ROLE OF CHIEF INTEGRITY OFFICER IN MALAYSIAN PUBLIC SECTOR

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Abstract — This descriptive paper provides an overview of the initiatives taken by the Malaysian government in introducing the role of Chief Integrity Officer to overcome the major challenges of achieving Vision 2020 i.e. Government Transformation Program – fighting corruption. Chief Integrity Officer is perceived to have direct relationship with the level of ethics and integrity in Malaysian public sector organization which consequently will increase the perception of public trust. Nevertheless, there is no such study has been conducted on the impact of Chief Integrity Officer in Malaysian public sector. Thus, this paper gives some insight and summary of the implementation of Chief Integrity Officer as the unit of analysis for future studies and the development of CISM as the measurement tool for analyzing the level of ethics and integrity in public sector.

Keywords— Chief Integrity Officer; Ethics; Integrity; Public Sector;

1. INTRODUCTION

It is believed that healthy, high-performing, and successful organizations must pay close attention to ethics and integrity, above and beyond legal compliance. Sovereign governments set legal standards. Legal standards and compliance expectations may be similar but are rarely identical across national borders. Ethics and integrity expectations for organizations should be universal [1]. Ethics and integrity are two essential components of good corporate governance. Good governance refers not only to integrity, but also to efficient management of public resources and, for some commentators, to adequate public participation in decision-making. Ethics involved individual, organizations, and professional ethics. On the other hand, integrity involves individual, organizations and persons holding public office [2].

Public sector can be defined as all organizations which are not privately owned and operated, but which are created, managed and financed by the government on behalf of the public. Another definition is a political organization set up with the power to direct, regulate and control the citizen's activities to enable them to live together harmoniously and constructively, and to solve their common problems more energetically and effectively. Public sector's contribution is very important in terms of a country'sdevelopment. Besides working under a strict governmental constitution, regulations, procedures and budget they need to play their traditional roles and at the same time achieve their ultimate goal; fulfill the legality and discharge their accountability [3]. It is crucial for the public sector i.e. government to be held responsible for their transparency and accountability.

The Malaysian government has moved in a positive manner and achieved a significant economic and social progress. Sustained and rapid economic growth has transformed Malaysia from an agro-based economy into an industrialized nation. With this success story, the Malaysian government through its Economic Transformation Program (ETP) is positioning the nation to become a high-income nation by the year 2020 [2]. Nonetheless, combating corruption has been identified as one of the key challenges. Since the turn of the new millennium, The Malaysian Government has achieved some significant milestones in this long and challenging journey [4] as shown in Table 1.

Table 1: Milestones of Anti-corruption strategy

Year		Milestones
2004	:	Launching of the National Integrity Plan (NIP) and Establishment of Institute of Integrity Malaysia (IIM)
2008	:	Setting up of Malaysian Anti-Corruption Commission (MACC)
2009	:	Prime Minister Directive No. 1 2009 – Implementation of Certified Integrity Officer in ministries, departments and public agencies.
2010	:	Launching of the Government Transformation Programme (National Key Results Areas – Fighting Corruption) and Economic Transformation Programme. Signing of Integrity Pledge by Chamber of Commerce with Malaysian Anti-Corruption Commission (MACC), Formulation of Corporate Integrity System Malaysia (CISM) Roundtable
2011	:	Creation of Corporate Integrity Pledge (CIP)
2012	:	Publication of Best Business Practice Circular (3/2012)
2013	:	Appointment of Minister of Governance and Integrity
2014	:	Prime Minister Directive No. 1 2014 - Establishment of Integrity and Governance Committee (replacing the Prime Minister Directive No.1 2009). Publication of Corporate Integrity System Malaysia (CISM) Toolkit: From Pledge to Practice

