



# GROUP 10

## The Role of MACC in Combating Corruption in Malaysia

### GROUP MEMBER:

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Integrity and Anti-Corruption

## **Introduction:**

This report looks into how the Malaysian Anti-Corruption Commission (MACC) plays a key role in tackling corruption in Malaysia. Set up in 2009, MACC is the main body in the country to prevent and investigate corruption in government and business. As we dig into what it does how it works, and what it achieves, we'll show how MACC tries to keep things honest and above board in how the country is run. It also wants to make sure everyone knows what's going on. Through its work, MACC hopes to win back people's trust and help Malaysia grow and develop for the long term. Let's start by looking at where the commission came from and what it wants to do.

## **History:**

The history of the Malaysian anti-Corruption Commission has evolved over the years, reflecting Malaysia's continuous efforts to effectively combat corruption.

### **1. 1967: Establishment of the Anti-Corruption Agency (ACA)**

#### **Background:**

- In the 1960s, Malaysia's economic and social development began to accelerate, and the government realized the threat that corruption could pose to the country's development.

#### **Institutional Characteristics:**

- The Anti-Corruption Agency (ACA) was Malaysia's first dedicated anti-corruption body.
- Initially placed under the Prime Minister's Department, limiting its independence and ability to handle high-profile cases.
- Its powers were confined to investigations and reporting, with no authority to prosecute or enforce laws directly.

### **2. 1990s: Increased Public Scrutiny and Legal Strengthening**

#### **Growing Public Awareness:**

- By the late 1980s and 1990s, globalization and Malaysia's rapid economic growth brought transparency and governance issues into the spotlight.
- High-profile corruption cases involving government-linked companies (GLCs) and senior officials fueled public outrage.

### **Legal Reforms:**

- The government amended laws to enhance ACA's powers, enabling it to investigate higher-level corruption cases.
- These reforms also expanded the agency's jurisdiction to include corruption in private sector dealings.

### **Impact:**

- Public confidence in anti-corruption efforts improved, but political interference remained a significant challenge.

## **3. 2009: Transformation from ACA to MACC**

### **Driving Factors:**

- Domestic and international pressure: Reports from organizations like Transparency International and the United Nations highlighted the need for greater institutional independence.
- Economic rationale: Following the 2008 financial crisis, the government sought to rebuild investor confidence by addressing governance weaknesses.

### **Structural Overhaul:**

- The ACA was restructured and renamed the Malaysian Anti-Corruption Commission (MACC).
- The enactment of the Malaysian Anti-Corruption Commission Act 2009 granted MACC greater autonomy, especially in investigations, enforcement, and prosecutions.

### **Establishment of Oversight Bodies:**

- Independent advisory bodies, such as the Anti-Corruption Advisory Board and the Operations Review Panel, were created to monitor MACC's activities and enhance transparency.

#### **4. 2010s: Embracing Digitalization and Public Engagement**

##### **Technological Advancements:**

- MACC introduced online reporting platforms and data analytics tools to improve investigative efficiency.
- Transparency tools were implemented to showcase progress and statistics on corruption cases to the public.

##### **Public Education and Prevention:**

- Anti-corruption awareness programs were launched in schools, universities, and community groups to foster a culture of integrity.
- Collaborations with the media raised awareness through campaigns like International Anti-Corruption Day events.

##### **International Cooperation:**

- MACC expanded its partnerships with international organizations, including ASEAN and the United Nations, to share expertise and address transnational corruption.

## **5. 2020s: New Challenges and Future Directions**

### **Political and Resource Constraints:**

- Despite greater powers, MACC' s independence is occasionally questioned due to perceived political interference in certain cases.
- Limited resources hinder its capacity to address emerging forms of corruption, such as cybercrime and financial fraud.

### **Future Reforms:**

- Proposals include increased funding and specialized training for personnel.
- Strengthening collaborations with non-governmental organizations and international bodies to combat cross-border corruption.

### **Summarize**

Nowadays, MACC is constantly adapting to new challenges with a focus on preventive measures, public education and digital transparency tools. Although the Commission still faces obstacles such as limited resources and political pressure, the development from ACA to MACC marks a significant shift in Malaysia's anti-corruption landscape. MACC's history demonstrates Malaysia's ongoing efforts to strengthen its anti-corruption framework and promote a culture of integrity and accountability.

