

The Corporate Private Sector's Role in Combating Corruption

Once justified as an efficient corrective for overregulated economies that enabled the streamlining of nearly all public and private transactions, today experts acknowledge corruption distorts markets and competition, breeds cynicism among citizens, undermines the rule of law, damages government legitimacy, and corrodes the integrity of the private sector.¹ These adverse impacts inevitably tightly link corruption to poverty; indeed, fighting corruption should weigh heavily on any country's economic and political agenda.²

Yet, in response to the lack of government initiatives, the private sector's role in the anti-corruption movement increased considerably within the last 20 years. This research reveals the private sector's willingness to address the issue of the *enabling environment* – meaning that business, aside from working on internal codes of conduct (micro-level), must address the regulatory framework, the legal system and property rights (macro-level) in order to attack corruption at its root.³ As a driver of economic growth and development, the private sector plays an invaluable and evolving role in rooting out corruption, especially when working in countries with weak institutions, as it “provides fertile ground both for corruption itself to take hold and for the remedies required to address it.”⁴ The following discusses: corruption – its definition and its relationship to the public-private sphere; the business case for combating corruption; the current anti-corruption trends/activities of multinational corporations (MNCs), government and civil society; and finally the challenges that MNCs face in their efforts to curb corruption.

¹ Heimann, Fritz and Ben W. Heineman, Jr. “The Long War Against Corruption.” Foreign Affairs 85 (2006), Iss: 115.

² “A Multilateral Initiative to Combat Corruption.” Financial Times 3 Oct. 2006, Global News Wire – Asia Africa Intelligence Wire ed.

³ Sullivan, John. “Corruption, Economic Development, and Governance: Private sector perspectives from developing nations.” Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. 2006.

34.

⁴ Ibid

Corruption Defined

The cultural relativity associated with deeming actions as wrong or right makes defining corruption incredibly difficult. Nevertheless, Transparency International, the world's leading anti-corruption organization, provides a definition whose validity few can deny: *Corruption is the abuse of entrusted power for private gain.*⁵ In reviewing the anti-corruption principle of the United Nations Global Compact (UNGC) and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, both organization address corruption under the scope of bribery and extortion. Where bribery is:

An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business.⁶

Extortion occurs when bribery is accompanied by threats that endanger personal integrity or the life of the actors involved.⁷

Augustine Nwabuzor,⁸ professor at Florida A&M University's School of Business and Industry, synthesizes the above definitions and applies a comprehensive understanding of corruption to the private-public sphere as:

The outright diversion and conversion of public funds to private use by public officials; the bribery of public officials by multinationals or other private sector entities as inducements to obtain government patronage and contracts; and the extortion of money and other consideration by public officials as a condition for awarding the same patronage.⁹

This definition highlights two main actors in the corruption scheme: MNCs and government. Firms engage in two types of corruption: state capture, or *grand* corruption, and petty corruption, also known as *grease* payments or *patronage*. When the corporate

⁵ [Business against Corruption: A framework for action](#), pg 9

⁶ [Business against Corruption: A framework for action](#), pg 9

⁷ "United Nations Global Compact." 21 May 2007
<http://unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>.

⁸ Associate Professor at Florida A&M University's School of Business & Industry. BS (NYU), MBA & DBA (Harvard). Extensive management experience in Nigeria's public and private sectors, Chairman, Department of Business and Public Administration at Nigeria's largest state university for 8 years.

⁹ Nwabuzor, Augustine. "Corruption and Development: New Initiatives in Economic Openness." [Journal of Business Ethics](#) 59 (2005): 121-138.

sector captures the state, firms shape the regulatory framework through private payments to public officials. As a result, “private interests skew the policy-making process in favor of particular firms and render the operation of government non-transparent.”¹⁰ While state capture is most prevalent in transition, or emerging market economies (EMEs),¹¹ petty corruption occurs when public officials solicit small bribes or favors in connection with implementing rules, laws and/or regulations¹² – for example, when a businessperson pays a public official to streamline paperwork in order to acquire a permit/license. Low public sector wages are often cited as the reason for the prevalence of petty corruption. Both grand and petty corruption play upon a different kind of public-private partnership; one of illegitimacy, poor governance, and abuse of entrusted power granted by shareholders (through their investments) and civil society (through their support of the government).

In this illicit partnership, who is most responsible for perpetuating corruption? While public officials blame the private sector, business leaders blame the bureaucrats indicating “facilitation payments” and petty corruption enable efficiency and cut through red tape. Clearly, the circle goes round and round, with one actor perpetuating the other’s behavior. With the increased presence of MNCs abroad, particularly in countries with weak infrastructure, and with the ever-vigilant eye of civil society organizations both private and public sector actors must engage in the anti-corruption debate or face the pressures of adverse public opinion. Transparency International’s Corruption Perception Index (CPI) – which ranks the world’s most corrupt governments – and its Bribe Payers Index (BPI) – which ranks the world’s most corrupt corporations, not only keep society informed but also highlight the notion that corruption requires a giver and a receiver.

