

# Challenges in combating corruption in Malaysia: issues of leadership, culture and money politics

David Seth Jones

*Policy and Management Consultant, St Ives, Cornwall, UK*

## Abstract

**Purpose** – The aim of the paper is to analyse the prevalence of corruption in Malaysia since 2004 in relation to political leadership, implementation of anti-corruption measures and the political and business culture based on money politics.

**Design/methodology/approach** – The paper draws from the information and data provided by the Malaysian Anti-Corruption Commission, the Malaysian government, international organisations, media reports, and academic papers.

**Findings** – The paper analyses the perceived extent of corruption in Malaysia by examining how successive governments have dealt with the problem through a wide range of measures. Corruption remains widespread because of ineffective implementation, a culture of money politics based on mutually beneficial crony associations between political actors and business leaders, political interference to frustrate enforcement against corruption offenders, especially prominent personalities, and the mixed impact of corruption prevention measures. The paper concludes that the political and business culture and the nature of political leadership have eroded the political will to combat grand corruption in Malaysia.

**Originality/value** – This paper builds on previous research on corruption in Malaysia and highlights the combined negative impact of political leadership and a business and political culture that tolerates and espouses corruption, especially through money politics, and the consequent weak political will for tackling grand corruption.

**Keywords** Malaysian Anti-Corruption Commission, Corruption, Leadership, Money politics, Political will

**Paper type** Research paper

## Introduction

Public and private sector corruption are rampant in Malaysia and reflected in the prevalence of bribery, embezzlement, fraud, cronyism, bid-rigging in procurement, and money-laundering at the highest levels in major investment, infrastructure, and procurement projects, logging and other concessions, and at lower levels in law enforcement, low value tenders, and business regulation. Corruption has prevailed under the *Barisan Nasional* (BN), a coalition of parties which ruled Malaysia from independence in 1957 until 2018, with the principal party being the United Malays National Organisation (UMNO). Prime minister Abdullah Badawi (2004-2009) and his successors have promised to stamp out corruption. However, the results have been disappointing, and corruption has in fact increased in some years.

The paper draws from information and data provided by the Malaysian Anti-Corruption Commission (MACC) and Malaysian government reports and plans, data and reports



provided by international organisations (such as Transparency International, the World Bank and PwC), media reports, and various academic papers and on-line publications.

This paper examines the extent and nature of corruption in Malaysia from 2004 to 2021 and evaluates the effectiveness of the various anti-corruption measures undertaken. It also explains why these measures have been ineffective, linking their failure to weak enforcement, political leadership and the culture of money politics which has been fostered, despite the role of civil society organisations in exposing corruption.

### Literature review

Dahlan and Hamizan (2018, pp. 217-233) describe the formal legal and institutional framework for combating corruption in Malaysia and analyse its failure to combat corruption effectively. Research by Kapeli and Mohamed (2015, pp. 525-534), Hashim and Mohamed (2019, pp. 11-26), Durairaja *et al.* (2019, pp. 1-12), Siddiquee (2014, pp. 7-31), Siddiquee and Zafarullah (2020, pp. 1-17) and Jones (2020, pp. 59-72) have shown that, in spite of the policy commitments, and many legal and administrative measures to deal with corruption, corrupt practices, including those at senior levels, prevail in Malaysia. A major cause has been poor implementation and enforcement, exacerbated by political interference in the enforcement process. Also focusing on implementation and enforcement, Chong and Narayanan (2017, pp. 66-84), compared the size of bribes given with punishment dispensed, and argued for stricter enforcement, higher conviction rates and more stringent punishment. However, Saidin and Haron (2017, pp. 54-66) and Sajari *et al.* (2016, pp. 135-141) have emphasised instead the promotion of integrity in public and private organisations by inculcating personal ethical responsibility among the managers and support staff.

For private sector corruption, Yusof and Arshad (2020, pp. 1273-1287) examined the impact of regulatory bribery on doing business and profitability in Malaysian companies. Wee *et al.* (2011, pp. 567-593), Hasan (2016, pp. 1865-1868), Hassim *et al.* (2017, pp. 1-17), Hassan *et al.* (2020, pp. 694-710), Jones (2018; 2021, pp. 113-128) and GAN Integrity (2020) have highlighted corruption in public procurement activities, obtaining licences, and logging concessions, with the beneficiaries being top politicians, senior administrators and their business associates. These complement studies by Gomez (2012, pp. 1370-1389), Tan (2014, pp. 200-213), and Azmi and Zainudin (2021, pp. 593-606), which focus specifically on money politics linking politics and business in Malaysia, often leading to high level corruption.