Despite aggressive exertion of the Malaysian government against corruption, the issue of ethics and integrity are still widespread and it is one of the important causes in organizational failure. As such, the government had introduced the Government Transformation Programme (GTP) 1.0 and 2.0. This is to enhance corporate ethics and integrity among business corporations to combat any poor governance practice may lead to severe corruptions. It is reported that Malaysian Corruption Perception Index 2013 (CPI) has reached a score of 50 point with the rank of 55/177 (prior to 2013, CPI scores never reached the 50 point mark). Bribe payers index of Malaysia in 2011 showed a score of 7.6 out of 10 in which it is below the global average of 7.8. The higher the index is, the more unlikely for any firm to engage in bribery. In a survey conducted by Accounting Research Institute (ARI) as shown in Figure 1 portrays that government related parties are prompt to request the bribe more than other [5].
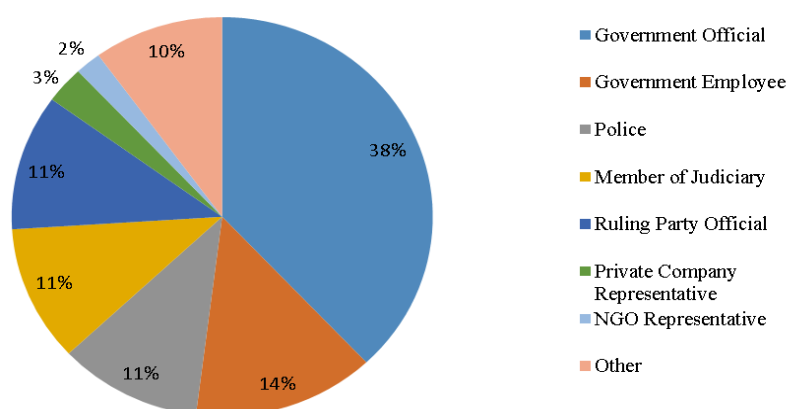

Figure 1: Corruption risks and mitigation approaches in public and private sectors: Who requested the bribe? (n=148)
Source: Accounting Research Institute (ARI). Corporate Integrity, ethics and risk management

To mitigate the issue of bribery, it is vital to elevate the confidence among investors by portraying a sustainable business competitive advantage yet still promote a healthy competition among businesses in Malaysia. Therefore, besides effective governance, in order to dent on corruption, corporate ethics and integrity systems should be institutionalized. Nevertheless, currently the corporate ethics and integrity framework at corporate levels are still scarce. The lack of specific and practical instrument in fighting corruption as well as controlling business misconducts will add more severity to this issue [5]. Concern with this alarming result, Prime Minister Directive No. 1 Year 2009 has taken an important step to promote more on ethics and

integrity within Malaysian public sector with aims of combating the crucial corruption issue. This directive mandates an implementation of Certified Integrity Officer (CeIO) program [6].

2. ESTABLISHMENT OF INTEGRITY AND GOVERNANCE UNIT

In 18 August 2008, a special meeting chaired by Malaysian Chief Secretary decided that Anti-Corruption Agency should stationed one of the senior officer as Chief Integrity Officer in ministries, departments and certain agencies that may have high possibilities in conducting corruption. In the following meeting chaired by Prime Minister on 22 September 2008, a new directive was given stating that the Anti-Corruption Agency may provide consultation for the agencies that intent to establish their own Chief Integrity Officer. Knowing the importance of the requirement for CIO, Malaysian Anti-Corruption Academy (MACA) through its Corporate Integrity Development Center (CIDC) has planned a special program to produce certified integrity officer (CeIO) which will be fully monitor by CIDC. CeIO is defined as an officer certified by the *Lembaga Pengiktirafan Pegawai Integriti Bertauliah* (LPPIB) when one fulfils all the appointment requirements that are as follows [6]:

(a) Appoint by the organization;
(b) Posses high ethics and integrity;
(c) Pass the filtering process by MACC / Malaysian Royal Police Department / Security Commission / Malaysian Public Administrative Department / Insolvency;
(d) Officer of Management and Professional Group or equivalent;
(e) More than five years working experiences and shows excellent work performance;
(f) Acknowledgement or endorsement from relevant agencies (if any); and
(g) Successfully attended the CeIO program and being certified by LPPIB.