¹⁰ Hellman, Joel S., Geraint Jones, Daniel Kaufman, and Mark Schankerman. “Measuring Governance, Corruption, and State Capture: How Firms and Bureaucrats Shape the Business Environment in Transition Economies.” The World Bank Institute Governance, Regulation and Finance and European Bank for Reconstruction and Development. (2000): 22

¹¹ Hellman, Joel S., Geraint Jones, and Daniel Kaufman. “Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition.” World Bank Policy Research Working Paper No. 2444. 27 March 2007 http://papers.ssrn.com/sol3/papers.cfm?abstract_id=240555 (2000) and Hellman, Joel S., Geraint Jones, Daniel Kaufman, and Mark Schankerman, “How Firms and Bureaucrats Shape the Business Environment in Transition Economies.” The World Bank Institute Governance, Regulation and Finance and European Bank for Reconstruction and Development. (2000): 2.

¹² Hellman, Joel S., Geraint Jones, and Daniel Kaufman. “Seize the State, Seize the Day.”

So Why Should Business Care?

Doesn't extortion/bribery enable the streamlining of business operations? Isn't it cheaper to cheat? Research reveals that the long-term answer is no. When one looks at corruption through a risk management perspective, spending money or time on bribery, facilitation payments, or extortion represents a blatant misuse of corporate assets and increases risk on the rate of return as shareholder money is invested without any certainty of obtaining something in exchange.¹³ Additionally, the World Bank estimates that bribery and corruption have become a \$1 trillion business (2000-01). A recent study by KPMG Forensic found that Australian companies, when operating in Asia, contribute to this \$1 trillion figure as they spend an average of AUD\$714,000 per organization on bribery.¹⁴

These numbers provide a compelling argument; however, the fight against corruption cannot solely rely on quantitative analysis – especially since big business can afford to pay these figures. In fact business leaders “rarely cited a business case ... as the key reason for establishing or enhancing the scope of their anti-corruption system.”¹⁵ Rather, according to a 2006 survey of 165 multinational companies conducted by The Conference Board (see Annex 1), and in collaboration with the Ethics and Compliance Officer Association (ECO), the key driver for fortifying internal anti-corruption mechanisms was the commitment of senior management and personal convictions, and the need to respond to the “developing global legal and regulatory regime that is transferring much of the anti-corruption prevention, detection, and enforcement burden to companies.”¹⁶

This survey illuminates the extent to which business leaders willingly value ethics over profit – or perhaps being ethical has become profitable. Causation aside, Adam

¹³ Vincke, Francois. Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. (2006): 42.

¹⁴ “Culture Key in Anti-corruption.” Risk Management. Australia: Reed International Books, 2007.

¹⁵ “Building a Culture of Compliance is the Key Driver in Widespread Use of Anti-Corruption Programs.” 28 March 2007 The Conference Board Press Release/News. (2006) http://www.conference-board.org/utilities/pressDetail.cfm?press_ID=3019

¹⁶ Ibid

Smith, the founding father of capitalism foreshadowed this phenomenon, when he argued that benevolence is the highest virtue and that self-interested pursuit of profit was not the right way to live.¹⁷ Today, we may stand witness to the fusion between seemingly conflicting ideas – perhaps by pursuing the virtue of benevolence (or personal convictions) business leaders reap financial rewards as well.

What can the Private Sector Do?

What about the influence and power of the private sector to lead anti-corruption initiatives? To what extent is the private sector responsible for rooting out public sector corruption – should business even assume this social responsibility? Though not a traditional responsibility, several trends highlight the private sector's will to assume a role in tackling systemic corruption. Today we see business give increased importance to the following:

- Stakeholder Engagement – plays a critical role in ensuring business sustainability, especially by encouraging transparency;
- The Corporate Social Responsibility (CSR) function – as seen in the practice of integrating CSR throughout all departments within companies like Ernst & Young, Deloitte & Touche, and Starbucks;¹⁸
- Innovative Corporate Governance Mechanisms – such as Starbucks' CSR Governance structure (see Annex II) where the CSR Executive Committee reports directly to Starbucks' CEO; and,
- Collaboration between businesses and civil society as seen through Collective Action and Knowledge Sharing. Examples include Transparency International's Integrity Pacts, UNGC Networks,¹⁹ Business for Social Responsibility's annual

¹⁷ Donaldson, Thomas: 70

¹⁸ Anderson, Interview, 5 April 2007. Engerran, Julie, Director of Corporate Social Responsibility, Deloitte & Touche, Interview 2 April 2007. Mackness, Jo, Interview 30 March 2007. Moir, Interview 5 April 2007.