### Perceived extent of corruption in Malaysia

The perceived extent of corruption in Malaysia can be gauged from the Corruption Perceptions Index (CPI) of Transparency International (TI) and the World Bank's Control of Corruption indicator. Table 1 shows that the yearly average CPI score from 2004 to 2011 for

	TI's Corruption Perceptions Index		World Bank's Control of Corruption		
	Score*	Rank**	Score***	Percentile	
2004-2011 (Yearly average)	4.8	49	2004-2011 (Yearly average)	0.12	60.2
2012-2020 (Yearly average)	51	55	2012-2019 ((Yearly average)	0.24	63.3
2021	48	62	2020	0.25	62.5

Sources: Transparency International (2022); World Bank (2021)

\*Up to 2011 the CPI score was out of 10; thereafter out of 100

\*\* In the CPI rank order, the highest is 1

\*\*\* The World Bank corruption scores range from -2.5 (lowest) to +2.5 (highest)

**Table 1.**  
TI's Corruption Perceptions Index measures and World Bank's Control of Corruption measures for Malaysia since 2004

Malaysia was only 4.8 out of 10 and improved slightly between 2012 and 2020 to just 51 out of 100. Malaysia's global ranking on the CPI index fell from a yearly average of 49 to 55. In 2021 the CPI score and rank fell to 48 out of 100 and to 62 respectively. The World Bank scores for the Control of Corruption in the range of  $-2.5$  to  $+2.5$  as a yearly average improved slightly from 0.12 during 2004-2011, to 0.24 during 2012-2019, as did the percentile rank during those periods. The scores and percentile rank altered little in 2020.

The fall in the CPI score and rank in 2021 is particularly noticeable and reflects a perception that corruption has increased as more information has become available about the 1Malaysia Development Berhad (1MDB) scandal and other recent major corruption scandals. Overall, the TI and World Bank measures indicate that Malaysia whilst not amongst the most corrupt countries in the world still suffers from widespread corruption, creating a situation where much improvement is needed.

Useful information on private sector corruption in Malaysia is also provided by the bi-annual PwC surveys. In 2013, 19 per cent of the firms experienced bribery during the previous two years, 30 per cent in 2015, and 35 per cent in 2017 and 2019. Moreover, in 2015, 6 per cent of firms reported being asked to pay a bribe during 2013-2014. In 2017, this increased to 11 per cent and in 2019, to 25 per cent. In addition, in 2017, 11 per cent of firms reported losing business opportunities because their competitors paid a bribe. This had risen to 30 per cent in 2019 (PwC, 2018, pp. 6, 15; 2020, p. 8).

The extent of corruption can also be gauged from recent corruption scandals. Examples include the Port Klang Authority concerning the Free Zone project, the Islamic Pilgrims Fund Board (*Tabung Haji*), the Sabah Water Department, the Federal Land Development Authority (FELDA), the State Government of Penang regarding the construction of the Penang undersea tunnel, and most seriously the 1MDB. These scandals have involved bribery, embezzlement, money-laundering, fraudulent transactions and extensive cronyism, often amounting to billions of ringgit, that have benefited political leaders, senior administrators, and their business associates (Jones, 2018, p. 41; Jones, 2020, pp. 59-72; Siddiquee and Zafarullah, 2020, pp. 6-8, 10).

### **Anti-corruption measures and agencies**

Although corruption has continued to be widespread in Malaysia, efforts have been made to develop policies, legal measures and institutional structures to combat corruption.

#### *Anti-corruption laws and agencies*

The main instrument to combat corruption in Malaysia is the Malaysian Anti-Corruption Commission Act, 2009 (MACCA), which specifies a range of corruption offences. They cover any public official who demands, is offered or receives a bribe (or a gratification) in return for a favour to the bribe provider. Also included is the failure to report bribery or the intention to commit bribery. The MACCA extends such offences to dealings between private sector organisations. The gratifications include not only cash but also gifts, shares, bonds, and property (Dahlan and Hamizan, 2018, pp. 218-224).

The MACCA was amended in 2018 to include a new Section 17A, which stipulates that a commercial organisation is considered to have committed a corruption offence if any person associated with it corruptly "gives, agrees to give, promises or offers to any person any gratification to obtain or retain business or advantage for the organisation". Significantly the company as a whole, including shareholders, boards of directors and management, though not directly involved, may be held responsible for an offence so committed (Dahlan and Hamizan, 2018, pp. 228-229).

The MACCA is supplemented by the Penal Code, which covers bribery and gratification (Sections 163-165), embezzlement (Section 378), and fraudulent dealings (Sections 415-424).

