

Rooting out corruption in the business world

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When tend to associate corruption with the public sector, but it's normally a second party in the private realm, that makes it possible.

The word "corrupt" sounds harsh, an allusion to an extreme practice that no company identifies with. But corruption is actually much closer than we think. Business corruption involves decision-making disloyalty by an employee or executive who puts his or her own private interests above those of the company. It is a serious problem for any company because, aside from its moral and ethical implications, it jeopardizes the stability and future development of the business and compromises the equilibrium of the world economy.

Can businesses do anything to fight corruption? The document, "[La lucha contra la corrupción: una perspectiva empresarial](#)" ("The Fight Against Corruption: A Business Perspective") by "la Caixa" Chair of Corporate Social Responsibility and Corporate Governance, shows that the private sector is part of the problem and, therefore, has the moral obligation to share responsibility and join forces to battle corruption.

Advice for fighting corruption

According to IESE's [Antonio Argandoña](#) and Ricardo Morel, businesses need to establish an ethical culture and put into practice a solid anti-corruption strategy. In this regard, the world's top anti-corruption organization, Transparency International, lists the following basic principles for companies:

- Carry out business activity in a fair, honest and transparent way.
- Do not pay or offer bribes, either directly or indirectly, to obtain a business advantage.
- Do not accept bribes, either directly or indirectly, in order to grant a business advantage.
- Develop a program to implement and support these principles.

Other initiatives have also laid a foundation for fighting corruption. For instance, there is the United Nations Global Compact, the goal of which is for companies to voluntarily commit to being socially responsible in human rights, workplace issues and the environment, and in the fight against corruption.

Meanwhile, the independent Global Reporting Initiative (GRI) proposes a series of principles and indicators for companies to measure and report their economic, environmental and social performance.

Finally, the International Business Leaders Forum (IBLF), a non-profit organization, says that when it comes to defining an anti-corruption strategy, companies should take three kinds of action: internal, external and collective.

Internal action involves introducing anti-corruption policies and programs within the company itself and its business operations, and evaluating the risks that come with corruption.

Highlights of internal procedures include the following:

1. **Adopting a code of business ethics.** Once a company has expressed a commitment to abide by the law, it must adopt its own business principles and ethics code in line with the organization's values and a series of criteria for preventing illicit acts. These criteria must be established beforehand and duly distributed among the company's staff.
2. **Definition of responsibilities.** The company's employees, and in particular its senior executives, must know very well their obligations in the management and application of the anti-corruption strategy. With this in mind, it is important for the company that all of its employees have the necessary ethical training.
3. **Considering specific situations.** There are certain situations in which it is a good idea to be especially scrupulous, such as in making donations to charities or cultural organizations, financing political campaigns, or making — facilitating payments — that speed up a process or transaction.
4. **Transparency.** All operations in which the company pays out or receives money

should be noted in a timely fashion in its accounting ledger or whatever other record is called for.

5. **Supervision and control.** In order to fight corruption, it is necessary to implement internal reporting and monitoring mechanisms. The success of these practices depends to a large extent on establishing procedures for surveillance, control and follow-up of situations involving corruption within the company.
6. **Disciplinary measures and responses.** Corruption must not go unpunished. Strengthening its anti-corruption strategy, the company has an opportunity to turn a serious problem — corruption — into an opportunity and a competitive edge. At the same time, the company must make very clear the criterion on which it will base decisions to return illicit payments and compensate those affected by corrupt actions.

As for external action, the IBLF proposes four principles designed to combat corruption:

1. **Being responsible and transparent.** To minimize the risk of engaging in corrupt acts, it is fundamental for the company to be responsible and transparent in all of its transactions and operations.
2. **Making criteria known.** A company's anti-corruption standards must be known not just internally, but also among its partners, clients and suppliers.
3. **Mechanisms for filing complaints.** Corrupt practices can also be reported to external agencies that monitor the sector, and even to governmental and judicial authorities.
4. **Supervision and control.** As in internal action, the success of a company's external action also depends on establishing procedures for surveillance, control and follow-up of situations involving corruption within the business.

Finally, as for collective action, two avenues are recommended:

1. **Taking collective measures.** A company's desire to eradicate corruption may not be enough because the firm might be situated in a much broader context in which corrupt acts abound. In that case, collective action along with other companies is the best solution.
2. **Seeking excellence.** Companies committed to fighting corruption must persevere in their drive to act always within the limits of what is legal and moral. To this end, it can be quite beneficial for companies to collaborate with each other, and with governments, business associations and civil organizations.

In sum, the benefits of instituting an anti-corruption policy are evident: it helps create an atmosphere of greater trust within the organization, consolidates the loyalty of interest groups, and gives the company a solid reputation as one that is socially responsible. This will certainly translate into better economic, social, human and ethical results.

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