INVESTIGATING THE IMPACT OF ANTI-CORRUPTION STRATEGIES ON INTERNATIONAL BUSINESS: AN INTERIM REPORT

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II. Executive Summary

The detrimental impact of corruption on society and economic well-being in both developed and developing countries is well established. International business provides ample opportunity for engaging in a variety of corrupt activities, from bribing of public officials and others in positions of power for obtaining contracts, licences and tax concessions to price fixing and bid rigging. Increased awareness of the negative impact of corruption has over recent years led to the introduction of a broad spectrum of measures designed to combat corruption including in the private sector. These measures involve a range of stakeholders and regulatory approaches (both legal and non-legal). The essential questions now concern the extent to which these are achieving their objectives in terms of tackling corruption.

This Interim Report starts with a discussion of the current anti-corruption framework and then proceeds with an examination of the available empirical research to establish how corruption in the business sector is addressed. Though these earlier surveys usefully highlight some general themes they are not directly comparable, provide only a limited understanding of the issue, and raise many unanswered questions. Sections 2 and 3 of this Report thus provide the context for the present authors' own survey. Sections 4 and 5 discuss in detail the design and implementation of this survey (to date), which aims to provide a more comprehensive understanding of the extent to which key stakeholders are aware of and respond to different anti-corruption measures, the activities they are involved in for the purpose of combating corruption, and the factors which influence their behaviour in relation to corruption. As well as providing valuable insights with respect to company views and experiences this research is unique in also surveying NGOs. The findings of this research project should therefore lead to a greater understanding of stakeholder practices and perceptions, and consequently of how anti-corruption efforts might be strengthened. Whilst it would be premature to draw conclusions at this pilot stage, the findings of the pilot survey discussed in Section 6 highlight the value of investigating stakeholder views in this way, as well as raising some interesting possibilities regarding assumptions about their actions and motivations and additional questions for the next phase of the survey.

Combating Corruption in International Business: Introduction

In the world of international commerce kickbacks[3] and bribes[4] are common phenomena. Until recently, corruption was a taboo subject even though it was widely known that companies often resorted to such practices when dealing with those working in the public sector, be they domestic or foreign public officials. In the mid 1970s, the US Securities and Exchange Commission (SEC) found that illegal foreign payments to foreign public officials and foreign politicians were widespread in the US corporate sector.[5] This led to national legal reform and saw the enactment of the US Foreign Corrupt Practices Act 1977 (FCPA). However, it was not until the mid-1990s that the international community responded to the persistent calls for action with regional and international conventions. Undoubtedly, the US played a major role in lobbying for an international response to what it saw as a global problem that seriously affected competitiveness in the world of international business. Further impetus for international measures was also generated by studies from various institutions including the World Bank (WB) which drew attention to the economic and social impact of corruption, for instance the close link between corruption, development and poverty (Elliott, 1997; UNDP, 1997). This saw the adoption and ratification of a series of regional and international anti-corruption conventions in quick succession from the mid 1990s to the early part of this century.

Ratification of anti-corruption conventions and their implementation in the national laws of a country of themselves are insufficient to control corruption. Apart from reliance on effective enforcement, the mere 'letter of the law' is likely to be inadequate in bringing about the necessary changes where other issues are not addressed. Companies with substantial economic might and which are guided by profit maximisation and obligations towards their investors have the potential to drive a state's agenda and policies (including investigation and enforcement of corrupt practices) and to engage in questionable and illegal activities in order to obtain or retain business. Just as 'all is fair in love and war' so it seems 'all is fair in business'.

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[3] Part of an income paid to a person having influence over the size or payment of the income by some illegal arrangement.

[4] To promise, offer or give something, often illegally, to procure services or gain influence.

[5] Committee on Banking and Urban Affairs, *Report of the Securities and Exchange Commission on Questionable and Illegal Corporate Payments and Practices* (1976).

Against this background, if any progress is to be made in the fight against corruption, it is important to ensure that companies recognise the responsibilities which they owe to other stakeholders such as local communities and society at large and that they behave in a responsible manner that takes into account the private sector role in social issues, environmental protection and the eradication of poverty. In other words, corporations must see themselves as having social responsibilities to enable meaningful progress towards fighting corruption.

Of recent, it seems, companies are moving away from their image of profit-centeredness and ruthless exploitation and embracing socially responsible behaviour (often termed corporate social responsibility or CSR) by adopting various sector specific or bespoke codes of conduct that promote integrity, transparency and good corporate citizenship within the corporation and in their dealings with others. Much of this change in corporate attitudes seems to have been triggered by civil society, that is activists, non-governmental organisations (NGOs) and the media who have publicised widely, for instance, illegal logging activities of multinationals in rainforests, environmental pollution at industrial plants and human tragedies such as the one in Bhopal (India) caused by the Union Carbide factory. Increasingly civil society sees itself as a major player in raising local and global awareness of social issues and as having the capacity to mould the behaviour of state and non-state actors and this status is reinforced by the increased presence of such stakeholders at meetings and negotiations within the international institutions.

Further impetus towards CSR was also provided by developments in international institutions. The voluntary standards adopted in 2000 by the Organisation for Economic Co-operation and Development (OECD) in its Guidelines for Multinational Enterprises (GME) promoted international voluntary standards for good corporate conduct in areas such as employment, environment and corruption. The United Nations (UN) joined forces in promoting CSR with its adoption of the UN Global Compact (UNGC) in 2000 that set out core standards to be supported and embraced by companies. The UNGC initially promoted human rights, labour standards and the environment. However soon after the adoption of the United Nations Conventions Against Corruption (UN Convention) in 2003, UNGC adopted Principle 10 in 2004

which states that "[b]usinesses should work against corruption in all its forms including extortion and bribery".

As soon as strategies such as those outlined above are adopted to resolve a socio-economic problem the immediate questions that arise concern whether they have had any impact on the ground. Have those affected by the strategies responded or altered their behaviour in a manner that meets the anticipated outcomes of the strategies? If they have not what are the reasons for this and how can the strategies be improved/strengthened to meet the objectives?

The same questions arise equally in relation to corruption and can be usefully broken down into further questions. Among these are:

1)   Are the companies aware of anti-corruption conventions and relevant soft-law instruments? How do they perceive these instruments? What impact, if any, have the different instruments had on companies: have they adjusted or changed their behaviour in relation to those?

2)   Have the companies voluntarily adopted codes of conduct or internal measures that promote CSR? Do these include a commitment to tackling bribery or corrupt behaviour on their part, and on the part of their agents and those in their supply chain? Is CSR a useful tool for combating corruption?

3)   What role do NGOs play in combating corruption? How have NGOs applied and promoted the tools for tackling corruption? In what ways have NGOs worked with the private sector to address corruption and to what extent has NGO activity and involvement impacted upon companies? Do NGOs play a wider role in publicising and educating the public at large about anti-corruption measures?

This project seeks to address these questions with a view to identifying the various means through which current anti-corruption strategies could be improved.

Section 2
Current Strategies for Combating Corruption

An evaluation of the impacts of anti-corruption strategies assumes an understanding of the nature and regulatory characteristics of these and it necessary, therefore to discuss at this point the main approaches that have emerged. Of course, much has been written about the far-reaching, damaging consequences of corruption on development and a nation's wealth.[6] These need not be rehearsed in detail for present purposes. Corruption is certainly not a new phenomenon. However, the forces of globalisation and the resulting flow of capital to hitherto untapped markets in developing and least developed countries with the potential for sizeable returns present ample opportunities for grand corruption. Despite the relaxation of trade barriers as a result of the General Agreements on Tariffs and Trade 1994 and associated agreements, bureaucratic hurdles are all too common in the form of permits, licences, overcoming land acquisition rules and planning permissions and registration requirements in order to engage in business activities such as foreign investment, export/import contracts and sales of know-how. The bureaucratic requirements in some countries can be cumbersome and time-consuming. This opens the doors for corruption both from the supply side (the company as bribe giver to the public official) and the demand side (the public sector or politicians as bribe taker) thus distorting the decision-making process and the competitive business environment.

The current global strategy for combating corruption is multi-pronged and includes (1) regulation that brings about harmonisation across jurisdictions through the ratification and implementation of anti-corruption conventions; (2) self-regulation which is informal in character and promotes the adoption of voluntary codes of conduct; (3) strengthening of accounting practices and auditing standards; (4) mobilisation of public opinion through NGOs and engagement of civil society with both the private and public sector; and (5) the tying of conditions to infrastructure improvement loans to developing countries from international and state development agencies such as the World Bank (WB) and US Agency for International Development (USAID). These conditions range from legal reform and transparency in

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[6] For example, see HMSO (2000); Gray & Kaufmann (1998).

public sector structures and management to civil service and setting up of anti-corruption commissions.[7]

2.1. Regulation

2.1.1 Defining Corruption

Corruption as a concept has moral, social, cultural and economic connotations. It is interpreted in a variety of senses from moral turpitude, intolerable social and political changes to undue economic or material advantage obtained by an individual in a position of power by virtue of that position. This makes it difficult to arrive at a satisfactory generic definition. Nevertheless countless attempts have been made to provide one. As the few examples given below indicate the definitions focus on the exploitation by an individual of his power for private gain. For Kennedy (1999:415)

> "corruption is a code word for 'rent seeking' – using power to extract a higher price than that which would be possible in an arms-length or freely competitive bargain – and for practices which privilege locals"

while for Nye (1967:419) corruption is

> "behavior which derives from the formal duties of a public role because of private regarding (personal, close, family, private clique) pecuniary or status gains, violates rules against the exercise of certain types of private-regarding influence. This includes such behaviour as bribery (use of reward to pervert the judgment of a person in a position of trust); nepotism (bestowal of patronage by reason of ascriptive relationship rather than merit); and misappropriation (illegal appropriation of public resources for private-regarding uses".