Also the Witness Protection Act of 2009 and the Whistle-blower Act of 2010 encourage disclosures of information relating to possible corruption and provides protection to those who report such evidence (Dahlan and Hamizan, 2018, pp. 221, 229-230). In addition, the Anti-Money Laundering and Anti-Terrorism Financing Act, 2001 prohibits any organisation or individual from transferring, receiving or managing monies and assets unlawfully acquired. It also requires such individuals and organisations “to take reasonable steps” to ascertain whether the monies and assets have been unlawfully acquired (Dahlan and Hamizan, 2018, pp. 225-228). Another important anti-corruption measure is the Competition Act, 2010 (Sections 4, 24, 33), which prohibits bid-rigging or collusion designed to limit or eliminate competition in public and private sector tenders, and the concealment and withholding of information relating to bid-rigging (Safinaz, 2012, pp. 80-81; Malaysia Competition Commission, 2020, pp. 4, 24, 28, 31, 45-46).

The responsibility for implementing the above anti-corruption measures (except the Competition Act) lies chiefly with the MACC, set up in 2009 under the MACCA, and the Attorney General’s Chambers (AGC), assisted in certain cases by the Malaysian Police Force. The MACC’s role is to investigate reports of suspected corruption. The MACC may subsequently undertake a prosecution but only with the permission of the public prosecutor in the AGC, who reviews the case before granting permission. If permission is granted, the investigation papers are forwarded to the MACC’s Legal and Prosecution Division. Its brief is to assemble the evidence, and, if there are sufficient grounds, it will undertake a prosecution. Many corruption cases are heard in the Special Anti-Corruption Courts set up in 2011 mainly to expedite the prosecution process.

The application of the Competition Act is the responsibility of the Competition Commission established under the Competition Commission Act, 2010. It has power to investigate suspected bid-rigging, and of its own accord, can impose fines on those companies involved in bid-rigging.

#### *Corruption prevention and promotion of integrity*

In 2004, the National Integrity Plan was introduced by Badawi shortly after he became prime minister, to broaden the efforts to combat corruption by emphasising personal and organisational ethical responsibility and to tackle social norms and organisational values which encouraged corrupt practices. There was also a commitment to prevent corruption by eradicating opportunities and incentives for engaging in corruption within public and private sector organisations (Saidan and Haron, 2017, p. 56).

A key agency in this endeavour is the Malaysian Institute of Integrity (MII), which was set up in 2004. Its remit is to combat corruption through preventive action by means of education and training within the public and private sectors. Its work under the Ethics and Integrity Training Programme is conducted through seminars, workshops, roundtable discussions and consultations. The themes cover the need to stamp out corruption in an organisation, explaining the obligations of the public and private sectors in combating corruption under the MACCA, and explaining how evidence of corruption can be identified, and should be dealt with and reported. The themes also cover those areas of an organisation which entail a high risk of a corrupt practice, and the procedures to adopt in order to minimise this risk. The MII reaches out to the individual employee, and stresses his or her ethical responsibilities in relation to bribery, embezzlement, fraud and cronyism. It also promotes in its seminars and workshops, organisational frameworks, known as Organisational Anti-Corruption Plans. These plans identify specific corruption risks within an organisation, and the system to be implemented to prevent and report corrupt actions. In addition, organisations are expected to assess their own measures to combat corruption, known as the Integrity Assessment Tool (MII, 2021a).

The MACC, like the MII, also gives priority to preventing corruption in public and private sector organisations. This includes advising them on identifying and closing loopholes which provide inducements and opportunities to engage in corruption. Furthermore, the MACC coordinates the Integrity Units (see below) set up in public agencies at the Federal and State levels. Linked to this are regular meetings between the MACC, and chief integrity officers (CIOs), who are the heads of Integrity Units as explained below. In these meetings, CIOs may raise corruption issues in particular agencies. Based on this feedback, the MACC is responsible for the rating of public agencies with respect to corruption risks, which shapes the anti-corruption plans recommended for public agencies (MACC, 2021a). Alongside the MII, the MACC also conducts anti-corruption educational programmes, and consequently, leaders and staff of many organisations have signed a Corruption-Free Pledge or *Ikrar Bebas Rasuah* (IBR) (MACC, 2021b).