It should be noted that an individual / officer may be appointed as a Chief Integrity Officer by LPPIB without attending the program as required; if he/she has fulfilled the requirements from (a) to (f) above and is highly acknowledged in community due to the contribution and efforts on conducting integrity awareness-related activities, events or functions which may include the publication, community services, social status, and equivalent others as recognized by LPPIB. The roles of CeIO are listed as follows [6]:

1. Coordinate and monitor programmed of integrity
2. Reporting about any breach of integrity
3. Coordinate the action on breaches of integrity
4. Implement a recovery program of integrity
5. Production of articles related with integrity
6. Help and support secretariat of JKTU
7. Advising management in term of integrity
8. Monitor of services delivery system
9. Act as a liaison officer organization to CIDC
10. Ensuring compliance to directives/regulations of organization

The CeIO program is conducted within a period of six (6) months and is done on a part time basis. The program consists of five modules i.e. lectures, examinations, conference / workshop, field visit / case study and paperwork. These contents are revised occasionally by LPPIB for improvement. Table 2 shows some of the modules of CeIO [8].

However, in 3 June 2014, a new Prime Minister Directive was released replacing the Directive No. 1 2009. This new directive gives mandate of establishment of Integrity and Governance Committee in ministries and states departments. At ministries level, Minister and Federal Chief Secretary are required to establish two committees i.e. Integrity and Governance Committee (JITU) of Ministry level and Working Committee for JITU of Ministry level. At state level, Chief Minister and State Secretary are required to establish three committees i.e. Integrity and Governance Committee (JITU) of State level, Working Committee for JITU of State level as well as Integrity and Governance Committee of Residential / District level [7].

Prior to that, in year 2013, Circular No. 6 indicating the requirement for establishment of Integrity Unit in all government agencies was released. The unit is intended to ensure that civil servants adopt an integrity and ethical culture. This initiative will be able to restraint misconduct and violations of the code of conduct and ethics in the civil service organization. The unit will act as a focal point to all matters related to integrity management based on six (6) core functions as below [9]:

Table 2: Modules of CeIO

Component	Description
The Concept Integrity	The participants will learn the concept of integrity which emphasis on the issue of integrity and corruption, ethics good governance and corporate social responsibility. The participant will have a better understanding of Corporation Integrity Services Malaysia (CISM), National Integrity System and National Integrity Plan.
The Practice of Integrity (Enforcement of Laws, Circulars, Regulations and Directives)	This section covers laws, policies, rules and guidance that comprise the legal framework of organizations ethics and integrity system. It also includes International Law (UK Bribery Act, FCPA, etc), International Regulation (UNCAC, etc.) and MACC Act 2009. The participants will be able to act and discover any irregularities to minimize chance of ambiguity of corruption, fraud, embezzlement and misuse of power within organization.
Ethical Compliance & Monitoring	The participants will be exposed to the auditing procedures in public and private sectors which cover the aspects of domestics' trials and private sectors, human rights and internal control. Also gain knowledge and skills in relation to the audit technique, internal investigation and the implementation of internal controls particularly in financial matters of the organizations.
Formation of Integrity Plan	This section focuses on the latest method introduced by MACC known as Corruption Risk Management (CRM) to minimize ambiguities of corruption and abuse of power in an organization. The end programme, the participants are expected to complete their Organizational Integrity Plan.

Source: Malaysian Anti-Corruption Academy (MACA. Brochure)

Table 3: Core Function of Integrity Unit

Core Functions	Implementation
Governance	Ensuring the best of governance implemented
Strengthening of integrity	Ensure that the acculturation, institutional and implementation of integrity within the organization.
Detection and confirmation	i) Detecting and verify the complaint criminal misconduct and violations of the code of conduct and ethics of the organization and ensure that appropriate actions are taken. ii) Reported criminal misconduct enforcement agencies responsible.
Management of Complaints	Receive and take action on all complaints / information on criminal misconduct and violations of the code of conduct and ethics organizations.
Compliance	Ensure compliance with the laws and regulations in force.
Disciplinary	Perform the functions of the secretariat Disciplinary Board

Source: JPA(BPO) (S)215/65 Jld.13 (8), Public Administrative Departments.