The WB[8] and the major international anti-corruption NGO, Transparency International (TI),[9] also emphasise abuse of power entrusted in a person for personal gain in their definitions. This emphasis is also reflected in the numerous anti-

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[7] Some examples of key anti-corruption instruments are listed in Table II.

[8] The World Bank defines it simply as "the abuse of public office for private gain".

[9] For TI "[c]orruption is operationally defined as the misuse of entrusted power for private gain." It further "differentiates between 'according to rule' corruption and 'against the rule' corruption. Facilitation payments, where a bribe is paid to receive preferential treatment for something that the bribe receiver is required to do by law, constitute the former. The latter, on the other hand, is a bribe paid to obtain services the bribe receiver is prohibited from providing".

corruption conventions that criminalise behaviour ranging from bribery, the most commonly understood manifestation of corruption that involves a fairly straightforward mutual relationship to the more complex such as peddling of influence and diversion of funds.

2.1.2 Anti-corruption Conventions

The period from 1996 to 2003 saw intense activity on the drafting and adoption of anti-corruption conventions. Below is a list of adopted inter-governmental conventions some of which are in force as indicated in the list.[10]

1) Organisation of American States Inter-American Convention Against Corruption 1996 (OAS Convention). Came into force 6 March 1997.

2) Organisation for Economic Co-operation and Development Convention on Convention on Combating Bribery of Foreign Public Officials in International Business Transactions 1997 (OECD Convention). Came into force 15 February 1999.

3) Council of Europe Criminal Law Convention on Corruption 1999 (COE Convention). Came into force 1 July 2002.

4) Economic Community of West African States Protocol on the Fight Against Corruption 2001 (ECOWAS Protocol). Not yet in force.

5) Southern Africa Development Community Protocol against Corruption 2001 (SADC Protocol). Not yet in force.

6) African Union Convention of Preventing and Combating Corruption 2003 (AU Convention). Came into force 5 August 2006.

7) United Nations Convention Against Corruption 2003 (UN Convention). Came into force 14 December 2005.

It would be normal to expect these conventions to define the word 'corruption'. However, in practice, the conventions, other than the SADC Protocol,[11] refrain from

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[10] There is also an EU Convention on Corruption which focuses on bribery, active and passive, of community and national officials.

[11] Art 1 defines corruption as "any act referred to in Article 3 and includes bribery or any other behaviour in relation to persons entrusted with responsibilities in the public and private sectors which

providing a general definition of corruption but focus instead on specific types of corrupt behaviour. It is however possible on the basis of the offences created by these conventions to group them into two: 'Group A' and 'Group B' (see below).

Corruption can occur in different contexts but much of the corruption reported is in the public sector, be it at the petty or at the grand level. Group A targets corruption in the public sector and addresses the issue of abuse/misuse of power by those in public office for private gain. Conventions falling within Group B focus on the abuse/misuse of power in the decision making process for obtaining an undue advantage and are broader in scope than those within Group A, by also including the private sector. Of course the types of misuse, and the kinds of undue advantage outlawed, vary between the conventions as the following paragraphs show. (See Table II summarising the offences created by the conventions).

Group A

The OAS Convention is the earliest anti-corruption convention with the prime objective of eradicating corruption in the performance of public functions. In brief, it creates corruption offences both in the context of mutual exchange between the offeror and the recipient (e.g. bribery) and where there is no mutual exchange (e.g. embezzlement); it includes corrupt activities of public officials and covers both passive bribery (solicitation and acceptance by a public official of a benefit in return for an act or omission) and active bribery (offering or granting of a benefit to a public official in return for the doing or not doing of an act). It has an extra-territorial dimension and it makes active bribery of a foreign public official an offence; and creates a (controversial)[12] offence of illicit enrichment.

The next convention in chronological order which falls within Group A is the OECD Convention.[13] Unlike the OAS Convention the OECD Convention deals only with transnational bribery and criminalises active bribery of a foreign public official in the context of international business transactions.

violates their duties as public officials, private employees, independent agents or other relationships of that kind and aimed at obtaining undue advantage of any kind for themselves or others".

[12] Controversial in human rights terms since the onus is on the accused to show the source of his funds.
[13] This was preceded by an Anti- bribery Recommendation in 1994.

The conventions that fall within this group are wider in ambit and include both the public and private sector. The earliest convention to include both sectors is the COE Convention, which focuses on the abuse of power in return for an undue advantage regardless of the context in which it occurs. It also takes a comprehensive approach in construing the term 'public official' and dispels doubts about which services are or are not included in the public sector by including specific provisions. Corruption however is construed within a narrow band that includes acts of active and passive bribery both at the domestic and international level, and trade in influence over persons in the public sector. An accounting offence is also created to address fraudulent practices.

The next three conventions in the chronological list, SADC Protocol, AU Convention and the UN Convention are more comprehensive. The first two are regional conventions and likely therefore to have a limited impact unlike the UN Convention which is an international convention.

The list of specific acts of corruption made illegal by the SADC Protocol includes active and passive bribery be it by a public official or a person working in the private sector, act or omission by a public official for illicitly obtaining benefits for himself or a third party, diversion by a public official of property, monies or securities of the State, individual or independent agency received by virtue of his position for his own benefit or that of a third party, the fraudulent use or concealment of property obtained from corrupt acts and participation as principal, co-principal, agent, instigator, collaborator or accessory after the fact. The Protocol also has a transnational aspect and includes the bribery of a foreign public official in its list of offences.

The AU Convention follows in the style of the SADC Protocol in listing specific acts of corruption and related offences. Its list includes passive and active bribery in the public and the private sector, the controversial provision on illicit enrichment, trading in influence, diversion of funds and concealment of funds resulting from acts of corruption. Laundering or concealment of proceeds from corrupt activities is also made an offence. The AU Convention includes an interesting provision on the funding

of political parties. The only convention to do so, it expects the Contracting States to proscribe the use of funds acquired through illegal and corrupt practices to finance political parties and incorporate the principle of transparency in such funding. The AU Convention however lacks a transnational dimension in not including bribery of a foreign public official in its list.

The UN Convention, last in the chronological list, is more comprehensive than the other Group B conventions discussed above. It criminalizes bribery of national officials, foreign public officials and officials of public international organisations, bribery in the private sector, embezzlement of property both in the public and private sector, trading in influence, illicit enrichment, abuse of function and laundering and concealing the proceeds of corruption. In taking a comprehensive approach it also addresses aspects that may hinder enforcement and criminalises the use of physical force, threats or the offer of a bribe to induce false testimony or to interfere in the giving of testimony or production of evidence. Equally intimidation of officials in order to interfere with the exercise of their official duties in respect of the offences created by the Convention is made an offence.

2.2 Self-Regulation

Commerce is no stranger to self-regulation. Since mediaeval times, instead of looking to the State for drafting suitable legislation, it has regulated its behaviour through the adoption of rules and standards which acted as a common language, to govern their business transactions, (termed *lex mercatoria).* The use of the standard trade term CIF (Cost, Insurance and Freight) in international sales is one such example. Rapid growth in international trade also saw the setting up of various organisations such as the London Corn Trade Association and the Grain and Feed Trade Association that played a role in drafting standard contracts and in lobbying parliamentarians.

Businesses are often subject to extortion in states with high levels of corruption and frequently resort to offering bribes in order to obtain or retain business, as the TI Bribe Payers' Index indicates. If any headway is to be made against corruption it is important to engage the corporate sector. Voluntary adoption of codes of conduct

seems to be one way forward. The CSR movement has been very effective in making corporations more amenable to taking on environmental, human rights and labour standards issues. It should therefore be possible to convince them of the importance of behaving ethically in the context of corruption. There are numerous examples of the substantial steps that have been taken in this direction. These measures have been promoted by a variety of actors, international organisations representing business interests, trade/industry associations and international institutions.