#### *Internal anti-corruption controls*

For many years, responsibility was given to public agencies to administer anti-corruption measures in relation to enforcement and prevention. In 2008, a decision was taken to appoint in each ministry and other public agencies, a CIO as mentioned above, to be certified by the MACC. The CIO could be drawn from the MACC or from the ministry or public agency itself. In 2013, Integrity Units were established in ministries, departments, and other public agencies at both Federal and the State levels, headed by the CIO, as noted above, assisted by Integrity Officers. The role of the CIO and Integrity Units is to receive complaints from the public and other agencies, including whistle-blowers, and if there is an indication of a corrupt practice, to refer the matter to the MACC. It is also within the brief of the CIO and the Integrity Unit to identify possible corrupt practices regardless of a complaint and likewise to report them to the MACC. A further requirement is to review the entire agency based on the corruption risk rating of the MACC and to put in place the necessary preventive measures as stipulated by the Commission. Every four months, the CIO is required to submit a report to the Agency Integrity Management Division of the MACC, and as already mentioned, to meet its top officials to raise matters of concern relating to corruption. Matters of particular importance are referred to the MACC's chief commissioner and the head of the civil service (chief secretary to the government) (Sajari *et al.*, 2016, pp. 137-139; Saidan and Haron, 2017, pp. 57-58; MACC, 2022a).

Alongside the Integrity Unit, in 2014 another integrity entity was formed in ministries, statutory authorities and other public agencies known as the Integrity and Governance Committee (*Jawatankuasa Integriti dan Tadbir Urus* or JITU), at the instigation of the Prime Minister's Department. Its role is to provide an overall assessment of the measures and performance of an organisation in dealing with corruption and to advise the Integrity Unit if improvements are needed (Saidan and Haron, 2017, pp. 56, 58, 62).

It was decided in 2017 by the government to apply similar internal integrity controls in the Government-Linked Companies (GLCs). The new *Pakatan Harapan* Government in 2018 made it a priority of the GLCs to create Integrity and Governance Units (IGUs) to perform similar roles as the Integrity Units and JITU mentioned above. The IGU is headed by the chief integrity and governance officer whose status is equivalent to the head of Internal Audit, and is subject to the supervision and guidance of the MACC (MACC, 2019).

#### *Plans and strategies to combat corruption*

Since 2004, various plans and strategies have been announced to guide anti-corruption policy and ensure proper implementation of the various anti-corruption measures. The first step was the National Integrity Plan. This was followed by two Government Transformation Programmes (GTPs). The first (GTP 1.0) announced in 2010 by Prime Minister Najib,

contained several priority areas for spurring economic and social development in Malaysia and improving its governance. The GTP required ministries to specify National Key Results Areas (NKRAs) relating to each priority area and to set targets and monitor progress in reaching them. One of the NKRAs is fighting corruption requiring ministries to set targets in reducing corruption and identify the steps taken to combat corruption (Prime Minister's Department, 2017, pp. 14, 54-59; Siddiquee, 2014, pp. 15, 17, 21).

Given that the results of the GTP relating to corruption were at most modest and well below expectations, the new government in 2018 saw the need for further initiatives to tackle corruption. The upshot of this is another anti-corruption programme known as the National Anti-Corruption Plan (NACP), 2019-2023. The priorities were specifically set out, viz. to deal with continuing corruption in the political system, public sector administration, public procurement, law enforcement, judicial administration and corporate governance.

To flesh out the NACP's priorities and ensure the effective implementation of resultant initiatives, the National Centre for Governance, Integrity and Anti-Corruption (*Governans, Integriti dan Anti-Rasuah Centre* or GIACC) was formed in 2018. It is guided by the Special Cabinet Committee for Anti-Corruption, which reports directly to the prime minister. The main enforcement agency continues to be the MACC. So far the NACP has listed a total of 115 initiatives to fight corruption over the next five years (GIACC, 2019, pp. 32, 35-53, 65).

## The reasons for the persistence of corruption in Malaysia

### *Weak enforcement*

The on-going prevalence of corruption is in part related to weak enforcement. One of the failings is the low number of convictions for corruption relative to arrests with only 28 per cent of those arrested eventually prosecuted and convicted (MACC, 2022b; 2022c). A second weakness is the light sentencing of those convicted. This was pointed out in the NACP, 2019-2023 in a section titled "Light punishment of offenders". It pointed out that the MACCA "does not set a minimum number of days for imprisonment" in contrast to the previous Anti-Corruption Act, 1997. In its view, "this can be interpreted as such that offenders do not have to serve minimum jail time. Consequently, this makes the Act 694 insensible and hence is outdated and needs to be amended" (GIACC, 2019, p. 5). In 2021, 55 per cent of convictions led only to a fine, and among those cases where a prison term was imposed, the term was often seven days or less with quite a number just one day (MACC, 2022b).