MACC is held responsible for conducting agencies' risk-rating to determine the appropriate model of Integrity Unit. The risk level is classified as high, medium or low. The re-rating of agencies' risk will be carried out every three (3) years or as required. All Chief Integrity Officer (CIO) in agencies are required to be a certified integrity officer (CeIO) or others requirement as recognized by LPPIB chaired by MACC [9]. Agency Integrity Management Division (BPIA) plays the role to conduct research, along with planning, drafting and developing internal control policy and integrity institutionalization initiative for Integrity Units under ministries, state governments, departments and government agencies. This Division also coordinates and steer integrity institutionalization programmes, provides advisory service and assistance in relation to integrity management to government agencies. This initiative will be able to curb criminal misconduct and violations of the code of conduct and ethics in the civil service organization [10]. To ensure the effectiveness of the implementation of integrity unit, Chief Integrity Officer is required to submit a report to the General Secretary / Head of Department and BPIA

every four months i.e. before the 15th May, September and January [9]. To current, there are 887 integrity units existed in Malaysia.

3. ISSUES AND CONCERNS

Despite many efforts executed by Malaysian government authorities, Malaysian government faces challenging issue in terms of perception of public trust. This may be due to the low level of ethic and integrity perceived of the government organizations as perceived by public. Establishment of Integrity Units may overcome this issue. Nevertheless, there is no impact study has been conducted in relation to this matter. Moreover, there have been numerous issues questionable about the certified integrity officer programme such as, "Where are they? Are they performing their role as the CIO? Are they having direct impact on the ethical culture of their workplace especially in government organizations?" Thus, this research area is practically importance in assisting Malaysian government for impact study on integrity-related program while increasing the positive perception of public trust. One of the most crucial topics is to study the impact of CIO on the level of ethics and integrity in Malaysian public sector organizations.

Another issue in Malaysia, that is importance of project procurement planning is supported and encouraged by project management expert and government department (Ministry of Finance, Economic Planning Unit and Treasury Board). The Ministry of Finance (MOF) is responsible for all the procurement procedure both internally and outside Malaysia. Even though there are guideline and acts the guide the procurement process but still ethical issue arise in project procurement that eventually leads to a lower quality outcome for the project. Recently, there are many issue at contributing people to be involved in ethical such in project procurement which is one of important areas in project management. In Malaysia research has been carried out to show the effect of unethical behaviour to the construction quality [12]. Whereby, the industry is tainted with unethical conducts among the construction players, including the public sector as the main client. It is important to understand and investigate the factor that contribute to unethical conduct. When the reasons are knows only then can the right methods be developed to curb these problem. Below are the factors that contribute to unethical behavior in project procurement:

Table 4: Ranking of unethical conducts by construction players in Malaysia

| Rank	Unethical Conduct
1	Under bidding, Bid Shopping, Bidd Cutting
2	Bribery, Corruption
3	Negligence
4	Front loading, Claims game
5	Payment Game
6	Unfair & Dishonest Conduct, Fraud
7	Collusion
8	Conflict of Interest
9	Change order game
10	Cover pricing, withdrawal of tender
11	Compensation of tendering cost

4. CISM – TOOL TO MEASURE THE LEVEL OF ETHICS AND INTEGRITY

Institute of Integrity of Malaysia (IIM) has developed the measurement tool for level of corporate integrity by using Corporate Integrity Assessment Questionnaire (CISM). It is a tool to facilitate organizations to assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace. It is adapted from Dubinsky and Richter (2008-2009), Global Ethics and Integrity Benchmarks. These benchmarks reflect emerging successful organizational practices. CISM comprises of twelve (12) global Corporate Integrity System (CIS) dimensions with 214 descriptors [11] as shown in Table 4. The following Figure 2 shows 5 levels of benchmarks to measure the level of ethics of an organization that are: (i) 100%; (ii) 75%; (iii) 25 to 75% and (iv) 0%.