¹⁹ UN Global Compact Networks are clusters of UNGC participants who come together to advance the UNGC's 10 principles for CSR. Currently, over 60 networks throughout the world exist. Their role facilitates the progress of companies, both local and subsidiaries of foreign corporation, in their implementation of the ten principles while also creating opportunities for multi-stakeholder engagement and collective action. (UNGC website 16 April 2007 <http://unglobalcompact.org/NetworksAroundTheWorld/index.html>).

knowledge sharing conference,²⁰ and the involvement of international and local Chambers of Commerce.

Stakeholder Engagement Encourages Transparency Initiatives

Can a company or an investment that frankly dedicates itself to the improvement of a people's standard of living hope to make a return on its capital? I submit the answer is yes.

-Rodman Rockefeller. 1956²¹

According to AccountAbility's AA1000 Stakeholder Engagement Standards, "[s]takeholders are those groups who affect and/or could be affected by an organization's activities, products or services and associated performance."²² The criteria used to determine the stakeholder group reach beyond the employee, customer, and community base to also include government, suppliers, contractors, non-local communities and investors. Given the broad definition for the stakeholder group, a company cannot ignore the critical contributions of stakeholders in developing a long-term, sustainable business strategy. Thus, by engaging this wide-ranging group, companies, particularly those operating in weak governance zones, more effectively understand the market, gain the trust of the community, foster relationships, and obtain the *social* license to operate.²³ To a large extent, these activities help disable the elements that foster corrupt environments.

In recognizing the importance of stakeholder contributions and/or demands, does a company compromise shareholder demands? According to Wade Hughes, Director of Public Strategy for Alcoa, "what shareholders want is little different to what stakeholders want...capital can only do so much; it needs employees, acceptance and communities."²⁴

²⁰ The BSR Annual Conference serves as the pre-eminent global gathering to learn, exchange and co-develop the blueprints for a sustainable future. Bringing together more than 1,000 people from over 40 countries, the BSR Conference presents unrivaled opportunities to engage with expert practitioners and thought leaders on CSR. This year's highlights ways to translate the challenges of sustainability into actionable ideas that deliver value to society, the environment and shareholders. (BSR website 5 April 2007 www.bsr.org/conference.)

²¹ Durr, Kenneth D. *A Company with a Mission: Rodman Rockefeller and the International Basic Economy Corporation, 1947-1985*. Maryland: Montrose Press, 2006: 102.

²² AA 1000 Stakeholder Engagement Standard. AccountAbility Institute of Social and Ethical Accountability. (2005): 16.

²³ Critical Friends: The Emerging Role of Stakeholder Panels in Corporate Governance, Reporting and Assurance. AccountAbility Institute of Social and Ethical Accountability. (2007): 4.

²⁴ Hughes, Wade. Director Public Strategy, Global Primary Products Growth for Alcoa, Interview, 3 April 2007.

Indeed, global issues like corruption force the convergence of stakeholder and shareholder demands²⁵ – while the former suffers the brunt of corruption, especially the poor, the latter suffers an increased risk on investment (as referenced in the business case above).

Stakeholder dialogue contributes to the knowledge base of senior management and allows for critical decision-making in several fields including that of corruption. For example, when Gaz de France an energy and utilities company, committed to a stakeholder dialogue process, the contributions of French environmental and social NGOs, CSR professionals, and socially responsible investment (SRI) representatives brought the issues of human rights, climate change and extreme poverty to the attention of top management.²⁶ As a result of this dialogue, and given the strong relationship between corruption and poverty, Gaz de France joined the Extractive Industries Transparency Initiative (EITI).²⁷ EITI supports improved governance in resource-rich countries through the full publication and verification of company payments and government revenues from oil, gas and mining – a program known as *Publish What You Pay*. Here, we see a clear example of how Gaz de France's stakeholder dialogue led to collective action under the scope of EITI. As a result of stakeholder dialogue, Gaz de France committed to a higher level of transparency – perhaps embracing the aforementioned business case that an ethical company is a profitable one.