A third weakness is the preponderance of arrests and convictions related to minor offences with very few involving major offences committed by senior figures in politics and the corporate sector. Between 2016 and 2021, only 2.4 per cent of public officials who were arrested were classified as "top management", while in 2021, only 9 per cent of those convicted could be classified as senior level personnel in Federal and State departments and statutory authorities, and senior or general managers of large companies (MACC, 2022b; 2022c). This reflects the influence of money politics discussed below.

### *Politics-business nexus and the issue of money politics*

A key factor to explain the persistence of corruption in Malaysia and a failure to properly implement anti-corruption measures has been the close links between, on the one hand leaders in the BN, especially UMNO, as well as individual Members of Parliament (MPs), and on the other hand, big business – referring to the politics-business nexus or money politics. This factor has pervaded Malaysian political and business culture, and is closely associated with grand corruption in the country.

Money politics is evident in different ways. At its heart, is the granting of favours to those companies closely linked to the political elite, including high value procurements and

infrastructure projects, often without a competitive tender. As [GAN Integrity \(2020\)](#) reported, “In fact, political connections continue to be one of the main criteria in the awarding of important infrastructure projects and state contracts. The Malaysian government has passed procurement reforms to stamp out corruption but the awarding of major infrastructure and public works contracts, is often done without competitive bidding or open tenders.” Similar preferences have also been shown in the award of logging concessions, the granting of trading and import licences, the receipt of business subsidies, grants and low interest loans, tax allowances and the purchase of property ([GAN Integrity, 2020](#)). Other favours include positional patronage such as appointment to executive or advisory board positions in state enterprises including statutory authorities, GLCs, government investment and financial institutions, and State Development Corporations ([Tan, 2014](#), p. 203; [Asia Sentinel, 2021](#)). These appointments continue despite the recent changes of government.

In return for these benefits, businesses have provided financial support to UMNO and other parties in the BN (in effect, politically-based bribery). Of particular importance is the funding of BN parties and their election candidates to enhance their prospects either in a general election or a by-election. Election campaigns are expensive and even more so, when a party in government offers handouts to voters just prior to an election (vote buying) in order to entice them to vote for its candidate. This has been a frequent practice especially in poor rural areas ([Azmi and Zainudin, 2021](#), pp. 594, 597-602). Much of this has been made possible as a result of poorly drafted funding rules for elections and their weak enforcement ([Gomez, 2012](#), pp. 1377-1381, 1396-1397; [Azmi and Zainudin, 2021](#), pp. 597-599).

Support is frequently offered by businesses to UMNO politicians vying for key party posts in internal elections in the party. A feature of the party is its factionalism and members from different factions competing against each other in party elections. To secure election and promotion in the party hierarchy, the support of business people at the divisional level of the party is vital, including not only votes but also donations to finance internal election campaigns. Indeed, [Gomez \(2012, p. 1387\)](#) has contended that in UMNO “business people are gaining a stranglehold on party positions at grassroots level, while they dominate delegates at the general assembly”. Again as a *quid pro quo*, the favours listed above are promised to business firms offering support ([Gomez, 2012](#), pp. 1384-1388; [Tan, 2014](#), pp. 204-205, 208-209).

Money politics in Malaysia has been spurred by the increased ownership of companies both by UMNO and individual politicians. In Malaysia, a political party is allowed to have an equity stake in a company and may in fact exclusively own it. UMNO has been particularly prominent in this regard ([Gomez, 2012](#), pp. 1382-1383, 1387-1388). The UMNO stake in a company is often held by nominees who act as trustees. This is sometimes not transparent as it entails a holding company or companies ([Gomez, 2012](#), p. 1385; [Tan, 2014](#), pp. 201, 204; [Asia Sentinel, 2015](#)). Over the years UMNO widened its portfolio from initially media companies to 23 major companies in different sectors listed on the Kuala Lumpur bourse. Funds from these companies may be channelled to UMNO, other BN parties and individual politicians, to serve their election purposes ([Gomez, 2012](#), pp. 1382-1383, pp. 1387-1388). Such companies are well placed to secure special favours such as major infrastructure projects, pharmaceutical procurements and other high value contracts. Several large projects have been awarded in recent years to UMNO-linked companies ([Asia Sentinel, 2015](#)).

Money politics has also affected GLCs, because often their chairperson, board members and CEOs are political appointees. Consequently, GLCs too are a source of funds to serve the election purposes of UMNO and other BN parties. In return, they secure special favours such as infrastructure projects to the detriment of private sector companies with a better performance and greater expertise ([Gomez, 2012](#), p. 1395).