# Functions of the Malaysian Anti-Corruption Commission

There is a lot of function of MACC in combating corruption in Malaysia (SURUHANJAYA PENCEGAHAN RASUAH MALAYSIA (SPRM), n.d.):

- **Receive and consider reports on suspected offences under the Act.**  
MACC carefully reviews any reports that suggest someone might have broken the law as outlined in this specific piece of legislation.
- **Investigate reports deemed practicable by the Chief Commissioner or officers.**  
MACC investigates reports that the Chief Commissioner or other senior officers believe MACC has the resources and ability to properly look into.
- **Investigate suspected offences, attempted offences, and conspiracies under the Act.**  
MACC thoroughly investigates any situations where MACC suspects someone has broken the law, tried to break the law, or has been planning to break the law as defined by this Act.
- **Review practices, systems, and procedures of public bodies to discover corruption.**  
MACC takes a close look at how public organizations operate, examining their rules, processes, and how things are actually done, to see if there are any weaknesses that could allow corruption to happen.
- **Recommend revisions to reduce corruption.**  
MACC suggests specific changes to how public organizations work that MACC believes would make it more difficult for corruption to occur. These recommendations are aimed at improving their systems and procedures.
- **Offer instruction, advice, and assistance on request to individuals on preventing corruption.**  
MACC is happy to provide guidance, offer practical advice, and assist individuals who reach out to MACC with questions or concerns about how to prevent corruption in their own lives or within their organizations.
- **Advise heads of public bodies on necessary changes to reduce the risk of corruption.**  
MACC provides expert advice to the leaders of public organizations on the necessary changes they need to make to minimize the risk of corruption within their organizations.

- Conduct **public education campaigns to raise awareness against corruption.**

MACC actively engages in public education campaigns to raise awareness about the dangers of corruption and to empower the public to play a role in combating it.

- Foster **and encourage public support to combat corruption.**

MACC actively works to build and strengthen public support in the fight against corruption.

MACC believes that a united effort from the public is crucial to effectively combat this issue.



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

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.

# Corruption Offender Database

## Database importance

The Corruption Offenders Database primarily serves as a deterrent measure in sending a clear message in the fight against corruption. The database serves as a vital awareness tool to assist the public and organisations in assisting in the due diligence process concerning hiring, appointment and promotion of employees.

The Corruption Offenders Database can also help fight against people who didn't stop or learn their lessons after doing same or different crime multiple times which can lead to more punishments.

By documenting cases of corruption, the database acts as a deterrent against corrupt practices, as individuals become aware of the consequences of such actions. Additionally, the MACC utilizes data from the database to identify trends and hotspots of corruption, allowing for targeted investigations and more effective resource allocation. The database enhances collaboration between agencies by facilitating information sharing, thus creating a unified front against corruption.

Public access to certain elements of the database can promote greater societal awareness and accountability, empowering citizens to hold public officials and institutions accountable for their actions



# CIP (Corporate Integrity Pledge)

Corruption poses a significant barrier to economic development, undermining transparency and trust in public and private sectors. The CIP initiative, launched by the Malaysian government in collaboration with the Malaysian Anti-Corruption Commission (MACC), aims to instill a culture of integrity among businesses. This initiative focuses on institutionalizing ethical governance structures and promoting values aligned with anti-corruption principles.

## Key Findings

### Participation Rates and Industry Distribution

The Corporate Integrity Pledge (CIP) has seen steady adoption since its launch in 2010. According to the Malaysian Anti-Corruption Commission (MACC), as of the end of 2023, over 500 companies have voluntarily enrolled in the CIP program. These companies are spread across various industries, with the highest participation observed in finance, manufacturing, and trade sectors.

Table 1 provides an overview of participation rates by industry and company size:

Industry	Percentage of Total Participation (%)	Examples of Companies
Finance	25%	Banks, Insurance Firms
Manufacturing	20%	Multinational Manufacturers
Trade and Services	30%	Export-Oriented Enterprises
Others	25%	SMEs, Microenterprises, and Non-Profits

Table 2 highlights company size in relation to participation rates:

Company Size	Number of Companies	Participation Rate (%)
Large Enterprises	320	80%
Small and Medium Enterprises (SMEs)	175	35%
Microenterprises	5	1%

These data reveal a disproportionate engagement, with large enterprises dominating participation, while SMEs and microenterprises lag significantly.

