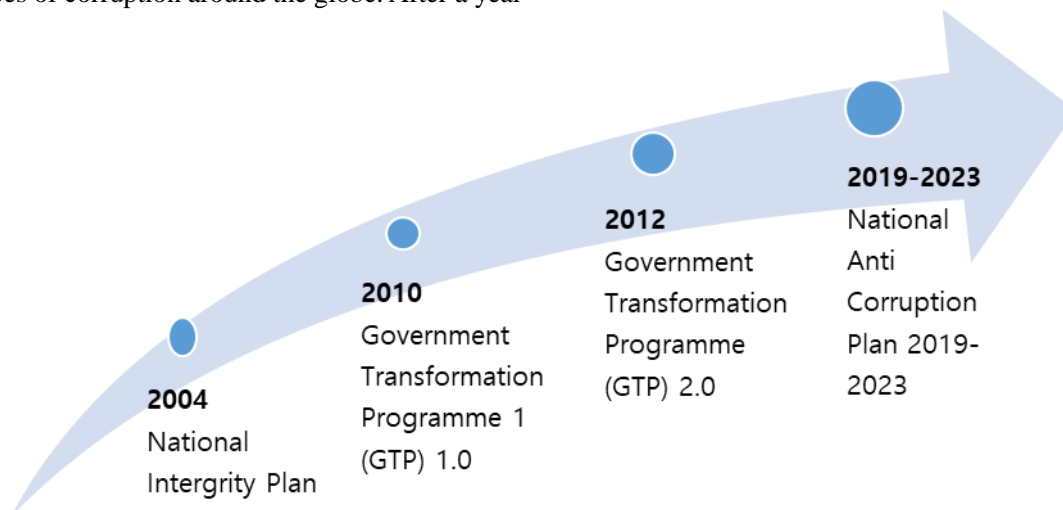
Figure 2: Malaysian anti-corruption journey since 2004

## 5.0 Has Malaysia's fight against corruption been successful?

Despite the number of institutions, laws and policies in the Malaysian anti-corruption campaign, it is still far from its desired impact on combating corruption, especially political and grand corruption. Institutions and regulations are insufficient on their own to ensure the effectiveness of anti-corruption programs. The NACP that have been launched 5 years ago, is now come to an end without any major improvement to Malaysian corruption level. The worst is that Malaysia's performance in the CPI Index has deteriorated since 2019 and for 2022, it managed only 47 out of a possible 100 points, which is its worst result in a decade. The last five years have seen numerous political shake-ups, resulting in Malaysia being led by four different prime ministers, each with their own anti-corruption agendas. Soon after the NACP was launched, a coalition of small parties known as Perikatan Nasional took over the government from Pakatan Harapan. Subsequently, the Covid 19 pandemic struck, diverting the government's focus from efforts to fight corruption to managing the pandemic. The third Prime Minister appointed after the launched of NACP, Dato' Sri Ismail Sabri Yaakob then introducing MyGovernance, a new plan to institutionalize good governance principles and practices in government agencies, and this made NACP implementation being sideline. Following the general election in November 2022, Prime Minister Dato' Seri Anwar Ibrahim expressed his commitment to continue implementing the National Anti-Corruption Plan (NACP) and vigorously combat corruption. Regrettably, he selected a deputy prime minister who is currently under scrutiny for multiple corruption-related offenses. Thus, NACP seems to have suffered from the repercussions of these political fluctuations and uncertainty (c4centre, 2022). However, the overall pattern of MACC arrests for corruption offences has decreased since 2019. Despite the downward trend, from 2019 to 2022, there were more arrests for corruption in the private sector (see table 1), demonstrating that anti-corruption efforts have not been successful in reducing corruption in the private sector.