But, of course bribes received by senior political figures from businesses in return for special favours may be based also on their desire for personal enrichment. Often the money given may run into millions of ringgits. Personal bribes from businesses are not limited to

UMNO and its allies, but extend to other parties too. Currently subject to a trial is the alleged receipt of two bribes by the former chief minister of Penang, Lim Guan Eng (one amounting to over RM3 million) in helping a construction company secure the RM6 million project of building an undersea tunnel linking Penang to the mainland of West Malaysia and a road building project linked to the tunnel. Lim's trial is on-going and it remains to be seen if it results in a conviction (Jones, 2018, p. 41).

A further aspect of money politics is the embezzlement and laundering of funds from enterprises which are linked to, and controlled by parties and politicians. Several corruption scandals mentioned above involved embezzlement and money-laundering on a large scale. In the biggest scandal, the 1MDB corruption case, Prime Minister Najib Razak together with his business associates appropriated more than RM40 billion through embezzlement, money-laundering and fraud (Jones, 2020, pp. 59-72; Siddiquee and Zafarullah, 2020, pp. 6-8, 10).

According to Azmi and Zainudin (2021, p. 603) based on their interviews with politicians and corporate leaders, the continued prevalence of the culture of money politics may be attributed in part to the tendency in Malaysia "to tolerate politicians who make money by pocketing public funds" and that so long as the projects ostensibly for the public good are implemented, "handing out and receiving money (by politicians) is something tolerable and acceptable by the Malaysian society". In other words, in their view, social values have persisted because of tolerance of corrupt practices which "appear to be ingrained within the Malaysian society" (Azmi and Zainudin, 2021, p. 603).

#### *Political interference in the investigation and prosecution of corruption cases*

Money politics has also enabled political leaders to interfere by stifling investigations and prosecutions to hinder the work of watchdog and enforcement agencies such as the Auditor-General's Department, Public Accounts Committee in *Dewan Rakyat*, the AGC, and the MACC (Siddiquee and Zafarullah, 2020, pp. 11-13). The control may be outside the legal remit of political leaders and thus may be wielded informally and covertly. This feature was pointed out in the NACP, 2019-2023 (GIACC, 2019, p. 5).

The 1MDB scandal provides prime examples of this. In 2016, the Auditor-General produced a highly critical report highlighting irregularities in the 1MDB. However, the investigation team was hampered by lack of cooperation from senior political figures and bureaucrats including not being allowed to see several important documents and denied access to computers and servers of the 1MDB. The sections of the report containing damaging evidence against Najib and his business associate, Jho Low, were later removed. Moreover, the report was classified under the Official Secrets Act, which greatly restricted those who could read it (Jones, 2020, pp. 62-66).

Moreover, a special task force was set up in 2015 to ostensibly uncover evidence of corruption in the 1MDB, but the key figures in it were soon side-lined or dismissed when they started to reveal incriminating evidence, implicating Najib himself. The task force was soon after disbanded (Jones, 2020, p. 66). Furthermore, the MACC stated in 2017 that it would no longer pursue allegations against the 1MDB, reportedly owing to political pressure (Jones, 2020, p. 66).

#### *Limited impact of anti-corruption measures and bodies*

Despite the anti-corruption measures and agencies mentioned above, their practical impact in reducing corruption has been limited. Thus the NIP and GTP 1 and 2, which contained ambitious objectives to reduce corruption, did not gain traction by the lack of the political will and determined action to achieve those objectives. This was highlighted in the NACP, 2019-2023 (GIACC, 2019, pp. 2-6) and explains the continuation of corruption linked to money politics.



The agencies set up to tackle corruption have also had a questionable impact. The lead agency, the MACC, according to [Siddiquee and Zafarullah \(2020, p. 11\)](#), has had “at best a mixed record”. They point out its unwillingness to investigate when vested interests of the ruling elite are at stake, especially in high profile scandals. They also noted its lack of autonomy partly due to its accountability to the prime minister and inability to engage in a prosecution without the permission of the public prosecutor in the AGC ([Siddiquee and Zafarullah, 2020, pp. 11-12](#)). The lack of real independence of the MACC and political interference are also stressed in the NACP, 2019-2023 and considered to be among the “biggest obstacles” to dealing with high profile scandals ([GIACC, 2019, pp. 5, 10](#)). This was particularly evident during the 1MDB scandal as mentioned above.

The CIO and Integrity Units may also have had a mixed impact. A study by [Sajari et al. \(2019, pp. 54-57, 60-65\)](#) reported favourably on their performance which nonetheless depended on the “ethical climate” in the organisation including the influence of top management. The NACP 2019-2023 indicated that 80 per cent of the complaints received by the MACC from 2013 to 2018 about possible corruption referred to the avoidance of required procedures, lack of proper internal controls and conflicts of interest, all suggesting that organisational anti-corruption plans were inadequately developed, poorly monitored or not implemented at all. This further indicates that the work of CIOs and Integrity Units in prevention may not have been sufficiently far reaching and rigorous ([GIACC, 2019, p. 34](#)).