An international organisation, set up in the early part of the twentieth century, which has played an important role in harmonising rules and promoting the interests of business and adoption of good practices by businesses is the International Chamber of Commerce (ICC). As far back as 1975, it adopted the Rules on Extortion and Bribery for voluntary adoption by businesses, the earliest code of conduct to address the subject of anti-corruption. This has been replaced with a version adopted in 2005. The ICC has yet again taken centre stage in the drive towards anti-corruption and is actively promoting adoption of ethical codes by outlining the risks of corruption, including the loss of reputation, in its latest brochure 'Business Case Against Corruption' (2008). Equally, industry associations such as the Aerospace and Defence Industries Association of Europe (ASD) are also calling for voluntary adoption of industry specific corporate ethical standards, which includes anti-corruption, in order to protect the reputation of the industry, a consequence of the issues raised by the bribery allegations in respect of BAE's Al-Yamamah contract with Saudi Arabia.

The work towards widespread adoption of ethical codes is further consolidated by the International Standards Organisation, an organisation that balances the needs of business and broader needs of society, and which is currently working on drafting the Social Responsibility Code (ISO 26000) due for publication in 2010. And needless to say, the OECD has been instrumental alongside activists and NGOs in the move towards setting the standards of corporate behaviour and pushing the CSR agenda in a globalised society with its Guidelines for Multinational Enterprises.

That CSR is an important element in the fight against corruption is also acknowledged by the UN anti-corruption regulatory framework. In Art 12(2), the UN Convention expects states to promote the development of "codes of conduct for the correct,

honourable and proper performance of the activities of business and all relevant professions and the prevention of conflicts of interest, and for the promotion of the use of good commercial practices among businesses and the contractual relations of business with the State".

2.3 Accounting and Auditing

Accounting and auditing systems play a unique and specific role in combating corruption. The procedures adopted can be mandatory or voluntary. Internal rules and procedures adopted for these purposes are generally said to form part of a company's Corporate Governance system while external controls may be legislative or based on guidelines such as those issued by the relevant stock exchange committees. These systems should provide an effective mechanism for the detection and, based on the principle of deterrence, prevention of corrupt payments and practices.

Clear and effective accounting procedures should help to reduce the level of corruption by increasing the probability of acts of bribery being detected and reported. Transparency in accounting should help to reduce the information asymmetries that can allow corruption to go undetected, to fortify internal controls and to deter the demand side of bribery because of the increased risk of detection (Wu (2005:158)). The role of auditors is to check the results of accounting procedures, including financial statements, and to provide assurances of their accuracy. Thus auditors and accountants are regarded as important 'gatekeepers' within anti-corruption strategies.

However, around the start of this century, notable problems emerged due to weaknesses in accounting and auditing rules and their implementation. These were highlighted most famously in the Enron/Arthur Anderson scandal. Several failings of the existing rules governing auditors were identified. One was the lack of independence of auditing firms. While being considered a 'public watchdog' they are in fact employed by the company which they are auditing (Shapiro (2005:1029). The significant growth in the non-audit services offered by auditing firms, including management advice and the design of compliance systems which they would then audit, also raised questions about conflict of interest and the extent to which the audit

firms may be too closely dependant on their audited clients (Bratton (2003:1030)). Further, the rules based approach had also enabled auditors to engage in 'creative compliance', following the letter of the law but not its spirit (Bratton (2007:38); Shapiro (2005:1052-3)).

The US Sarbanes-Oxley Act 2002 was enacted to address identified problems associated with the independence of auditors and the rigour and transparency of auditing services. This Act included reforms such as prohibiting auditors from providing certain non-audit services to audit clients; establishing the Public Company Accounting Oversight Board (PCAOB) to oversee the provision of auditing services and with a mandate to approve standards and to carry out inspections and impose penalties on audit firms for the purpose of their enforcement; requiring listed companies to appoint an audit committee comprised of independent directors with responsibility for oversight of appointed auditors; and requiring senior executives to personally certify that the company's financial statements are fairly presented.

The measures introduced by the Sarbanes-Oxley Act have come under criticism and include arguments about the independence of the PCAOB, the cost of compliance and its impact on businesses and that the auditors still wear two hats since they are still employed by the companies which they audit (Shapiro (2005); Wallace (2003)). However, it has also been associated with much greater transparency in auditing and with active enforcement. Whilst the recent reforms in the US have been the most prominent other developments in respect of accounting and auditing standards have also taken place. Stock exchange rules, such as the UK Combined Code on Corporate Governance (2006) provide guidelines on auditing and accounting arrangements as do instruments such as the OECD's GME (see Part I: III, Disclosure) though these clearly are not of the same nature as the Sarbanes-Oxley Act. The extent to which all these measures impact on company behaviour is unclear.

2.4 Non-Governmental Organisations (NGOs)

The widening interaction of NGOs with the community and media and its influence on the conscience of governments and international policy making institutions is

highly visible. Their influence on trade and environment policies in WTO negotiations provides an instance of their emerging role in the global arena (Bhagwati (2004)). Without doubt, NGOs are now regarded as important stakeholders in activities that have a social impact, from climate change, world trade, education and information technology to corruption. Transparency International (TI) is a major international anti-corruption NGO. While the publicity of corruption levels in different states, through its annual Corruption Perceptions Index (CPI), is the most commonly known of its activities, its platform for anti-corruption activity is much wider. It monitors the implementation of anti-corruption legislation and compliance with international standards in various countries. TI's United Kingdom chapter for instance speaks vociferously about the lack of clear corruption legislation in the UK and promotes the need for a corruption bill. Equally it has been a major critic, alongside two other NGOs, Corner House and Campaign Against Arms Trade, of the Serious Fraud Office's decision to drop the investigation of the BAE/Al Yamamah slush fund on grounds of national interest (Carr & Outhwaite (2008)). TI also plays a major role in influencing public policy within governments and international law-making bodies such as the OECD. Country integrity reports, which audit the state of corruption within a country, are another major contribution, providing a useful resource for planning remedial action within a state for policy-makers, international and state lending agencies and the corporate sector committed to Principle 10 of the UN Global Impact.

It must be stressed that TI is not alone in taking on the anti-corruption agenda. There are local NGOs, too numerous to list here, who play an important role in educating the public and in exposing corrupt practices. For instance, in Korea and Thailand local NGOs in collaboration with the media have exposed corruption at local and national government levels that have resulted in convictions (Bhargava & Bologaita (2003)). Some of the local NGOs have also adopted novel ways of involving the citizens in reporting corruption. For instance, Public Affairs Centre in India has introduced a citizen's report card system which enables citizens to publicise instances of corruption.

That such extra legal influences are important in the fight against corruption is recognised by the international law instruments. The UN Convention in Art 13

requires states to take appropriate measures to promote the active participation of individuals and groups (such as community-based organisation and NGOs) outside the public sector thus endorsing the important role of NGOs in the fight against corruption.

2.5 Infrastructural Loans and Conditions

The WB, as a major international donor institution, had always been aware of corruption in the recipient countries but refrained from saying anything openly about the problem since it was largely seen as a political issue and thus beyond the remit of the WB. However, in 1996, on the strength of numerous studies on the close connection of corruption to poverty and economic growth, the WB with its mandate of reducing poverty and increasing economic growth took the bold stand of openly pledging its commitment to fighting "the cancer of corruption". The WB sees corruption as a product of bad governance and weaknesses inherent in public sector institutions. Improving governance and public sector management are seen as the key to reducing corruption and the WB works proactively towards this by engaging with and helping recipient states to move towards good governance through legal reforms, including adopting anti-corruption legislation, civil service reform, transparency in public sector management, judicial reform and the setting up of anti-corruption bureaux. It also actively disseminates strategies for combating corruption through seminars and workshops. There is ample evidence that many countries have undertaken legal reform and restructured their civil service in ways that introduce integrity and transparency into the system along the lines suggested by the WB. Tanzania is one example of a state which has undertaken such measures as part of extensive anti-corruption reforms (Carr 2009).

The WB is also unique in adopting sanctions in its anti-corruption strategy. So where there is evidence of fraud in bank financed projects, the WB can declare the ineligibility of the firm from taking part in future projects funded by the bank. The list of blacklisted firms is also made widely available. Other regional funding agencies such as the Asian Development Bank have adopted similar anti-corruption strategies including the sanctioning of firms who have engaged in illegitimate activities.

State development agencies such as USAID (US Agency for International Development), NORAD (Norwegian Agency for Development) and UK's DFID (Department for International Development) have also tied conditions to loans and this has resulted in major legal reform, for instance, in African countries such as Mozambique, Uganda and Nigeria.

The reforms recommended by these organisations in respect of anti-corruption legislation, national and international, neatly dovetail the legal framework adopted in the anti-corruption conventions thus strengthening the regulatory approaches to anti-corruption. Indeed many of the recipient countries are parties to the regional conventions such as the AU Convention and the UN Convention.