The Corporate Responsibility Function

So what does corporate social responsibility have to do with corruption? According to Neil Moir of the Ethics & Compliance department at Starbucks, one of the key drivers of success is having a reputation for doing the right thing. Though most technical anti-corruption efforts (investigations, regulatory implementation, etc.) fall under the scope of legal and/or ethics & compliance departments within major MNCs, the CSR departments tend to engage in advocacy, reporting and communications; both

²⁵ Donaldson, Thomas. 73

²⁶ Critical Friends. 22

²⁷ Extractive Industries Transparency Initiative website. 3 April 2007
<http://www.eitransparency.org/section/abouteiti/benefits>

participate in knowledge sharing of best anti-corruption practices. Mr. Moir recognizes that Starbucks' CSR department advocates and communicates the company's guiding principles, which allows the Ethics & Compliance department "a preemptive strike...without one [department] the other struggles to be successful."²⁸

Whether a company adopts a CSR function for strategic or ethical purposes, the issue remains clear – CSR, born out of a post-war re-examination of the relationship between business, society and government,²⁹ has become a crucial part of business today.³⁰ Companies like Ernst & Young, Deloitte & Touche, and Starbucks use CSR as a corporate management tool that integrates social factors, and enhances transparency.³¹ CSR contributes to creating an ethical, values-driven environment, all of which promotes transparency in business operations, encourages loyalty and employee moral, and ultimately reduces the risk for corruption.

The annual Business for Social Responsibility Conference provides clear evidence that the CSR role in business is gaining ground in companies' decision-making processes. In 2006, over 1,000 companies from across the globe attended the conference in New York to discuss issues of sustainable development including corruption in the supply chain, climate change and responsible market entry.³² The Conference enables business leaders to gain insight about "integrating CSR into top-level strategies to create shareholder – and societal – value."³³

Innovative Corporate Governance Mechanisms and Internal Controls

The corporate scandals of the last decade brought to the forefront the role of corporate governance – the internal regulatory framework that oversees decision-making

²⁸ Moir, Neil. Ethics and Compliance department for Starbucks, Interview, 5 April 2007.

²⁹ Contrary to popular belief CSR is not a product of 1990s mismanagement and guilt, but has been studied as far back as the 1950s. While the primary role of business is to produce goods and services that society needs, there is also interdependence between business and society in the need for a stable environment. Indeed, the Rockefeller's International Basic Economy Corporation (IBEC, 1947-1983), was amongst the first companies to harmonize social obligations with business incentives. Anonymous. "The Business World's Latest Buzzword?" Strategic Direction. 19 (2003): 7. And Durr, Kenneth D.

³⁰ Donaldson, Thomas. 73

³¹ Anderson, Interview, 5 April 2007. Engerran, Julie, Director of Corporate Social Responsibility, Deloitte & Touche, Interview, 2 April 2007. Mackness, Jo, Interview, 30 March 2007. Moir, Interview, 5 April 2007.

³² For information go to: 4 December 2007 <http://bsr.org/BSRConferences/index.cfm>.

³³ Ibid

in an individual organization. In broadening the scope of corporate governance, an organization can enhance consistency across departments, ensure integrity and transparency in business operations, and bridge the gaps between departments.

Case Study: BNP Paribas' Reputational Risk Committee:

BNP Paribas expanded the scope of its internal controls by creating a Reputational Risk Committee (RRC).³⁴ The committee analyzes the reputational consequences of engaging in business transactions by assessing the probability of future reputational damage, risk or loss. For instance, if BNP wanted to do business with Client X, the RRC assesses the reputational risk and the potential impact of doing business. If the RRC discovers that Client X has a history of fraud or extortion, then it determines that the cost of doing business is too high. As a result, BNP would pull out of a deal that could have yielded large short-term profits, but unpredictable and potentially catastrophic long-term losses. An RRC allows a publicly traded company to strike a balance between making short *versus* long-term decisions; this highlights the difference between “a cautious rather than an aggressive approach to business; if it continues at this pace, you’ll have less corruption.”³⁵ Though no government or regulatory agency (i.e. the Federal Reserve, Federal Communication Commission, NY Stock Exchange, etc.) has issued a white paper mandating that companies adopt an RRC, companies are encouraged to do so.³⁶ As such, BNP Paribas took a *proactive* rather than a *reactive* approach. In adopting an RRC, BNP Paribas asserts the will to combat corruption, considers factors beyond that of profit when making decisions, and ultimately nurtures an ethical corporate culture.

Collective Action and Knowledge Sharing

Collective action with other companies offers an effective way to create a level playing field on which to compete and increases the impact on local business practices beyond the capacity of any one company.³⁷

- Peter Brew and Jonas Moberg
International Business Leaders Forum

³⁴ Coghlan, interview.

³⁵ Ibid

³⁶ Ibid

³⁷ Brew, Peter and Jonas Moberg. “The power of joining forces – The case for collective action in fighting corruption.” Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. (2006): 128.

In joining forces with other businesses and with NGOs, the private sector can consolidate its anti-corruption efforts; express a cohesive and collective voice; collect, share and enhance resources and data; send positive signals to capital markets and institutions; and most importantly, enhance the likelihood that private sector initiatives will work.³⁸ The collective action framework not only enables business to address root causes of corruption in a collaborative and streamlined manner, but it also provides an opportunity for business to have an open dialogue with civil society and government. The following case study highlights the efficiencies of acting collectively and illustrates the potential partnerships the business community can develop with other actors.