Table 5: Dimensions of CISM

Dimension	Description
Vision and Goals	This dimension covers the organization's overall concept of and approach to ethics and integrity, including its formal articulation of the organization's underlying philosophy about ethical and moral conduct, and how these expectations are embedded in the organization
Leadership	Covers the responsibilities of the organization's leadership in shaping, guiding, and supporting the organization's ethics and integrity initiatives.
Infrastructure	Explores the way the organization structures or organizes its ethics and integrity function so that it can carry out its goals effectively.
Legal Compliance, Policies and Rules	This category assesses the internal framework that provides the floor for ethical behavior. It also includes compliance with the external legal framework, established by the multiple jurisdictions and legal frameworks within which the organization operates.
Organizational Culture	This dimension covers the organization's overall concept of and approach to ethics and integrity, including its formal articulation of the organization's underlying philosophy about ethical and moral conduct, and how these expectations are embedded in the organization.
Disciplinary	Assess how the organization sets and enforces its standards for ethical conduct and behaving with integrity. This category addresses rewards and punishments, incentives that promote ethical behavior, and disciplinary action taken to limit or punish unethical work conduct.
Measurement, Research and Assessment	Evaluates how ethics and integrity are measured, whether the organization undertakes research to support ethics strategies that create a culture of ethics and integrity.
Confidential Advice and Support	Describes how the organization provides confidential, neutral, professional, and independent ethics advice to employees, supervisors, managers, executives, members of governing bodies, and other stakeholders.
Ethics Training and Education	Explores ethics and integrity awareness, skill-building training and education, and the integration of such training into the overall development of all employees. This category includes the provision of ethics-related training and skill building throughout the life cycle of staff members, and the degree to which these initiatives are integrated into other organization-wide training commitments.
Ethics Commination	Describes how the ethics and integrity initiative is articulated and promoted, both internally and externally. This category covers how the organization defines its stakeholders and how it gears its key messages to distinct audiences
Whistleblowing	Explores how the organization encourages individuals (both internal and external to the entity) to speak up and make reports of questionable conduct
Accountability	Mechanisms intended to ensure that governing institutions and personnel faithfully perform the duties they owe to citizens, businesses, and other stakeholders. Accountability operates by specifying the relationships between public officials' behavior and performance on one hand, and rewards and punishments on the other. It can be thought of in three layers: between voters and politicians, between politicians and bureaucrats, and between superior and subordinate public officials (Lanyi & Azfar, 2005).

Source: Malaysian Institute of Integrity (IIM)
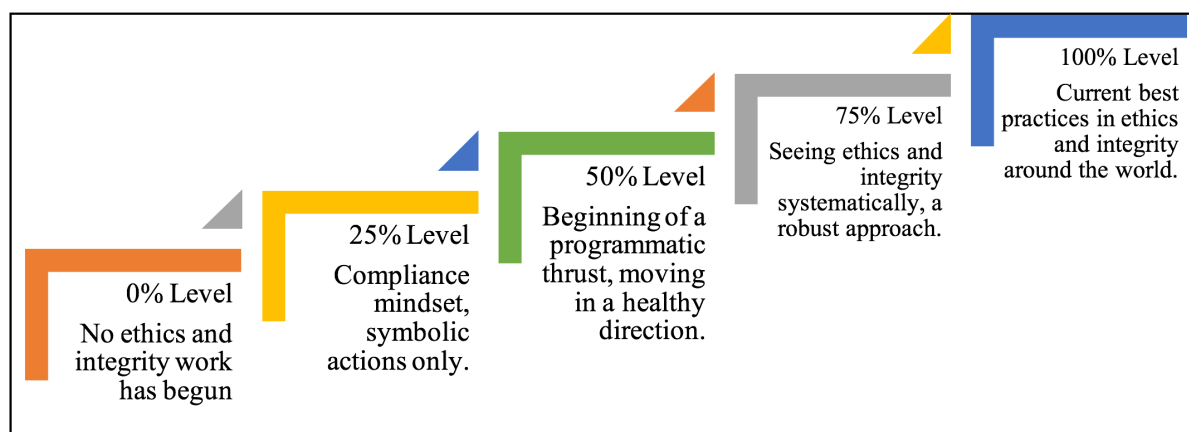
Source: Malaysian Institute of Integrity (IIM)

Figure 2: Five benchmark level of CISM

6. CONCLUSION

Besides effective governance, in order to dent on corruption, corporate ethics and integrity systems should be institutionalized. Establishment of an Integrity Unit may overcome this issue. Lead by the Certified Chief Integrity Officer (CIO), this unit aims to improve the level of ethics and integrity of the public sector organizations as well as incorporating the high level of governance. The question is, "Have they changed the level of ethics and integrity of the organization that they are in?" Therefore, further empirical evidence need to be done to answer the question. CISM can be one of the best measurement tools to conduct in-depth study of the impact of CIO on the level of ethics and integrity in the Malaysian public sector organizations.

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