Section 3
Anti-corruption Surveys

The success of any adopted strategy to counter or resolve a social problem depends on its suitability to achieving the expected outcomes and its flexibility to adapt suitably in response to the assessment of its impact at the ground level. Questions as to the extent and the kind of impact are complex. The impact may be affected positively, negatively, indifferently or unpredictably by a number of variables including attitudes, expectations, cultures, social backgrounds, motivations and mores. So, just as strategies affect human behaviour, human behaviour also affects strategies and research into the impact of anti-corruption measures seeks to shed light on the these interactions. In the context of corruption in international business, a more refined understanding of the ways in which company behaviours, experiences and attitudes interact with adopted strategies is required. For instance, linking company perceptions on anti-corruption instruments and regulatory approaches to internal policies and activities could provide a means to identify and address 'gaps' or limitations which act as barriers to combating corruption.

An assessment of the impact of anti-corruption strategies on businesses could be classified into:

1)   Experience of corruption;

2)   Awareness of anti-corruption strategies;

3)   Attitudes toward different anti-corruption strategies including views on their potential to combat corruption in a comparative context;

4)   Changes in corporate culture (covering a whole range of measures from adoption of codes, training of executives, use of reporting mechanisms and accounting and auditing practices);

5)   Motivations for executing changes, be they external or internal;

6)   Success of procedures adopted;

7)   Engagement with organisations promoting anti-corruption strategies such as NGOs;

8)   Prioritisation of social issues within corporate strategy; and

9)   Views on improving current strategies.

To date there is very limited data available to build a picture capable of addressing the above classifications. As noted, a source commonly referred to is the Corruption Perceptions Index (CPI)[14] produced by TI which scores countries based on perceptions of the public sector with scores ranging from 0 (most corrupt) to 10 (least corrupt). The CPI is derived from surveys and expert opinions. The 2007 index drew its information from the following sources: Asian Development Bank (ADB), African Development Bank (AfDB), Bertelsmann Transformation Index (BTI), Country Policy and Institutional Assessment by the World Bank (CPIA), Economic Intelligence Unit (EIU), Freedom House Nations in Transit (FH), Global Insight Country Risk Ratings (GI), International Institute for Management Development, Lausanne (IMD). Merchant International Group (MIG), Political and Economic Risk Consultancy (PERC), United Nations Economic Commission for Africa (UNECA), and the World Economic Forum (WEF). The selection of sources is guided by a number of criteria aimed at achieving some degree of uniformity of methodology. Among the criteria are whether the extent of corruption is measured independently of factors such as political instability or civil conflict, and whether they rank the countries according to the levels of corruption. However, the uniformity of methodology does not seem to extend to matters such as the type of questions asked, the type of respondents or the number of countries covered. By way of illustration, CPIA focuses on 77 countries that are eligible for funding from the WB, the BTI on 125 less developed and transition countries while PERC on 15 countries. The focuses of the questions also vary. For instance, PERC focused on how serious the respondent considered the problem of corruption to be in the public sector whilst BTI focused on the government's capacity to punish and contain corruption.

Given the degree of divergence it would be reasonable to question the reliability of such indices. However it must be pointed out that corruption is a secret activity lacking a paper trail. Hence the observations and experiences of experts and opinions obtained through surveys of the public are important in so far as they reflect the extent of the problem within a given society and in particular sectors such as the public sector Although conclusions based on such evidence are inevitably affected by subjectivity as Kaufmann and Kraay (2008) state they nevertheless provide a

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[14] The World Bank also publishes Governance Indicators which includes linkages between corruption and development. See Kaufmann, Kraay, Massimo (2008).

perspective of what happens on the ground. For current purposes however the survey is not of much use since its focus is the incidence of corruption rather than the impact of the anti-corruption strategies, though it may be possible, based on comparison of scores with previous years, to make tentative statements about the increase or decrease in corruption of a particular country.

There are of course a number of other surveys, general, sector, and country specific, carried out by, for instance, professional organisations and accountancy firms. A list of some of these surveys and their nature and scope is set out in Table III. The findings reported in these are discussed in sections 3.1- 3.7 below. The surveys examine business attitudes and practices with respect to corruption but as well as differing in terms of scope and research methods these surveys tend to have a limited focus and do not analyze key issues or the relationships between variables in detail. Not all of these focus specifically on corruption. Some focus on CSR but are included because they include corruption within the CSR agenda and are therefore relevant to the question of impact. Despite their limitations it is useful to review some of their key findings and themes since they give some indication of the levels of corruption experienced by responding companies, the ways in which they have responded to the need to combat corruption, both in terms of their attitudes towards regulatory measures and through the adoption of internal measures, and the broad differences noted between different sectors and country responses, as well as highlighting key areas in which data is lacking.

3.1 Prevalence of Corruption

The experience of bribery and corruption varies between surveys but loss of business and exposure to corruption are consistently identified as a concern.

Price Waterhouse Coopers (PwC) (2008)[15] found that 78% of respondents believed that indirect payments (to agents, intermediaries, third parties) were prevalent among global companies and 76% believed this was true of 'inappropriate gifts'.[16] Similarly,

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[15] *Confronting Corruption; The Business Case for an Effective Anti-Corruption Program.*
[16] Other forms of corruption surveyed according to perceived prevalence were; non-cash payments, 65%; sponsorships, 53%; political donations, 51%; employee expenses (e.g. bribes made with

substantial numbers of respondents indicated that their company had withdrawn from tenders or lost bids because of the threat or presence of corrupt practices.[17] KPMG (2007)[18] also reported high levels of corruption; it found that only 16% of companies perceived that bribery and corruption practices were 'never' used to gain contracts or commercial advantages abroad.[19] Simmons & Simmons (2006)[20] found that 43% of companies surveyed thought they had failed to win a new business contract or gain new business because a competitor had paid a bribe, over the past five years and one-third considered this to be true for the past 12 months.[21] A similar number of respondents (41%) specifically in the field of construction were found by Chartered Institute of Builders (CIOB)[22] to have experienced corruption[23] with higher numbers, often above 75%, experiencing corruption within given practices.[24] Slightly more optimistic figures were reported by Ernst and Young (2008)[25] who found that around a quarter of surveyed companies had experienced bribery or corruption in the last two years.[26] The figures in this case may be affected by interviewer effects since telephone interviews were used for data collection (in most other cases questionnaires of some type were used) and by the more direct nature of the questions compared with the other surveys. With respect to SMEs (small medium enterprises), the Association

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employee/corporate credit cards), 40%; direct payments (e.g. payments made directly from company bank accounts or petty cash), 33%; other, 2%, don't know, 1%. See PwC (2008), p.33.

[17] When asked to respond on a scale of 1 to 5, with 1 being accurate and 5 inaccurate, to the statement 'my company has withdrawn from a tender in the past because we were concerned over the expectation of 'personal favours', 19% of respondents responded '1' and 23% responded '2'. Similarly, 21% of respondents answered '1' and 18% answered '2' in response to the statement 'my company has lost bids due to corrupt officials handling the bidding'. Twenty percent answered '1' and 22% '2' in response to the statement 'our competitors have relied on bribes to improve their position'. Finally, 20% responded '1' and 24% responded '2' to the statement 'corruption risks precluded my company from entering specific markets or from pursuing significant opportunities that it would otherwise have considered'.

[18] *Overseas Bribery and Corruption.*

[19] Ten percent considered such practices were used 'frequently' and 36% considered they were used 'occasionally'. Twenty-two percent perceived that such practices were used 'rarely' and 15% did not know.

[20] *International Business Attitudes to Corruption.*

[21] Based on date of survey (2006).

[22] *Corruption in the UK Construction Sector.*

[23] Eighteen percent of respondents answered 'yes once', to the question 'have you personally ever been offered a bribe or incentive to engage in corrupt practice?' Twenty-three percent answered 'yes, on more than one occasion', 59% answered 'never'.

[24] See pp 7-17.

[25] *Corruption or Compliance: Weighing the Costs 10th Global Fraud Survey.*

[26] Twenty-four percent of surveyed companies answered 'yes' to the question 'has your company had an incident of bribery or corruption in the last two years?' Eighteen percent believed they had lost business to a competitor that had paid a bribe during that time frame and 23% answered 'yes' to the question 'do you know if anyone in your company has ever been asked for a bribe to retain or win business?'

of Certified Chartered Accountant (ACCA)[27] found that while 69% of respondents agreed that SMEs are likely to come across bribery and corruption in the course of their dealings, 49% did not believe corruption and bribery to be a cause of concern to SMEs. This may indicate relaxed or tolerant views of corruption or, as noted by ACCA, may indicate that while corruption is a recognised risk it is not yet identified as a day to day concern.

Some findings also suggest that the occurrence of corruption is increasing or at best, not worsening. Ernst & Young (2008), Simmons and Simmons and the CIOB all reported that respondents felt that the problem of corruption was getting worse or that there had been and/or would be an increase in levels of corruption.[28] That respondents have not yet realised an improvement in the presence of corruption in business operations clearly raises questions about the effectiveness of measures introduced thus far to combat corruption and what else is needed to address this problem.