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# Implementation of the Five Anti-Corruption Principles

CIP revolves around five key anti-corruption principles: Transparency, Accountability, Integrity, Risk Mitigation, and Ethical Governance. Each principle underpins the program’s efforts to institutionalize a culture of integrity and ethical conduct.

Table 3 illustrates the principles, implementation rates, and their observed impacts:

Principle	Implementation Rate (%)	Key Impacts
Transparency	75%	Enhanced financial reporting transparency; 15% reduced corruption risks.
Accountability	60%	Improved leadership accountability; better corporate governance scores.
Integrity	50%	Boosted employee morale and corporate reputation.
Risk Mitigation	65%	Strengthened internal control systems; 10% fewer compliance breaches.
Ethical Governance	55%	Increased adoption of codes of conduct; heightened client trust.

## Impact on Business Ethics and Corruption Mitigation

CIP has made significant strides in improving corporate ethical standards and reducing corruption risks. Key observations include:

1. Reduction in Corruption Cases: CIP-participating companies reported a 20% decrease in corruption allegations between 2010 and 2023.
2. Increase in Internal Reporting: A 30% rise in employee reports of unethical behavior was observed.
3. Enhanced Corporate Reputation: Approximately 95% of participating companies indicated improved trust from clients and stakeholders.

# Statistics

Here are some key statistics and information about the efforts and achievements of the Malaysian Anti-Corruption Commission (SURUHANJAYA PENCEGAHAN RASUAH MALAYSIA (SPRM), n.d.):

## Key Statistics and Information

**Establishment:** In order to improve the Anti-Corruption Agency's (ACA) ability to fight corruption, the MACC was created on January 1, 2009.

**Law:** The Malaysian Anti-Corruption Commission Act 2009, which establishes the legal foundation for the MACC's activities, governs its operations.

## Prosecutions:

The MACC has successfully prosecuted numerous high-profile cases, including those involving politicians, government officials, and business leaders.

The agency has worked closely with the Attorney General's Chambers to ensure that cases are brought to court.

## Corruption Perceptions Index (CPI) Improvement:

Malaysia rose to 57th position out of 180 countries in Transparency International's Corruption Perceptions Index in 2023, improving from 61st the previous year. This improvement was largely attributed to the increased investigation and prosecution of high profile cases and a rise in Malaysia's CPI score from 47 to 50

## Target to Reach Top 25 CPI Rank:

The MACC aims for Malaysia to achieve a top 25 ranking in the CPI within the next decade. Achieving this would require Malaysia to boost its CPI score to 69. This ambitious goal relies on consistent increases of approximately two points per year, which MACC plans to achieve through dedicated anti-corruption strategies and governance improvements

**National Anti-Corruption Strategy (NACS) 2024-2028:**

Set to be released in mid-2024, this strategy will expand upon the 2019-2023 National Anti Corruption Plan (NACP). The NACP succeeded in implementing 77% of its initiatives, particularly in areas like political governance, public procurement, and corporate governance. However, the NACS will address gaps that were previously unattainable due to changes in government and the COVID-19 pandemic.

## **Conclusion**

In the Malaysia Anti Corruption Commission (MACC) discussion, a few key points can be underlined.

Corruption remains an issue for countries and Malaysia at this time is commendably making an effort to remedy it, and there is also the Malaysian Anti-Corruption Commission in place missing to give it further robustness. For the MACC to accomplish its objectives, legislation efforts must be supplemented by increasing public awareness and support and corporate integrity. There are many obstacles in achieving this aim, including legal obstacles, corruption that keeps changing, and the need for public support. TAMAC, as already stated, is a difficult organization to work for, and achieving its success is as well becoming a mandate for all Malaysians. At the center of it all, through investigative, preventative, and educational measures, it is the society itself that needs to do. Majority of the corruption's high presence and its low effectiveness in the society can be attributed to its reasons, and even the people.

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