Malaysia, on the other hand, is the least corrupt country in Southeast Asia, trailing only Singapore. Even though Singapore and Malaysia begin on the same foundation when it comes to fighting corruption, Singapore has been far more successful in their anti-corruption efforts, and is now one of the least corrupt countries in the world (Kapeli & Mohamed, 2019). According to (Quah, 2022), Singapore's anti-corruption measures are sufficient and efficient because of the Corrupt Practices Investigation Bureau (CPIB)'s impartial and uniform enforcement of the Prevention of Corruption Act (PCA). On the opposite, Malaysia's 1MDB scandal reflects the Malaysian Anti-Corruption Commission (MACC)'s failure to enforce anti-corruption laws impartially. Ineffective anti-corruption infrastructures in Malaysia are also a result of internal control systems' lax enforcement, and the absence of best practice principles in corporate governance has had a detrimental effect on public governance as well (Siddiquee& Zafarullah, 2022). It might also be the result of complaints made against the MACC in recent years about how it overly focused on catching "small fish" or petty corruption cases while failing to resolve grand corruption cases (Durairaja et al., 2019; Siddiquee & Zafarullah, 2022).

## 6.0 Discussion and Conclusion

This study investigates Malaysia's public and private anti-corruption initiatives and how they impact the country's corruption rate. Ironically, it appears that none of the government's campaigns have succeeded in lessening Malaysia's widespread corruption. A good anti-corruption initiative should eliminate incentives and opportunities for corruption in both the demand and supply sides. Nevertheless, government needs to be serious in its implementation regardless of political differences and changes. Anything less reveals a complete lack of seriousness and comprehension in addressing the many issues of corruption and governance that plague Malaysia. Thus, NACP serves as evidence that a comprehensive anti-corruption initiative is unable to tackle corruption without strong political will, careful monitoring, and effective implementation (Jones, 2022). Additionally, Siddiquee and Zafarullah (2022) state that Malaysian corruption scandals fundamentally represent the politics-business connections, cronyism, patronage networks, and money politics that constitute modern Malaysia's political economy.

Correspondingly, Abas Azmi and Zainudin, (2020) stress that money politics is one of the main reasons why corruption still exists in Malaysia. This situation is made worse by the absence of any regulations governing political financing, which leaves room for abuse since it is not prohibited in Malaysia. Fundamentally, it involves bestowing favors upon businesses closely linked to the political elite, encompassing substantial expenditures and infrastructure projects that are often granted without a competitive bidding process. In Malaysia, political affiliations still play a significant role in determining who secures vital state contracts and infrastructure initiatives (Abas Azmi & Zainudin, 2020; Jones, 2022; Siddiquee & Zafarullah, 2022). Despite the Malaysian government's efforts to implement procurement reforms to combat corruption, significant infrastructure and public works contracts continue to be allocated without open or competitive tendering. This pattern is also evident in the allocation of logging concessions, the issuance of trading and import licenses, the distribution of business subsidies, grants, and low-interest loans, the provision of tax incentives, as well as property acquisitions, all displaying similar preferences(Jones, 2022).

Moreover, there are doubts about the efficacy of anti-corruption bodies. While these organizations possess the capacity to uphold legal regulations, they encounter challenges in executing their duties, especially when influential figures in the realms of politics and business are implicated (Siddiquee & Zafarullah, 2022). An example of this is the MACC, which lacks genuine autonomy and is significantly hindered by political meddling. This interference has a direct impact on their investigative outcomes in prominent corruption cases, such as the 1MDB scandal.(Quah, 2020). Additionally, Kapeli and Mohamed (2019) argued that the failure of anti-corruption initiatives is due to duplication problems. In Malaysia, it has become a tradition for every newly appointed leader to introduce new plans to prevent corruption, resulting in several duplications. This circumstance produces ambiguity among implementers, frontline staff, and others within the organizational hierarchy about which strategy to implement, who is accountable for implementation, how to adopt, the knowledge transfer process, and what outcomes to measure or monitor (Durairaja et al., 2019).

For the country to truly see success in the fight against corruption, successive governments must adopt and implement long-term national anti-corruption policies, particularly ones as comprehensive. The people of Malaysia should take the election of leaders more seriously and should shun political parties with a history of egregious acts of corruption. Only a clean government will be more diligent and motivated to fight corruption. This study has limitation as it only examines Malaysia's anti-corruption initiatives and accomplishments from independence until 2022. Future studies could concentrate on how Malaysia's newly elected "Kerajaan Perpaduan" government might combat corruption and whether this new coalition will have any bearing on how pervasive corruption is in Malaysia.

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