3.2 Country and Sector Variance

Findings on corruption according to industry sector are not consistent. Ernst & Young (2008) found that mining (47%) and utilities (43%) were the sectors most likely to report that corrupt practices are prevalent in their sector. The energy sectors (oil, gas, electricity) were least likely to hold this view (30%). However, Simmons & Simmons indicated that companies in the oil and gas as well as the mining and construction sectors were most likely to have experienced a loss of business related to corruption.[29] Companies estimating the additional costs to an international project caused by corruption at more than one quarter were most likely to come from the construction (29%) defence (25%) and finance (8%) sectors. KPMG (2007) reports that when asked about the frequency of corrupt practices in their own sector, almost half of

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[27] *Bribery and Corruption: The Impact on UK SMEs*.

[28] Simmons & Simmons found that in three of the five jurisdictions surveyed previously in 2002, there had been a 'noticeable increase' in the proportion of businesses losing out to corrupt competitors (These were Hong Kong, the Netherlands and the US. Germany and the UK had seen some reduction over the past five years but not the past twelve months). Overall 42% of respondents expected to see the scale of corruption remain the same over the next five years, 32% thought it would increase and 23% thought that it would decrease. CIOB found that 16% of respondents considered that overall, the levels of fraud and corruption in the construction industry had increased over the past five years. Thirty percent considered that it had decreased and 54% thought that it had stayed the same. See also PwC (2007)

[29] The Ernst and Young report comments that their rankings, at least in respect of the energy sector, 'appear to be at odds with regulatory actions in the US, where the energy sector is currently facing widespread scrutiny for corrupt business practices from the DoJ and the SEC'. (p6).

respondents stated that it was below average, suggesting that respondents are either operating effective compliance programs or are unaware of the true scale of corruption within their industry.

Variance by country also appears to be important. Ernst & Young found, for example, that Japanese companies reported experiencing much higher levels of corruption – 72% said they had experienced an incident of bribery or corruption within the last two years, compared with the overall survey average of 24%. This is noteworthy when viewed in light of TI's 2007 CPI rankings where Japan is listed as one of the countries least affected by bribery. Interestingly, however, only 2% felt that corruption was prevalent in their sector, suggesting that 'Japanese companies are encountering substantially more corruption in their overseas operations'[30]. This raises questions about the type of operations and their locations leading to these much higher experiences of corruption and the degree of congruence with the TI findings (which, as discussed, have been subject to some criticism). Japanese companies also tended to feel that local enforcement was strong, compared with the respondents from other countries which again raises questions about the local conditions leading to these perceptions. Simmons & Simmons also analysed corruption levels by country and found Hong Kong to be the worst affected country.

The findings also suggest different approaches and attitudes with respect to anti-corruption strategies and whilst some findings indicate that the US leads with respect to anti-corruption policies and procedures this is by no means clear cut. Japan and the UK were found to lead reporting levels for 'corporate responsibility'. Despite including a large number of G250 companies, the USA was not found to have experienced an increase in reporting despite overall reporting levels being relatively low (35%). The country specific findings suggest that while the national legal frameworks play a key role in combating corruption there may be other factors, stakeholders and non-mandatory controls which are equally or more important. For example, KPMG (2005)[31] suggests that in Asian countries award schemes may offer a significant stimulus because of the cultural importance of public recognition while Japan and France placed greater importance on national regulations as a tool for

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[30] Ernst & Young, p5.
[31] *International Survey of Corporate Responsibility Reporting.*

determining the content of CR reports. Though the Ethical investment Research Services (EIRIS)[32] found the Netherlands to be one of the leading countries with respect to adoption of anti-corruption policies, KPMG found that it has experienced a 'noticeable increase' in the proportion of businesses losing out due to corruption, raising questions about the value and scope of these policies and the other factors which may be impacting corruption levels.

3.3 Awareness and Understanding of Corruption and Anti-Corruption Instruments

The survey findings suggest that at least half of businesses have little or no awareness of key legislation and that there is a need to improve levels of awareness and understanding of terms and concepts surrounding corruption and of anti-corruption legislation.

KPMG (2007) found a lack of awareness of anti-corruption legislation amongst companies. Forty-six percent of respondents conducting business in the US said either that they were not subject to the FCPA or did not know whether they were subject to it. In the UK forty-three percent knew 'just a little' about Anti Terrorism Crime and Security Act, 2001 (ATCSA) and 30% had 'heard or knew nothing about it' or had never heard of it.[33] Though 81% of respondents stated that they were aware that UK citizens or companies abroad can be prosecuted under ATCSA, 73% stated that they knew little or nothing else about the Act itself. More recently, Ernst and Young reported that more than two-thirds of respondents had never heard of or knew nothing about the FCPA, including 56% of respondents from companies which were US SEC (Securities & Exchange Commission) registered. Simmons & Simmons found that approximately half of the companies surveyed admitted to being 'totally ignorant' of their country's legislation governing bribes paid abroad; the incidence was highest for Brazil (70%) and lowest in the Netherlands (32%).[34] The report also found that in some cases, awareness levels appear to have declined since the 2002 survey. In

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[32] *Corporate Codes of Business Ethics: An International Survey of Bribery and Ethical Standards in Companies*.

[33] Twenty four percent and 6% respectively. Twenty-eight percent of respondents said they know 'a great deal' or a 'fair amount' about the ATCSA (7% and 21% respectively).

[34] A further 18% of respondent companies had only a 'vague awareness' of this legislation.

relation to SMEs specifically, ACCA found that 51% of respondents believed that SMEs were not aware that UK law enables UK courts to hear cases of bribery and corruption even where the acts complained of are committed abroad.

The CIOB and ACCA looked also at awareness levels related to concepts and practices surrounding corruption. The CIOB suggests that the differing perceptions of the extent of corruption within particular practices may highlight 'shades of grey' within respondents understanding and perception of bribery and corruption in so far as certain practices may be tolerated or accepted to the extent that they are not regarded as corrupt.[35] Similarly, the ACCA considered that its findings, including that most respondents believed that the SME community does not understand the legal definition of bribery and corruption, suggest 'a fundamental problem of uncertainty shared by many SMEs about what an act of bribery or corruption amounts to'.[36]

3.4 Perceptions of Anti-Corruption Instruments and Strategies

In addition to general levels of awareness related to corruption, stakeholder experiences and perceptions of different legislative or other instruments and strategies will affect levels of compliance and the effectiveness of anti-corruption efforts.

PwC (2008) found that 52% of respondents responded '1' and 30% responded '2' in response to the statement 'strengthening anti-corruption measures globally would benefit my company'.[37] When asked how effective are industry-led global anti-corruption programmes currently, only 7% felt they were 'very effective'[38] though more encouragingly, 22% of respondents felt such programmes would be 'very effective' in five years time. The reasons for this anticipated increase in effectiveness are not explored however. Concerning more specific measures, the proportion of

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[35] The CIOB notes that open-ended responses support this view. For example, it was reported that many respondents felt that practices such as cover pricing were not corrupt because they are part of the way the industry operates. A common theme also was the prevalence of non-cash incentives to gain advantage but the point where a gift becomes a bribe was not clear.

[36] Respondents were asked whether SMEs would be able to make the distinction between certain borderline issues within corruption, such as between bribery and corruption and the provision of corporate hospitality. Responses indicated that for each of these issues, 45-50% of respondents considered that SMEs would be able to make the distinction and 57% believed that the SME community does not understand the legal definition of bribery and corruption.

[37] Rating scale as before (1-5).

[38] Forty-six percent of respondents felt they were 'somewhat effective and 34% thought they were 'not effective'.

respondents in the Simmons & Simmons survey agreeing that the FCPA and similar legislation passed by other OECD countries are effective tools in helping corporations to avoid corrupt situations was relatively high overall but varied according to country: US 80%, UK 72%, Brazil 68%, the Netherlands 56%, Germany 52%, France 48% and Hong Kong 42%. These are of course perceptions and may vary from the actual impact of such legislation on the incidence of corruption – correlative data will be useful in this context.

