



# Personalisation of power, neoliberalism and the production of corruption



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## ABSTRACT

This paper utilises a political lens in considering the cause for the production of corruption and the role of political leadership. Specifically, the notion of *personalisation of power* as advocated by Slater (2003) is adopted to portray how the adoption of neoliberalism ideology by an aspiring autocratic leader results in the weakening of the infrastructural power through three strategies: packing, rigging and circumventing. We use Perwaja Steel as a case study to demonstrate the *modus operandi* of corruption in a state-owned enterprise in Malaysia.

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*“Those who are in authority are of two groups: the scholars and the rulers. If they are upright, the people will be upright; if they are corrupt, the people will be corrupt.” (Ibn Taymiyyah)*

## 1. Introduction

Malaysia is often quoted as a good example of a successful moderate Islamic country (Borneopost, 28 June 2012). It is ranked as the “37th best country in the world and among the top three Asian countries in the global standing” for doing business (The Staronline, 21 August 2010), and is also a world leader for Islamic finance. Despite its impressive achievements, there are increasing underlying concerns over the last two decades on the growth and persistence of corruption in the country, which is not only destroying its international reputation as a safe and equitable environment for investment but also immensely harming the quality of life of its people (Ibrahim, 2013). According to the Malaysian Anti-Corruption Commission, prosecution of corruption cases in the form of bribery, malpractices, abuse of power, criminal breach of trust, and misappropriation of funds has increased to 520 cases during 2011 as compared to 432 cases in 2010 (MACC, 2012). In fact, Malaysia is ranked fifth (after China, Russia, Mexico, and India) among the top 10 countries for illicit capital flight, accounting for almost 40.3% of cumulative illicit financial flows from developing countries between 2003 and 2012 and ranked third (after China and India) among Asian countries in exporting illicit capital to rich countries (Global Financial and Integrity, 2014). In spite of the major reforms in curbing corruption being launched by the past and current governments, it

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has continued to slide down in the Corruption Perceptions Index (CPI)<sup>1</sup> ranking from 36th position in 2011 to 50th in 2014 (Global Financial and Integrity, 2014).<sup>2</sup>

When Malaysia gained independence in 1957, corruption was hardly an issue but has grown since the 1970s. Furthermore, as an Islamic country with Muslim leadership, Malaysia is expected to be clean from corruption as Islam strongly forbids and condemns such malpractices. It is mentioned in the Hadith: “God cursed the one who pays a bribe, the one who takes it and the mediator between the two” (Sahih Muslim)<sup>3</sup> and in the *Quran* (11:85): “And O my people! Give full measure and weight in justice and reduce not the things that are due to the people, and do not commit mischief in the land, causing corruption.” The question that arises is why corruption continues to grow and in fact, escalating to bigger scales in the country in recent years?

The extant literature on corruption has acknowledged that it is a complex and multifaceted phenomenon, as it exhibits different forms and functions in diverse contexts, with multiple causes and effects (Brooks, Walsh, Lewis, & Kim, 2013). Nevertheless, there is mutual agreement that it entails the abuse of public power, roles or resources for private benefit (Amundsen, 1999; Johnston, 2005), which may exist at the interface between public and private sectors (Rose-Ackerman, 1978) or between international actors and host countries (see, e.g. Bayart, Ellis, & Hibou, 1999; Rose-Ackerman, 1999). One strand of studies in this area is on identifying the root causes and the appropriate preventive measures that can be taken.<sup>4</sup> Discussion on the causes of corruption, which can be attributed to individuals, organisations, and institutions, has been grouped in the literature as either the demand-side (referring to the taking) or the supply-side (referring to the giving) of corruption (Heimann & Boswell, 1998; Sikka & Lehman, 2015). This strand of literature further classified the preventive solutions into *control* (aimed at improving legal, electoral, educational and other institutional systems), *exit* (alternatives or substitutes available to actors in exiting the situation) and *voice* (respecting a wide array of perspectives, desires, and forms of practical knowledge) strategies (see Everett et al., 2006; Everett, Neu, & Rahaman, 2007). These studies rightly acknowledged that this global problem and its subsequent solution will always be debatable as the field’s actors view the problem in different ways due to differences in the “idiomatic, epistemological, ontological and moral correspondences” (Rose & Miller, 1992; p. 179).

In this paper, we seek to contribute to the debate on corruption using the lens of political power. We argue that the *personalisation of power* (Slater, 2003) by the political leadership imbued with neoliberalism ideology induced the production of corruption. Using one of the largest financial scandals in a state-owned enterprise during the premiership of Mahathir Mohamad as a case study, we provide evidence on how an aspired autocratic leadership managed to personalise power and weakened the infrastructural apparatus that provides the necessary check and balance. This, in turn, facilitated the production of corruption on both the demand and supply side.

The paper proceeds as follows. In the next section, we discuss the notion of *personalisation of power* and mechanisms of personalisation that can be utilised in transforming a democratic system into an autocratic regime as well as explain how the adoption of neoliberalism ideology may further facilitate the production of corruption. Section 3 presents the case study and discusses the *modus operandi* of the production of corruption, as well as the roles of the various actors. The last section concludes the paper with some reflections and suggestions for further research.

## 2. Personalisation of power, neoliberalism and the production of corruption

The fundamental purpose of any democratic institutions is to provide stable patterns of popular representation. According to Mann (1988, p. 5), one way this can be achieved is by constraining the chief executive’s “*despotic power*,” referring to the range of actions that an individual leader is empowered to take without routine, institutionalised negotiations with other regime members (i.e. *the power to decide*). The *raison d’être* in authoritarian institutions is to supply a regime with the “*infrastructural power*” (i.e. the power to govern) which is necessary if command over potential opposition in civil society and within the multiple layers of the state apparatus itself is to be implemented. In other words, while democratic institutions serve to keep the chief executive in check, authoritarian institutions serve to keep the opponents under wraps (Mann, 1988). According to Slater (2003), in semi-democratic regimes, *personalisation of power* by any aspiring autocrat requires high levels of infiltration into infrastructural powers in order to command the whole country. Three mechanisms that can be utilised by the aspiring autocrat to personalise his/her power include: *packing*, through commandeering the power of an existing institution for personal purposes; *rigging*, through the strategic modification of institutional rules and procedures to forestall competition for leadership positions; and *circumventing* through either the creation of entirely new organisations or demand for existing organisations to take on entirely new tasks which implies the squandering of at least a portion of a regime’s institutional inheritance (Slater, 2003; p. 91). This process is further made possible in such regimes through the adoption of neoliberalism.

<sup>1</sup> Refer to Transparency International; CPI measures the perceived level of public-sector corruption in 183 countries and territories around the world.

<sup>2</sup> Malaysia was ranked as the 53rd in 2013 Transparency International website, 2011 (accessed from <https://www.transparency.org/cpi2014/results> on 6 March 2015).

<sup>3</sup> Cited in Islam message of peace, available at <https://islammessageofpeace.wordpress.com/2014/04/29/riba-is-haraam-for-the-one-who-takes-it-and-the-one-who-pays-it-and-it-is-haraam-to-help-with-it-in-any-way-whatsoever/>.

<sup>4</sup> For a good summary and overview of the literature on the definitions, consequences and causes of corruption, see Everett, Neu, and Rahaman (2006), Tanzi (1998) and Andvig, Fjeldstad, Amundsen, Sissener, and Sørreide (2000).

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