*Case Study: The Federation of Nepalese Chamber of Commerce and Industries*³⁹

The Federation of Nepalese Chamber of Commerce and Industries (FNCCI) initiated a FNCCI Anti-corruption Project (FACP) and formed a Corporate Ethics Forum in an effort to involve the business community in the battle against corruption. Made up of 11 FNCCI members, the Corporate Ethics Forum and FACP represent the first major initiative that targets business related corruption in Nepal. The Project enabled the business community to develop a code of conduct, reduce incentives for corruption, set up a corruption complaints unit, disseminate information, and expose illegal activity. It also provided a learning forum for, and facilitated dialogue amongst, government officials, business leaders and civil society representatives to encourage an anti-corruption movement that can eliminate the *us and them* mentality – where businesspersons and government officials blame each other for corruption. The Corporate Ethics Forum and FNCCI engage in these activities with the overarching goal of reducing corruption in Nepal. Though made of business leaders, the FNCCI fulfills a civil society role by creating a forum for discussion between government and business. For a visual

³⁸ Brew, Peter and Jonas Moberg; and William S. Laufer, Director, Zicklin Center for Business Ethics Research, Wharton School, University of Pennsylvania. “E-discussion: Towards a More Systematic Fight against Corruption: The Role of the Private Sector.” hosted by the United Nations Global Compact June 26 – July 12, 2006, comment made 3 July 2006.

³⁹ United Nations Global Compact. “Background Information: Selected collective action and national initiatives against corruption.” (2006).

representation, and a full explanation of the responsibilities each actor assumed in the FNCCI project see Annex III.

Challenges

In leading the fight against corruption, businesses face several challenges. Most notably, they include the following:

- Large companies face difficulties in creating global values due to the cultural relativism of what society considers right and wrong. Furthermore, the extent to which a population expects corrupt behavior or distrusts government and/or business creates a cultural tolerance for corruption. Only when a company nurtures its own internal culture of ethics can it rise above the challenges of operating in weak governance zones.
- Getting government and business leaders on board is difficult. Cronyism, where business leaders depend on personal and political connections,⁴⁰ is rampant in many countries with weak institutions, and poor governance. This system, as opposed to a meritocracy, is open to corruption, nepotism and opacity.⁴¹
- In weak governance zones, companies may fall victim to the power of organized crime; “criminal gangs thrive in environments with myriad rules and regulations compounded by weak laws and institutions, as is the case, for example, in Russia.”⁴² This environment poses a particular challenge for the private sector.
- Ultimately, there is always a way to circumvent the system. Meaning, a solution to one problem breeds another opportunity for corruption. For example, software manufacturers in China developed a program that generates fake payroll information so that when parent companies audit their suppliers (in order to enhance transparency) these suppliers appear to comply with international labor standards.⁴³

Conclusion

Nothing erodes sustainable economic development more than the work of corruption. Given the pervasiveness of systemic corruption, the private sector as an actor assuming social as well as economic responsibilities, has a vested interest in participating in the fight against corruption. Regardless of whether the business case rests with the cost

⁴⁰ Lehmann, Jean-Pierre. “A Shift away from Opacity.” FT Mastering Corporate Governance. Ernst & Young (2005): 134.

⁴¹ Ibid

⁴² Ibid: 135.

⁴³ Mills, Soledad, supply chain auditor, Interview, 12 April 2007.

of doing business, with preparing for future legislation, with the personal convictions of top management, or with discouraging the solicitation of bribes the issue remains clear – corruption does not add long-term value to business. Though implementation rests firmly in the hands of government, companies cannot ignore their critical role in creating a sustainable anti-corruption initiative. Companies face several challenges in leading the anti-corruption movement. However, the private sector can generate viable solutions in the fight against corruption and influence other actors to do the same by collaborating with government and civil society in knowledge sharing forums; by creating an ethical corporate culture through the increased importance of the corporate responsibility function; and by pushing the limits of current corporate governance models in pursuit of innovative solutions to reduce the risk of corruption.

Annex I

Figure 1: Survey conducted by The Conference Board. Responses reflecting the opinion of business leaders from 165 multinational organizations

Of the 165 MNCs surveyed, 33 percent indicated that senior management leadership and personal convictions were the key reason for engaging in anti-corruption initiatives while 13 percent said simply that *bribery is wrong*. Just four percent cited the business case as a reason for engaging in anti-corruption initiatives.

