

By CECILIA KOK

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**KUALA LUMPUR:** Malaysia ranks top among developing countries in terms of corporate governance requirement, a survey by accounting and audit professionals shows.

Out of the 15 developing countries surveyed, Malaysia achieved a joint first place with India, according to the joint study titled "Balancing Rules and Regulations" by KPMG International and the Association of Chartered Certified Accountants (ACCA).

On a broader scale that included developed markets, Malaysia tied with Australia, behind Singapore.

In Asean, Malaysia ranked second behind Singapore, ahead of eight other countries the region, according to the findings of the joint study, which focused on corporate governance requirements across 25 markets.

"While we have made significant stride in corporate governance, we have to continue our collective commitment to meet new demands and challenges ahead," Securities Commission (SC) executive director Goh Ching Yin said at a conference entitled "Corporate Governance: Balancing Rules and Practices" here yesterday.

Jointly organised by KPMG, ACCA and Minority Shareholder Watchdog Group (MSWG) and supported by the SC and Bursa Malaysia, the conference was held in conjunction with the release of the joint study on corporate governance by KPMG and ACCA.

"This year marks the end of the five-year strategic action plan under the Corporate Governance Blueprint issued in 2011. At present, 83% of the 35 recommendations have been implemented, and efforts on certain priority areas will be carried through for the next few years," Goh said.

"Further stakeholder consultation will be undertaken, and a range of issues including gender diversity, the adoption of environmental, social and governance practices, as well as enhancing the quality of boards," he added.

The study by KPMG-ACCA showed that board diversity was one of the strongest themes in Malaysia's corporate governance code.

# Malaysia gets top rating

It is No. 1 among developing countries in corporate governance requirement



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diversity and measures to achieve gender diversity targets.

According to Goh, the effectiveness of a corporate governance framework depends on the strength and extent of interaction between regulatory, self and market discipline in an ecosystem.

"Within this interplay of discipline, regulators have to strive to find an optimal balance between rules and flexibility. Given the dynamics of these and investor behaviour the right balance between principles and formal regulations of the corporate governance framework may change over time," he said.

"Experts have agreed that there is no one-size-fits-all approach, and the desirable means of regulations and market incentives are unique depending on the structural, cultural and social contexts in which businesses operate," he explained, noting that a review and recalibration of controls within the framework from time to time should be undertaken

to ensure that it remains relevant and promotes desirable outcomes.

On the regional front, Goh said, the SC is leading the Asean corporate governance initiatives, with the aim of raising corporate governance standards across the region's public listed companies and to enhance the companies' profiles regionally and internationally.

"As a chair of the Asean Capital Market Forum, the SC will continue to place corporate governance as an important agenda in ACMF's action plan in driving greater financing and investments.

"Financial markets history has demonstrated that the value of corporate governance practices is only appreciated when major corporate scandals or financial crisis occur. Against this backdrop our journey to improve corporate governance is not a sprint but a marathon, which requires commitment, perseverance, transparency, accountability and integrity," he pointed out.

"It is welcoming to note that diversity and inclusion of women at board level is one of the strongest themes for Malaysia. It is a representation of the Prime Minister's objective to reach 30% women participation at board level by 2016," KPMG Malaysia head of risk consulting Lee Min On said.

Malaysia's strengths included having guidelines for boards to include diversity (including gender) in place, a formal policy for board