The need for implementation and enforcement to accompany legislative measures was highlighted by Simmons & Simmons who found that a majority of respondents thought that companies from their country sought to circumvent anti-bribery legislation through the use of intermediaries and 'emphasised the importance of putting anti-corruption legislation into practice as well as passing it into law'. Implementation issues were also highlighted in the KPMG survey in which 80% of respondents 'agreed that the [ATCSA] was a laudable attempt to put an end to unfair practices' but which found that 58% 'agreed that the Act ignores that fact that, in many countries, bribery is 'simply the way business is done' '. This again indicates that acceptance or tolerance of corrupt practices remains an obstacle to combating corruption. Half of respondents agreed that difficulties in collecting evidence relating to bribery and corruption mean that the UK ATCSA is unlikely to be effective though there are no further details as to the nature of the difficulties referred. These findings suggest that there may be a gap in support for legislation in principle and the belief that it will in fact lead to a reduction in corrupt practices. Despite these apparent limitations in respect of implementation and enforcement, the findings of Ernst & Young appear a little more positive; 40% of all respondents considered that bribery and corruption regulation is enforced 'extremely strongly' or 'very strongly', with a further 30% considering enforcement to be 'fairly' strong. It is noted that 'this figure is surprisingly consistent across economic sectors and across different job functions. It holds for most regions of the world, rising to 60% for North America and Japan'.[39]

The surveys also provide some indication of business attitudes towards different regulatory approaches but the findings are not always congruent. The ACCA asked

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[39] Ernst & Young (2008), p6.

how effective the different approaches listed could be in helping SMEs to reduce the incidence of bribery and corruption.[40] By some margin, high profile cases of prosecution were considered to be the most effective, followed by guidance from professional and trade associations. The least effective approach was considered to be an ethical code to which businesses could publicly sign, followed by the appointment of an auditor. However, PwC (2008) found that respondents to their survey tended to favour internal, company based strategies and were not in favour of strong regulation by government or other external parties.[41] Respondents also felt that internal measures and guidance were the most effective approach to minimising corruption at a company. Only 7% felt that aggressive enforcement by regulatory agencies would be most effective, 6% considered additional external government regulation/oversight was most effective and 4% felt that collaborating in industry or NGO initiatives was most effective. The faith in the effectiveness of internal programmes should be viewed in light of the finding that 57% of respondents believed that the 'severity of potential government enforcement action in regards to a corrupt act would be reduced if a strong anti-corruption programme is in place at a company'. This would clearly increase the value and in this respect effectiveness of an internal programme (and is somewhat paradoxical to the views on the limited relevance of government regulation and enforcement).

There is clearly some variance in attitudes concerning the approaches which are most favoured or perceived to be most effective but the surveys do not give an understanding of the dimensions of this. The findings indicate that neither a strongly mandatory or punitive nor a strongly voluntary or compliance based approach is supported, for instance the two options considered most effective and the two considered least effective in the ACCA survey are quite different in nature.[42]

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[40] These were: the appointment of an auditor; an ethical code to which businesses could publicly sign up; laws granting whistle-blowing rights to businesses in respect of bribery and corruption they are confronted with; guidance from professional and trade associations; high profile cases of prosecution. These were ranked on a scale of 1 (greatest) to 5 (least).

[41] The responsibility for preventing corruption at companies was seen to fall primarily on senior management (40%) and all staff members ('responsible for their own high ethical standards', 33%). Of other stakeholders listed, only 2% felt that responsibility lay primarily with Government/government agencies and 2% that it lay primarily with external auditors.

[42] Ernst and Young also found that punitive and financial impacts were perceived in such a way. Their survey investigated the impacts which would be considered most significant in the event of an allegation of bribery or corrupt business practices made against the company. Fines and penalties were considered the most significant (45%, this figure was higher for the US, UK, Japan and China/Hong

3.5 Internal Procedures and Policies

The actions and policies adopted by businesses act as an indicator not only of the impact and compliance levels of 'external' instruments but also of the attitudes of businesses towards combating corruption and the types of approach which may be most conducive to achieving this. The reports explore the extent to which business have adopted anti-corruption policies or strategies and/or the measures and procedures that have been applied in practice in order to combat corruption and achieve compliance with internal policies or other instruments.

Reviewing the extent to which ethics codes had been adopted by the surveyed companies and how comprehensive these were, EIRIS found though that 61% of all high risk companies had an explicit policy against bribery, some of the highest risk sectors (oil and gas and aerospace and defence) were much less likely to have adopted a policy; 'just under 24% appear to have declared policies [covering all the listed criteria]...Given the pressures to pay bribes which exist in these sectors, these figures seem low.' The UK and the Netherlands were found to be leading the way on a country specific basis and larger companies were also more likely to have adopted polices.[43]

PwC (2007)[44] found the number of companies which had *both* compliance and ethics programmes in place with respect to corruption and bribery was limited (8%) and was lower than the number who had such programmes in place for fraud in overall terms (36%), suggesting that even in this limited sphere, internal measures related to corruption may be overlooked. Focusing specifically on corruption PwC (2008) reported that 'almost 80% of respondents indicate that their company has some type of anti-corruption programme. Yet it is troubling that only 22% say they are very

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Kong), followed by 'blocked from markets' (44%); 'inability to grow or expand business (35%); 'increased cost of compliance (29%); 'shareholder/competitor litigation' (29%) and 'jail time for employees (21%).

[43] Companies in the Netherlands had the most developed policies, '*with over 86% having meaningful ethical codes, and almost 73% having 'advanced' policies*' and '*over 78% of UK larger cap companies have meaningful ethical codes, although this figure drops to around 31% once the sample is extended to cover all medium and smaller cap companies (the FTSE all-share index)*'. The US, Australia, New Zealand, and the Nordic countries were also found to have '*relatively high percentages of their companies having ethical codes*'.

[44] *Economic Crime: People, Culture and Controls.*

confident it identifies and mitigates the risk of corruption'.[45]   Similarly, the KPMG survey on Corporate Responsibility reporting noted that of the 18% of companies that include policies for bribery and corruption, 'few elaborate on how such commitments are put into practice'[46]. Thus even where companies do have a programme in place, its validity is questionable in many cases. KPMG (2007) indicated similar limitations finding that 65% of companies who conduct business in the US either do not know whether they have a US FCPA compliance program or say they do not have such a program. Of the respondents who were aware that UK citizens and companies abroad can be prosecuted (see above), 31% said they had taken no action to communicate the ATCSA to their employees. Half of these respondents cited the fact that they 'did not think it was relevant to their business' as the reason for this.

Simmons & Simmons found relatively high rates of adoption for specific internal measures, particularly with respect to the US. The US companies were most likely to have reviewed their own integrity procedures within the last three years '*in light of increased international focus on corruption*' (74%)[47] and were more likely than 'their international counter-parts' to have anti-corruption training programmes. Unsurprisingly (given the reforms associated with the Sarbanes-Oxley Act) the practice of requiring senior officers to sign formal annual statements confirming that they have abided by anti-corruption laws was considered to be less prevalent in other countries but on a sectoral basis, oil, gas & mining companies were most likely to follow this practice as were larger companies. There was a reported increase (since 2002) in the number of companies that have introduced confidential reporting hotlines: again, the US led the way along with the UK (both at 42% of companies).[48] Similarly, formal processes for assessing intermediaries were considered to be

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[45] PwC (2008), p13. A further 52% say they are somewhat confident but, it is commented, this groups confidence may not be justified as only 18% of this group believe their company considers the risk of corruption when making significant business decisions.
[46] p19.
[47] The figure for the UK was 64% and Brazilian companies were least likely to have reviewed their procedures (12%). Although Brazil is not an OECD country it has signed the OECD Convention. It was considered that the US position may reflect tighter enforcement of the US FCPA combined with the impact of the Sarbanes-Oxley Act, suggesting that these domestic legislative instruments are considered to have made an impact.
[48] The importance of whistle-blowing hotlines was also emphasised in the KPMG report which noted that one of its earlier surveys had found that 50% of fraudulent or corrupt activity was discovered by such means.

becoming more common, particularly in the US (79%).[49] The adoption by companies of procedures to vet the integrity of commercial partners and suppliers was, however, most common in the UK (84%), followed by the Netherlands and the US (each at 70%).[50]

Accounting and auditing measures are an important aspect of anti-corruption strategies (see section 2.3). Ernst & Young comment that 'expectations of the internal audit function have never been greater',[51] a view also highlighted in the PwC (2008) survey in which 69% of respondents agreed that 'internal auditors in your industry are performing procedures that are likely to detect instances of corruption'. The internal audit may often be relied upon for the detection of corrupt practices and has particularly been linked with the detection of fraud. This means that the role and competencies of audit personnel becomes extremely important; Ernst & Young found that 30% of respondents strongly agreed that internal auditors 'have a sufficiently detailed understanding of the risks and indicators to detect bribery and corrupt business practices'. Twenty six percent of respondents felt that the internal audit is extremely or very successful in detecting bribery or corrupt practices and a further 40% felt that it was 'fairly' successful. Though there was some variance between countries, these data indicate some limitations in terms of the capacity of internal audit measures in detecting and combating corruption.[52]

3.6 Stakeholder Roles

As indicated, the actual or potential involvement of different stakeholders in relation to business efforts to combat corruption was a theme which emerged throughout the

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[49] They were least common in France at 35%.

[50] The findings of PwC (2007) refer to fraud overall (encompassing corruption and bribery) but it is noteworthy that this survey found that 41% of frauds were discovered by 'chance', an increase of seven percentage points from the previous two years. The report also observes 'the consistently high response rates from companies showing that the initial means of detection is via a whistle-blowing hotline (81% cases) or tip-off (from an internal source in 21% of cases and an external source in 14%). It is our view that this results from employees both being encouraged and facilitated…to do the right thing". In cases in which a whistle-blowing system was rated as 'effective', it is noted, this increased the rate of detection to 14%. Internal auditing was also important and accounted for 19% of detections overall. See pp 10-11.

[51] Ernst & Young (2008), p11.