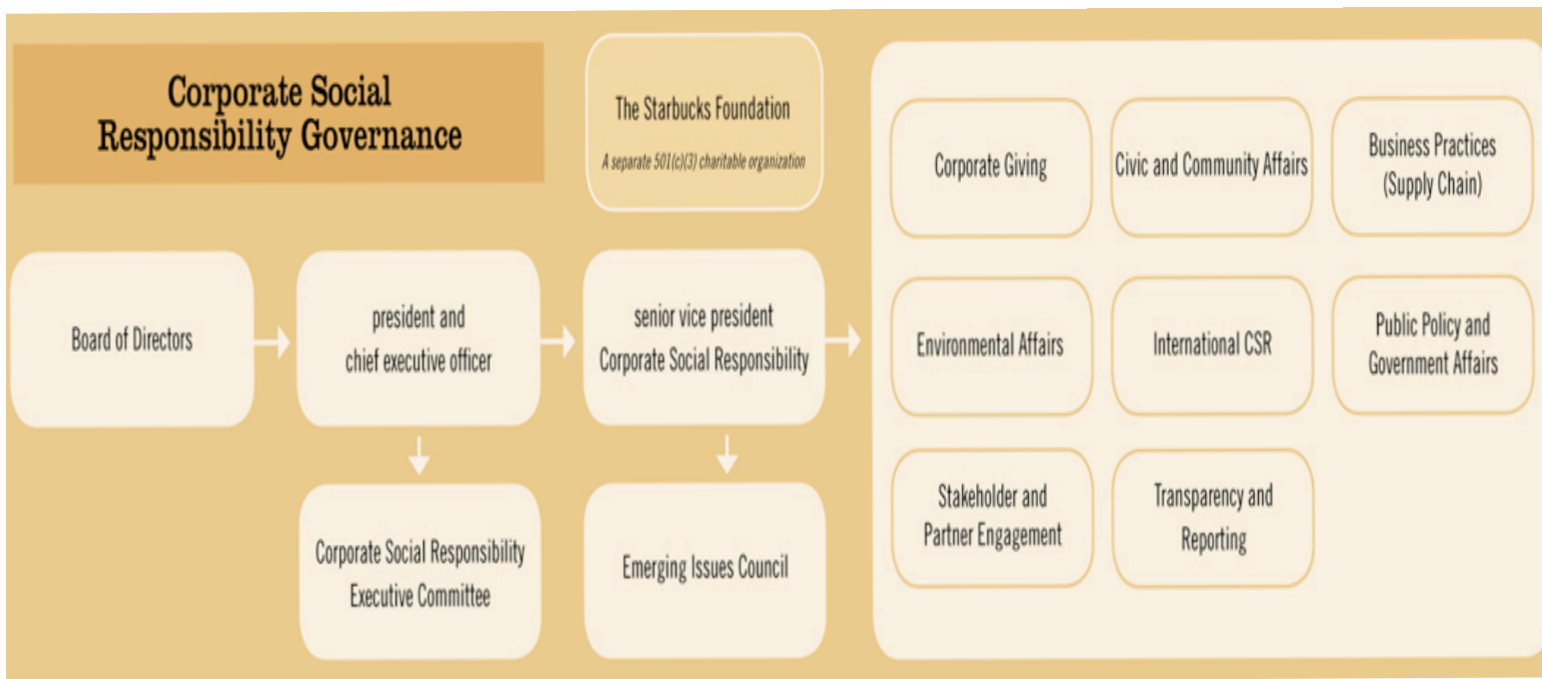
What is the single most important factor in your company's decision to develop an anti-corruption program? (N=165)	
Executive	Percent
Senior management leadership and personal convictions	33%
Bribe payments are illegal under home country laws	27
Bribe payments are wrong	13
None of the above	8
Sarbanes-Oxley Section 404	7
Bribe payments are illegal under host country laws	5
Corruption significantly increases the cost of doing business	4
An anti-corruption stance is viewed very favorably by actual and potential customers	2
An anti-corruption stance is viewed very favorably by the kind of person that we want to recruit	2
Corruption adds significantly to the amount of time it takes to complete a project	1

Because of rounding, percentages do not add up to 100%.

Annex II

Starbucks Corporate Social Responsibility Governance Chart

Here we can see that Starbucks' CSR function reports directly to the President and CEO of the company, giving it a primary role in the decision-making process.