As for the anti-corruption training by the MII, its effectiveness is hard to measure. Certainly, it has played a role in promoting the anti-corruption message. In 2022, it has scheduled 23 training programmes. However, from examining their content in 2020, there is a limited focus on dealing with grand corruption, especially on how to identify complicated and concealed transactions through the complex webs of intermediaries, ghost companies and banks ([MII, 2021b, pp. 55-78; MII, 2022](#)).

### **Failures of the leadership of Badawi and Najib**

Both Badawi and Najib failed to deal with corruption but for different reasons. Badawi had good intentions of reducing corruption through his National Integrity Plan and MII initiatives. However, he operated from a relatively weak position in UMNO. Many of his advisers were reform-minded intellectuals. Their anti-corruption proposals and other reforms met with resistance from the UMNO party elite, well entrenched in the Malaysian political and social hierarchy. Without the necessary power base in UMNO, Badawi could not overcome this resistance. Moreover, Badawi adopted a consultative and accommodative style of leadership, instead of a single-minded determination to oppose the powerful conservative elite in UMNO. The result was an inability to ensure the proper implementation of his anti-corruption measures ([Pandian et al., 2009, pp. 100-103; Ismail and Hamid, 2013, pp. 80-88, 91-93](#)).

In contrast to Badawi, Najib had a strong power base among the UMNO elite, which was extended through patronage and a willingness to turn a blind eye to their own corruption. The support for Najib was reinforced by his ability to harness electoral support for UMNO in the rural areas. Again in contrast to Badawi, he exercised a dominant style of leadership in which he would not tolerate dissent within his party and the BN, or any independent action against him by the enforcement agencies. Given his power base and leadership style, he was able to frustrate investigations into corruption, control top-level appointments for his own purposes, and engage in bribery, embezzlement and fraud on a grand scale, especially evident in the 1MDB scandal ([Siddiquee and Zafarullah, 2020, pp. 12-14](#)). This was facilitated by his close connections with high-level business through various members of his family and a core of powerful political allies and business cronies who owned or had a stake in multiple major companies both in Malaysia and overseas ([Investor.com, 2018](#)). Najib thus personified the culture of money politics in Malaysia, and reflected the absence of a genuine political will to stamp out corruption.

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### Role of civil society organisations in combating corruption

Many civil society organisations (CSOs) were established in recent years to expose corruption at the highest levels in Malaysia, and to highlight weak enforcement as a result of political interference, and crony associations between political and business leaders. In their view, these weaknesses have prevented effective action being taken to secure convictions of those responsible who occupy senior political, administrative and business positions. They have been active in bringing to light these shortcomings in the local and international press and in social media and in gathering evidence to facilitate investigations. Their work has also entailed promoting integrity and stressing the need to fight corruption in the local community, businesses, and business associations. While the CSOs have found that previous governments of the BN were hostile to them and sought to restrict their work, they have enjoyed more freedom to campaign against corruption after the 2018 election. Foremost among these CSOs are the [Business Integrity Alliance \(BIA\)](#), [Centre to Combat Corruption and Cronyism \(C4\)](#), [Coalition for Business Integrity \(CBI\)](#), [Malaysian Anti-Corruption Foundation](#), and [Sinar Project \(SP\)](#) through its [Politikus](#) programme. The last named has been particularly active in exposing politicians, administrators and their business associates who may be linked to corrupt dealings. Its intention is “to track the positions and involvement of these people and organizations to various issues related to corruption and mismanagement” ([Sinar Project, 2021](#)).

### Recent changes of government and the fight against corruption

When the UMNO and its BN partners lost the general election in May 2018, and were replaced by *Pakatan Harapan*, a coalition of several parties with Mahathir Mohamad as prime minister, there were high hopes of a renewed and genuine commitment to stamping out corruption. One promising initiative after the change of government was the requirement for parliamentarians, government leaders and business executives to publicly declare their assets ([Hamid and Govindasamy, 2020](#), pp. 334-336).

However, there followed a period of instability and confusion with two changes of prime minister and several MPs switching allegiances. Since 2020, the government consists of an alliance of *Perikatan Nasional* (a coalition of small parties) and the BN (now the main component of the government). The current prime minister, appointed in August 2021, is Ismail Sabri, who is also the vice-president of UMNO. His government consists of 13 BN ministers and 15 BN deputy ministers. Many are leading figures in UMNO and formerly associated with the Najib government. This development may not bode well for enhancing the fight against grand corruption in the foreseeable future given their past record of being complicit in or ignoring corruption ([Ratcliffe, 2021](#)). A few weeks following the appointment of the current government, the MACC, supported by Ismail Sabri, dropped a serious corruption case against a key minister Datuk Seri Rina Harun, who was also a member of UMNO. The abandonment of the case was supported by Ismail Sabir ([Idris, 2021](#)).