[52] Seven percent of those interviewed in Latin America and 8% in Japan stated that the internal audit had not been successful compared with 40% of professionals from companies in Central and eastern Europe who thought poorly of this function. Ibid, p12.

surveys, though none provides a thorough understanding of which stakeholders are involved and in what capacity.[53] The mixed views related to the role played by internal auditors, for instance, has been mentioned above but a broad range of stakeholders may play a role in influencing business attitudes and practices with respect to corruption. Whilst in some instances the role of government was given a low priority (see PwC 2008), in others there appears to be a need and/or desire for government to increase its efforts with respect to corruption (see CIOB). In the same context, sixty-nine percent of respondents thought that the UK construction industry itself was not doing enough to combat corruption.[54])

Respondents in the ACCA survey felt that SMEs would be most likely to turn to their lawyer (42%) or accountant (29%) for advice about bribery or corruption issues. More than 59% agreed that SMEs would welcome advice from their accountants in relation to the adoption of policies and procedures for dealing with cases of corruption.[55] As discussed by ACCA, the presence of client confidentiality or the presence of an established relationship based on the provision of other services may be relevant here. The issues related to possible conflict of interest and the provision of accounting and auditing services can be seen to remain a relevant concern in this context. The findings also highlight the importance of identifying stakeholder roles and expectations; if, for example, lawyers are not aware that they are seen as a key source of advice in this respect then it may be fair to expect that they might not be sufficiently placed to provide such advice. These findings were mirrored to some extent by the KPMG survey regarding sources of information used for understanding foreign business practices; 75% of respondents said they would use lawyers or outside counsel and 59% would use accountants.[56] [57] Eleven percent of respondents believed

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[53] The term 'stakeholder' is being used broadly to include, for example, businesses, governments, international bodies, NGOs at all levels, professional and industry bodies or organisations and individual members of society.

[54] The CIOB recommended that 'clear codes of ethical conduct should be communicated to the industry and implemented at all levels... Industry bodies should unite in a common initiative to provide guidelines and advice to professionals on how to deal with these issues.'

[55] pp 12-13.

[56] Eight percent responded 'don't know', 22% responded 'other', 17% would use private investigators and 42% would use British embassies or consulates. The findings were discussed with respect to the need for businesses to take informed decisions about who they are doing business with.

[57] Respondents in the PwC (2008) survey identified compliance officers, external auditors and general counsel/lawyers as well as internal management, staff and regulatory agents (discussed above) but in that survey these stakeholders were less significant (4%, 2% and 2% respectively). However, this may be related to the difference in questions. The PwC survey asked who respondents felt was primarily

that SMEs would not turn to anyone for advice, indicating a gap which could contribute to reduced levels of awareness and compliance.

3.7 CSR and Corruption

Since corruption has been increasingly identified as part of the broader CSR agenda (see Section 1 above) it is relevant to consider some of the related findings in this area. The Institute of Directors (IoD)[58] found mixed levels of awareness in relation to particular CSR instruments and the findings give very little indication of patterns related to awareness levels, though in overall terms the initiatives of the UK Government as well guidelines of the Association of British Insurers were most frequently recognised.[59] The majority of respondents to the IoD survey were SMEs (these make up the majority of its membership) and in some cases awareness levels varied according to sector (this is logical given that certain industries may be subject to statutory requirements or other pressures that other industries are not, for example, with respect to environmental controls). At this stage the reasons for these varying and often low levels of recognition are not understood but it can be seen that the issue of awareness may be significant in this context as well as with respect to specific anti-corruption instruments. KPMG reviewed the international standards and codes referred to in companies' CG reports and their findings correlate with the IoD's to some extent. It was noted that most of the reports refer to standards established by the UN (including the International Labour Organisation, UN Declaration on Human Rights and the UNGC). The UNGC was identified in 35% of reports but OECD's GME was identified in only 11% of reports, with others referred to less frequently. It is perhaps not surprising, however, that company reports do not refer to influential instruments expressly.

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responsible for preventing corruption in companies. This is also not to rule out the importance of company staff members and senior management as important stakeholders in their own right.

[58] *Corporate Social Responsibility: IoD Member Opinion Survey.*

[59] Awareness levels were: for the Investors in People Initiative, 95%, EU Eco Management and Audit (EMAS) 29%, ISO 14001, 6%; the 'Making a Corporate Commitment Campaign' – 7%, ABI Guidelines on Social Responsibility, 48%; the EU eco-label, 40%; the UN Global Compact, 21%; the DEFRA and DTI Guidelines on Environmental Reporting 39%, the Business Impact Task Force or their report 'Winning with Integrity', 12%; the Global Reporting Initiative, 13%, Social Accountability 8000, 11%, the Ethical Trading Initiative, 26%.

KPMG found the level of company reporting on corporate responsibility (CR) to be increasing: the percentage of firms publishing a separate CR report increased from 45% in (2002) to 52% for G250 firms and from 23% to 33% for N100 firms though, when viewed on a country basis, the picture is uneven.[60] The report notes that the figures support, to some extent, the assumption that reporting is led by multinational companies. However, the US, which had the largest number of G250 companies, did not see an increase in CR reporting. An increase in reporting levels was seen in nearly all sectors, though the greatest increase occurred in the financial sector.[61] The survey also indicated that the scope of reports has broadened, from an initial focus on environmental health and safety to sustainability, reflecting the expanded remit of the CSR agenda. Again, there is a need to how, if at all, they mirror the situation in the case of corruption.

KPMG (2005) also identified a range of drivers associated with CR reporting, the most important of which fell within the category of economic considerations[62] (for 74% of respondents) followed by ethical considerations (53%). The report suggests also that the issue of governance, as an aspect of CR reporting, is driven by regulatory developments such as the Sarbanes-Oxley Act, as indicated by the fact that 61% of reports included a section on corporate governance. A key matter here is to understand whether the same drivers apply to the different components of CSR, including corruption, and to identify which drivers are relevant to business practices regarding these components.

With respect to stakeholder roles in CSR, the IoD survey asked respondents '*which of the following do you think should be involved in monitoring the social and/or environmental impact of business?*' The highest ranking stakeholder was 'the government' (88%), followed by 'organisations that represent your business' (84%) and 'employees' (82%). Other stakeholders supported in the majority of cases were

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[60] For N100 companies reporting levels are 80% and 71% for Japan and the UK respectively, but this is followed by a substantial drop with the third country, Canada, having reporting levels of 41%. The average excluding the two countries with the highest levels of reporting and the two countries with the lowest levels of reporting in 26%. The levels by which reporting has increased also vary according to country.

[61] Raising questions about the possible positive impact (on reporting levels) of instruments such as the Sarbanes Oxley Act.

[62] These were linked either directly or indirectly to shareholder value or market share. See pp 18-19.

shareholders (67%), local councils (64%), investors (excluding shareholders) (64%), customers (63%), and the EU (58%). It is interesting to note that non-governmental bodies or interest groups were ranked lowest (43%).[63] These findings potentially have important implications with regard to the development of future anti-corruption efforts generally and to the possibilities for anti-corruption efforts under the CSR umbrella. It can be seen that there is some variance between the perceived roles of stakeholders in this context and with regard to corruption specifically raising questions about how corruption should be tackled through CSR initiatives. The findings again challenge the assumption that companies prefer voluntary and/or internalised approaches as opposed to, for example, government intervention (the findings do not, however, indicate what type of involvement organisations such as government and the EU should have). Secondly, that NGOs are the least favoured stakeholder with regard to monitoring has clear implications concerning the likely success of collaborative measures or other initiatives suggested by these organisations. KPMG investigated the extent of stakeholder dialogue reported by firms and found that more than 57% of organisations included information on stakeholders in their reports but only 39% of these referred to structured dialogue. Only 7% of reports systematically identified stakeholders and whereas 32% invite stakeholder feedback, only 8% report on it. Again, this suggests that business engagement with stakeholders may be limited.

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[63] Other listed stakeholders were suppliers (50%), the media (48%), and devolved governments (47%).

Section 4
The Present Survey: Design and Implementation

4.1 Survey aims and objectives

The review of existing data in the previous section highlights some important themes which should be examined further for the purpose of developing a fuller understanding of the ways in which different anti-corruption strategies are perceived and utilised by companies. The survey reports also raise further questions about the reported views and experiences and the ways in which the variance in responses derived from different survey samples might or might not correlate. Thus, whilst the surveys provide an important starting point with respect to exploring company practices and attitudes they provide only a limited and fragmented picture of the issues. In addition these surveys do not extend to investigate the role played by NGOs, a key stakeholder group with respect to anti-corruption strategies. A more comprehensive understanding is needed before more confident comments on the impacts, gaps and limitations of the different anti-corruption strategies, and how these might be effectively addressed, can be made. The survey implemented by the present authors seeks to address this gap in research.