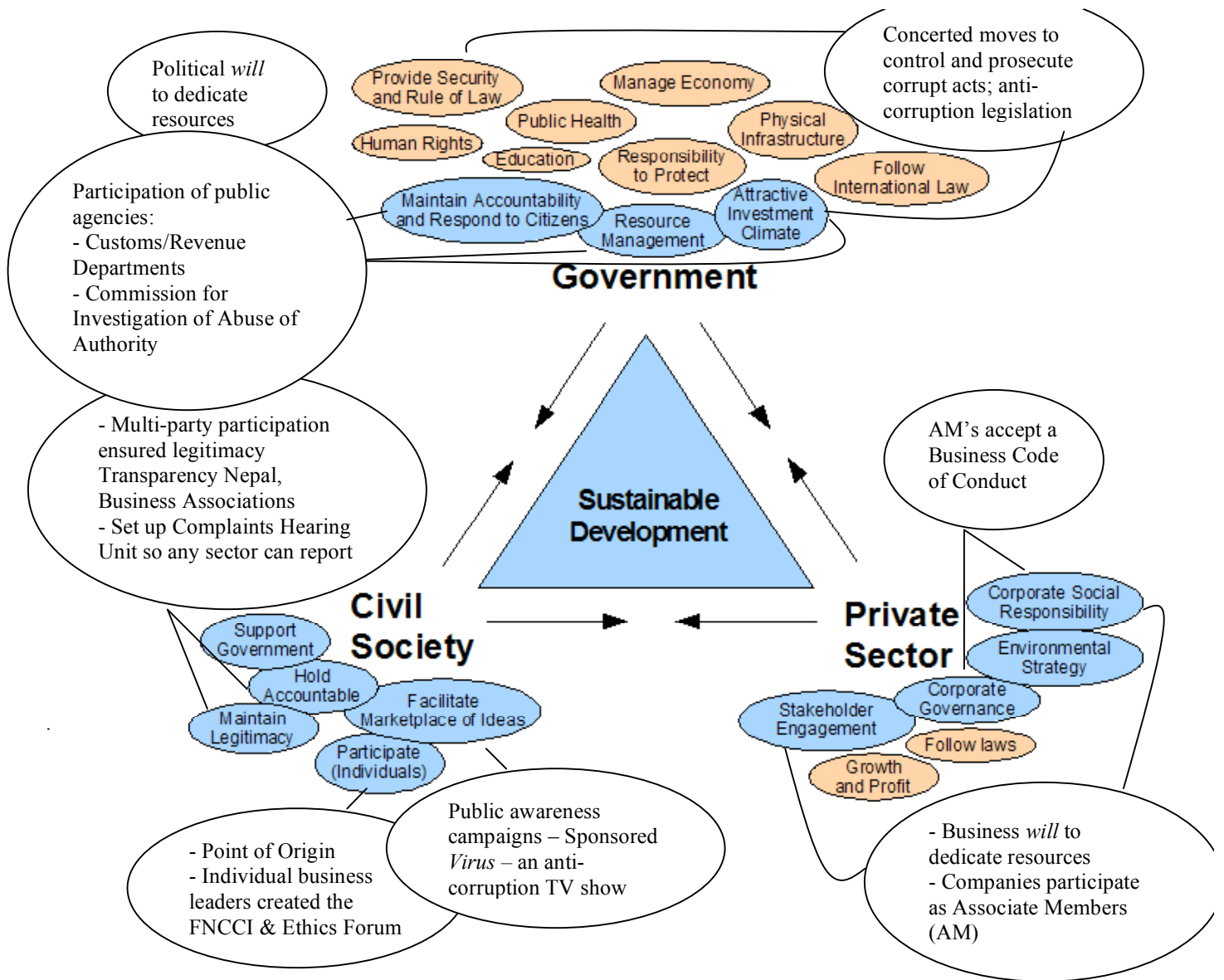
Annex III

The triangle of responsibilities⁴⁴ below provides a visual representation of the duties that government, business and civil society must uphold in order to combat corruption cohesively. While core responsibilities (in orange) are fundamental to the very existence of each sector – for example the private sector cannot exist absent economic growth and profit – responsibilities to combating corruption (in blue) require that each sector adopt a set of non-traditional (best practices) responsibilities. For example, by integrating *good* corporate governance mechanisms into core business strategy, the probability of business’ long-term survival increases. In applying this Triangle to the case of the FNCCI, we see the commitments each sector made in order to harmonize anti-corruption efforts.

The FNCCI Anti-corruption Project showcases the responsibilities each actor assumes in the quest to combat corruption (see Annex III).. Meanwhile, both business and government fulfill their rightful responsibilities of maintaining accountability, responding to citizens and engaging the stakeholder by asserting the political will to participate in an anti-corruption project. Furthermore, by demonstrating a will to be held accountable the government improves the overall investment climate. Business further fulfills its private sector responsibilities of good corporate governance by adopting a code of ethics/conduct; this in turn creates an ethical work environment, diminishes the risk for corruption, and ultimately encourages sustainable development. Additionally, businesses *volunteer* to participate as Associate Members (AMs), and by adopting a code of ethics/conduct they move above and beyond the regulatory framework set out by government. Government fulfills its responsibility by dedicating resources (people, agencies, and support) to FNCCI’s Anti-Corruption Project and by creating an anti-corruption regulatory framework.

