SINGAPORE: A survey among accountants has found that a majority are in favour of quarterly reporting and legislation to protect whistle-blowers.

The survey, jointly conducted by CPA Australia and the NUS Business School, covered 3,000 members of the accounting body in Singapore, Hong Kong and Malaysia.

The findings were discussed on Friday at a forum organised by CPA Australia.

The results of the survey show that 67 percent of respondents were in favour of quarterly reporting.

They were of the view that the benefits of better information flows and transparency outweighed the problems of increased costs and higher demands on management.

To take it one step further, almost half felt that quarterly reporting should be made mandatory.

Said Associate Professor Mak Yuen Teen, co-director, Corporate Governance and Financial Reporting Centre, NUS, "There is always a concern in Singapore that people don't issue profit warnings, for example, when they should. That means they are reluctant to release bad news but are more forthcoming with good news. Quarterly reporting forces the information out on a quarterly basis."

As for whistle-blowing, an overwhelming 95 percent of respondents felt that laws should be enacted to protect whistle-blowers.

Said Soh Yew Hock, president (Singapore division), CPA Australia, "The fear always is that there will be reprisals. So to provide some comfort or some protection, legislation should at least be put in place to protect the whistle-blower. That would be a start."

A panel of experts at the forum said that management has a role to play.

They say for legislation to work, a structured whistle-blowing policy and system has to be installed, and it must be supported by a corporate code of ethics, with the backing of the people at the top.

Said Mr Soh, "As far as Asian culture is concerned they usually frown upon people who snitch, for people who can be the cause of rice bowls being broken. The mindset has got to be changed. They must not be seen as villains; they must be seen as, if you like, heroes."

Some of the findings of the survey will be sent to the Singapore Council on Corporate Disclosure and Governance.

The council has been reviewing some aspects of Singapore's corporate governance code and is expected to come out with its recommendations later this year. - CNA/ct
Weak governance to blame for scandals: survey
Michelle Quah
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More laws necessary but excessive rules can stifle business

WEAK governance and internal controls are to blame for the recent spate of corporate scandals, says a new study. And the solution could be found in having more laws - such as whistleblowing ones - and mandatory codes of conduct for all listed companies.

But detractors of increased legislation need not panic. The survey participants - from Singapore, Malaysia and Hong Kong - also recognised that excessive rules and regulations can stifle business, and that the right balance needs to be achieved in different jurisdictions.

In Singapore, participants strongly advocated having laws to protect the identity of whistleblowers, and more than half thought parts of the Code of Corporate Governance should be made mandatory. But only a third believed quarterly reporting should be extended to all listed companies.

These were some of the key findings of the survey conducted by CPA Australia and the Corporate Governance & Financial Reporting Centre (CGFRC), a unit of the NUS Business School, between January and February this year.

A total of 367 CPA Australia members - that is, certified public accountants - in Singapore, Malaysia and Hong Kong took part.

They said that weak internal controls and corporate governance, and an increase in pressure to deliver short-term financial performance, were the primary causes of the recent corporate scandals involving listed companies.

Fifteen per cent blamed a general decline in ethical standards and a smaller 11 per cent said the scandals were due to the lower quality of firms listing on their exchanges.

But the survey also threw up workable solutions to this problem. 'While many see corporate governance and internal control failures as
the cause for recent corporate collapses, having a comprehensive code of conduct and a whistleblower policy can help companies institutionalise an ethical culture and assist companies and regulators in detecting inappropriate conduct earlier,' says Mak Yuen Teen, co-director of the CGFRC.

He adds: 'The findings are particularly remarkable in terms of the strong support across all the countries for legislation to protect whistleblowers, implementing comprehensive codes of conduct and sound whistleblower policies.'

More than 95 per cent of the respondents in the survey said laws should be introduced to protect whistleblowers from reprisals. A similar proportion felt more employees would sound the alarm if they could do so anonymously.

Ninety-six per cent felt that a code of conduct or ethics programme was an essential component of corporate governance, with most saying that a code of conduct and a whistleblowing policy should be mandatory for all listed companies.

CPA Australia president Mark Coughlin said the survey was a timely reminder of the challenges that confront the modern economy.

He also pointed out: 'All jurisdictions face the challenge of finding the right balance between corporate accountability and the risk that unduly onerous regulation may stifle business opportunity. Our survey also emphasises that the regulatory approach adopted in one jurisdiction is not always the most appropriate response for another jurisdiction.'

That point was illustrated in the disparate responses received on whether quarterly reporting should be made mandatory for all listed companies.

While, on average, almost half the respondents felt that quarterly reporting should be mandatory, the respondents from Malaysia were clearly more in favour of the move than those from Singapore and Hong Kong.

Seventy-one per cent of those from Malaysia agreed to mandatory quarterly reporting, compared with just one-third in Singapore and Hong Kong.
Half feel benefits outweigh costs, but only a third say it should be mandatory.

THE benefits of quarterly reporting do not add up for everyone in the business world, according to a survey of number-crunchers and business professionals.

About 55 per cent of the nearly 200 people in Singapore surveyed think the benefits outweigh the costs, but just a third believe such reporting should be mandatory.

And half of those polled back a non-mandatory summarised form of reporting where key results or changes are highlighted.

CPA Australia, an Australian accountancy body with a presence here, conducted the survey among its members here, and in Malaysia and Hong Kong. The findings have been sent to the Council on Corporate Disclosure and Governance, which is reviewing quarterly reporting.

All listed companies here must report quarterly, except those with a market capitalisation of $75 million and below.

But the survey, which was the subject of a panel discussion organised by the CPA yesterday, found that about 41 per cent of local respondents wanted the threshold raised to $100 million.

One panel participant, Associate Professor Mak Yuen Teen from the Corporate Governance and Financial Reporting Centre, acknowledged that while the survey showed that 'views are quite diverse', he felt that few changes were likely.

Prof Mak, whose centre designed the survey, said his personal take was that 'it is unlikely that we will roll back quarterly reporting.

'Will they extend it to other companies? It is too early to say.'
In Malaysia, where quarterly reporting is mandatory, and Hong Kong, where it is compulsory only for some companies, there was more acceptance.

Deloitte & Touche Singapore managing partner Chaly Mah told the panel that he was surprised at Singapore's reaction, but felt it was partly due to it being an ongoing issue given the review.

He dismissed complaints about costs, saying that they were more 'incremental' than significant. He added that it was good practice for firms to engage with their independent directors on a quarterly basis.

Another panelist, Wearnes International chief executive Soh Yew Hock, favoured keeping quarterly reporting as it would provide a more level playing field for investors.

Wearnes spent a year preparing for the new regime and has more than 50 units and associates spanning several countries such as the United States and China.

One area that attracted widespread agreement was that of whistle-blowing, a likely reaction to the spate of recent corporate scandals across the region.

Almost all respondents wanted whistle-blower legislation put in place and said listed firms should have an ethics programme and a whistle-blowing policy.