### Lessons to be learnt

Five lessons can be learnt to improve the anti-corruption efforts in Malaysia. The first is the need for tougher sentencing guidelines and more frequent passing of a prison sentence in corruption convictions. This may require amendments to the MACCA and Penal Code.

Secondly, it is important that asset disclosures should be detailed, and not generalised as at present, and be subject to independent verification. They should also be extended to assets held by nominees and trusts and to holdings in overseas financial institutions. This may necessitate an asset disclosure law.

Thirdly, as a step towards reducing money politics, restricting the ownership of companies by political parties (UMNO) may be necessary.

Fourthly, to enhance transparency and fairness in high value procurement and infrastructure projects and in resource concessions, open tendering should be more actively promoted and awards through direct appointment (often to cronies) strictly prohibited except in clearly defined emergency situations. In addition, the criteria for awards should be openly spelt out and the reasons for the selection of a company for a government contract should be publicised.

Fifthly, ghost companies should be scrutinised and prohibited if necessary and banks required to exercise more thorough due diligence on suspiciously large deposits and withdrawals in order to stem money-laundering from corrupt activities. Another recommendation is the vetting and limitation of the appointment of board members of GLCs and advisory boards of state investment enterprises, who are senior political figures or affiliated to political parties.

Singapore's experience in effectively combating corruption may provide pointers to how Malaysia can improve its own efforts to combat corruption. This includes, amongst other things, extensive investigation of and tough sentences for corrupt activities, public naming and shaming of those charged with corruption offences, safeguards against ghost companies used for money-laundering (recently introduced), and comprehensive guidelines for banks in identifying money-laundering, underpinned by a strong political will to combat corruption. A further barrier to corruption involving money politics in Singapore are several measures that regulate elections and political donations. Of particular importance are the prohibitions on the bribing of voters under Section 60 of *Parliamentary Elections Act* (Revised Edition), and under the Third Schedule of the same Act, strict limits on expenditure undertaken by candidates according to the number of registered electors in a constituency ([Law Revision Commission, 2020](#), pp. 116-121, 195).

### Conclusion

Despite the range of measures and agencies introduced to combat corruption in Malaysia in recent years, corruption continues to be prevalent. A key factor has been the deeply entrenched practices of money politics which link political parties and individual politicians to the business sector for their mutual benefit. These practices are deeply ingrained in the political and business culture of the country, and have entailed favouritism, cronyism, bribery, embezzlement and fraud. Such practices have continued partly as a result of the tolerance of corruption over the years in Malaysian society. Reinforcing the political and business culture based on money politics has been the political leadership in Malaysia which has promoted this culture, and interfered with efforts by anti-corruption bodies to root out corruption. This was particularly evident during Najib's tenure as prime minister when he used his dominant leadership style to intensify corruption at the highest levels.

Consequently, the set of anti-corruption measures, in the words of the NACP, 2019-2023, "was not followed through in its implementation" ([GIACC, 2019](#), Executive Summary). This failure according to the NACP, "is mainly due to [the] lack of political will as the main factor hindering the initiatives planned back then in addressing issues of corruption" ([GIACC, 2019](#), p. 5). Thus, despite repeated undertakings to address the problem of corruption by senior political figures, the lack of political will to deal with corruption has rendered them no more than nominal commitments. It remains to be seen whether the new political landscape in Malaysia will lead to real progress in combating high level corruption, but serious doubts remain whether such progress can be achieved.

Future research could focus on how the recent changes in the politics of Malaysia and the possibilities that UMNO, though still remaining powerful, may not regain its previous dominance, may strengthen (or even weaken) the fight against corruption. A key question is whether the political changes will have any measurable impact on money politics and the ties between the political elite and business. Also with more leeway now given to the CSOs, their impact in exposing and in lobbying against corruption could be explored.

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#### About the author

David Seth Jones was formerly an Associate Professor in the Department of Political Science, National University of Singapore, and the Faculty of Business, Economics and Policy Studies, University of Brunei Darussalam. He is currently a Policy and Management Consultant specialising in government procurement, public finance, public management reform, and land policy and reform. He has published widely in these fields. David Seth Jones can be contacted at: [dsjones1x@gmail.com](mailto:dsjones1x@gmail.com)