⁴⁴ Benz, Patrick. “A Framework for Sustainable Development: With case studies in global warming, corruption and organized crime.” Diss. New York University, 2007.

Responsibilities of Actors in forming the FNCCI Anti-corruption Project



Notes/References

1. AA 1000 Stakeholder Engagement Standard. AccountAbility Institute of Social and Ethical Accountability. (2005).
2. Anderson, Amy, and Neil Moir, Global Communications Director and Ethics & Compliance division (respectively), Starbucks, Interview, 5 April 2007.
3. Anonymous. "The Business World's Latest Buzzword?" Strategic Direction. 19 Bradford, (2003).
4. Benz, Patrick. "A Framework for Sustainable Development: With case studies in global warming, corruption and organized crime." Diss. New York University, 2007.
5. Brew, Peter and Jonas Moberg. "The power of joining forces – The case for collective action in fighting corruption." Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. (2006).
6. Brew, Peter and Jonas Moberg; and William S. Laufer, Director, Zicklin Center for Business Ethics Research, Wharton School, University of Pennsylvania. "E-discussion: Towards a More Systematic Fight against Corruption: The Role of the Private Sector." hosted by the United Nations Global Compact June 26 – July 12, 2006, comment made 3 July 2006.
7. "Building a Culture of Compliance is the Key Driver in Widespread Use of Anti-Corruption Programs." 28 March 2007 The Conference Board Press Release/News. (2006) http://www.conference-board.org/utilities/pressDetail.cfm?press_ID=3019.
8. Business against Corruption: A framework for action. United Nations Global Compact, International Business Leaders Forum and Transparency International (2005).
9. Business for Social Responsibility, website. 5 April 2007 www.bsr.org/conference.

10. Coghlan, Robert, Managing Director Head of North American Corporate Governance & Controls for BNP Paribas, Interview, 16 March 2007.
11. "Culture Key in Anti-corruption." Risk Management. Reed International Books, Australia: Reed International Books, 2007.
12. Critical Friends: The Emerging Role of Stakeholder Panels in Corporate Governance, Reporting and Assurance. Account Ability Institute of Social and Ethical Accountability, 2007.
13. Donaldson, Thomas. "Defining the Value of Doing Good Business." FT Mastering Corporate Governance. Ernst & Young, 2005.
14. Durr, Kenneth D. A Company with a Mission: Rodman Rockefeller and the International Basic Economy Corporation, 1947-1985. Maryland: Montrose Press, 2006.
15. Engerran, Julie, Director of Corporate Social Responsibility, Deloitte & Touche, Interview, 2 April 2007.
16. Extractive Industries Transparency Initiative website. 3 April 2007
<http://www.eitransparency.org/section/abouteiti/benefits>.
17. Hellman, Joel S., Geraint Jones, Daniel Kaufman, and Mark Schankerman. "Measuring Governance, Corruption, and State Capture: How Firms and Bureaucrats Shape the Business Environment in Transition Economies." The World Bank Institute Governance, Regulation and Finance and European Bank for Reconstruction and Development. 2000.
18. Hellman, Joel S., Geraint Jones, and Daniel Kaufman. "Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition." World Bank Policy Research Working Paper No. 2444. 27 March 2007
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=240555 (2000).
19. Heimann, Fritz and Ben W. Heineman, Jr. "The Long War Against Corruption." Foreign Affairs. 85 (2006): 115.
20. Hughes, Wade, Director Public Strategy, Global Primary Products Growth for Alcoa, Interview, 3 April 2007.

21. Lehmann, Jean-Pierre. "A Shift away from Opacity." FT Mastering Corporate Governance. Ernst & Young. 2005.
22. Mackness, Jo, Director of Corporate Social Responsibility, Ernst & Young. Interview, 30 March 2007.
23. Mills, Soledad, supply chain auditor, Interview, 12 April 2007.
24. "A Multilateral Initiative to Combat Corruption." Financial Times. 3 October 2006, Global News Wire – Asia Africa Intelligence Wire ed.
25. Nwabuzor, Augustine. "Corruption and Development: New Initiatives in Economic Openness." Journal of Business Ethics 59 (2005): 121-138.
26. Sullivan, John. "Corruption, Economic Development, and Governance: Private sector perspectives from developing nations." Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. 2006.
27. "United Nations Global Compact" 21 May 2007
<http://unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>.
28. United Nations Global Compact. "Background Information: Selected collective action and national initiatives against corruption." 2006.
29. Vincke, Francois. Business against Corruption: Case stories and Examples – Implementation of the 10th United Nations Global Compact Principle against Corruption. 2006.