Recognising the limitations noted above and the need to understand further issues related to combating corruption in international business, the present authors sought to examine:

1) The levels of awareness and perceptions of companies regarding particular anti-corruption instruments;

2) The type of and extent to which anti-corruption practices and activities have been applied by businesses and NGOs;

3) The factors and drivers influencing the approaches and attitudes of these stakeholders to combating corruption;

4) The differing roles that stakeholders play with respect to tackling corruption and how these might be more effectively utilised; and

5) How, if at all, the CSR approach has been and could be applied for the purpose of combating corruption.

The traditional method of assessing the impact of specific legislation by examining the number of investigations and prosecutions either within a state or globally is of limited use in the present context since many of the legislative developments based upon ratification and implementation of conventions are still in their infancy. Further, an assessment based on a review of the prosecution figures would fail to take into account the multi-pronged approach to combating corruption. In these circumstances, the best way to assess the impact of current approaches to combating corruption is to approach those who are affected by the strategies and those who promote strategies and to obtain relevant information that will provide answers, be they negative, positive or ambivalent, to the questions that were listed above.

4.2 Methodology

The nature of the methods adopted is relevant to an understanding of not only how the research questions are being addressed but also the nature of the data and findings subsequently derived. These therefore are worthy of further explanation at this juncture and are considered below.

4.2.1 The Sample Population

As stated earlier (Section 1) a range of stakeholders is relevant to the study of anti-corruption approaches. For the purposes of the present research two key stakeholder groups were targeted: (A) businesses and (B) NGOs.

(A) Businesses - clearly these are important stakeholders being both subject to anti-corruption efforts and potentially contributing to the development of anti-corruption measures through implementation of internal measures or involvement in voluntary initiatives.
(B) NGOs - these stakeholders may play an important role in combating corruption in international business through their involvement in the development of different strategies and tools, work with businesses, awareness raising campaigns targeting various stakeholders and involvement with international institutions.

The range of stakeholders for inclusion within each stakeholder group was large. This necessitated the delineation of the groups to provide a manageable sample frame. Businesses were targeted based on the stock exchange listings of *The Times (London)*. This sample frame would enable a range of variables to be explored, for instance company size, geographic location, and sector. The identification of relevant NGOs was more complex, inevitably raising questions of interpretation of the term 'NGO' and the extent to which given organisations were relevant. Organisations undertaking work directly related to corruption were of course included as were some organisations working in the broader field of CSR, particularly where this related to development or governance. Various searches were carried out for the purpose of identifying these organisations and the final list included 162 organisations which, it was felt, would have an appropriate level of awareness of the relevant issues and would be in a position to provide meaningful inputs. Purely academic organisations and 'think-tanks' were excluded on this basis. Again, this list included organisations with a range of characteristics such as organisation size and level of operation, geographic location, and action and work types.

4.2.2 Data Collection

In order to pursue the research aims, a self-completion postal questionnaire was designed.[64] Although there is a wide range of data collection methods (e.g. telephone interviews, face-to-face interviews, existing data sets), questionnaires had several advantages which made them suitable for the present study including,

1) Cost - compared with other methods, the cost of administering questionnaires is relatively low, an important consideration given the availability of resources and the range of geographic locations of targeted stakeholders (see Bryman (2004), Frankfort-Nachmias and Nachmias (1992));

2) Accessibility - use of questionnaires rather than, for instance, interviews, would enable a greater number of target participants to be included in the survey;

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[64] Separate questionnaires were designed for the two target groups.

3) Greater levels of anonymity - this was particularly pertinent given the relatively sensitive nature of the subject matter (Frankfort-Nachmias and Nachmias (1992)); and

4) Removal of 'interviewer effects'- the bias introduced when the characteristics of the interviewer or interviewee, or the way in which the questions are delivered, affects the answers given (ibid).

The postal questionnaire method has its limitations however. The primary limitation is that they usually result in lower response rates than do alternative methods.[65] Unfortunately, there is no generally accepted view on what constitutes an acceptable response rate but clearly the problem lies in the fact that low response rates increase the risk of bias and therefore limit the reliability and validity of the findings.[66]

The commonly identified limitations associated with survey design and administration and guidance on how to minimise their effects were addressed in the development of the questionnaires and need not be discussed in detail here.[67] Relevant factors included:

1) Questionnaire format and structure issues such as questionnaire length, layout choices and instructions such as the use of branched questions;

2) Question construction including the content of questions, type of questions used, question and answer formats such as the use of tick boxes, scales and matrices, order of questions and complexity and language issues;

3) Presentation and design issues such as the use of visual aids including font effects and considerations for visually impaired or dyslexic readers; and

4) Administration and completion effects including the use of covering letters, postage methods and incentives for completion.

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[65] In the context of surveys, the 'response rate' is "*the percentage of respondents in the sample who return completed questionnaires*" Frankfort-Nachmias and Nachmias (1992).
[66] Bias is increased because it is not possible to prove that those who did not participate do not differ from those that did participate. This will in fact almost always be the case. See Bryman; see also Bethlehem et al (2007); Spitzmuller et al (2007).
[67] For further on this see, for instance, Frankfort-Nachmias and Nachmias (1992); Bryman (2004); Dunn *et al* (2003); Jenkins and Dillman (1995); Zukerberg and Lee (1997); de Rada (2005); Dillman et al (1993); Kalton and Schuman (1982); Fowler (1993); Oppenheim (1992); Redline and Dillman (2001).

In accordance with recommended practice, a pilot survey, the focus of this Report, was carried out prior to the full survey. In addition to providing valuable preliminary data an important aim of the pilot survey was to test the survey materials; the questionnaire and associated documents. A feedback sheet was included with questionnaires to assist with this. Responses and feedback received from the pilot would enable difficulties to be identified and for the survey to be adapted where necessary, for example, by removing ambiguities in question construction. The pilot would also be useful, it was anticipated, in giving an indication of response levels and associated issues.

For the purposes of the pilot survey one sector, industrials, was selected from *The Times* listings. The sampling strategy in this case was again purposeful so that a range of variables would be included. This sector included 81 companies, 80 of which were targeted.[68] Given the smaller sample frame for NGOs, 10% of the list (16 organisations) was targeted for the pilot survey. These organisations were selected randomly from the list along with two further organisations with which the authors had made contact and this again was intended to allow for variety in the pilot survey participants.

4.2.3 Methodological Issues Arising from the Pilot Survey

Feedback

Although response levels were limited (see below) some useful feedback was obtained. Table IV summarises the feedback received and how it was addressed (where relevant).

Table IV: Feedback

	Company: yes	Company: no	NGO: yes	NGO: no
Were you happy with the length of time taken to complete the survey?		I		
Were the questions easy to understand?	I			
Were you happy with the layout and structure of the survey?	I			
Was the survey easy to read?	I			
Did we omit any important issues		I		
Additional questions suggested: None				
Other comments: None				

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[68] No details were found for one company, following several searches.

Although low response levels were identified as the key limitation of questionnaires the level of responses actually received, particularly from businesses, was lower than desirable. By the stated deadline only four companies had responded and only two of these had completed the questionnaire. The recommended technique of sending out follow-up letters raised the total number of responses to ten. Of these, the 'true' response rate, based on questionnaire completion was 5% (four companies). Although the response rate of NGOs was slightly higher than that of businesses (16.7% - all three responding participants completed the questionnaire), this still represents a relatively low response rate. Research indicates that overall, levels of participation in surveys are declining over time (de Leeuw, and de Heer (2001), Bryman (2004), Bethlehem, Cobben and Schouten (2007), and Inaba: 2007). Since non-response was a key issue arising from the pilot survey it is worthy of further discussion at this stage. This more detailed discussion highlights a number of theoretical and practical issues arising for empirical legal investigation of this nature.

Dillman *et al* (2001) summarise the main ways which in which unit non-response (in which the sample unit - in this case the business or organisation - fails to respond) occurs in postal surveys. These are 'no request', for instance, where the questionnaire is not delivered; 'refusal', as where the questionnaire is read but ignored and 'incapacity' for example, arising from illiteracy (see also Lynn and Clarke (2002)). Where no response is received it is impossible to be certain why this has occurred. In the present case it is possible that 'no request' occurred for instance as a result of non-delivery arising from the postal system or due to organisations having changed their contact details, or ceasing to trade. It seems unlikely that this would account for the majority of instances, in which case 'refusal' may be the more likely position.

It is important to consider the matter of non-response in the context of the type of survey being carried out. Existing research suggests that surveys targeting organisations, as in the present case, achieve 'substantially' lower response rates than surveys of individuals (Hager (2003)).[69] Specific hurdles may limit response rates in

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[69] Cycota and Harrison found in their meta-analysis of executive non-response, that the mean response rate was 34%, reducing to 32% when adjusted to remove surveys that had used prior screening. With

such surveys, for example, company policy may preclude survey participation or the participant may be subject to confidentiality rules. For small organisations, resource constraints may also be influential (Hager (2003), Bartholemew and Smith (2006), Cycota and Harrison (2006)). It has also been suggested that an increase in the number of survey requests being received may be linked with declining response rates amongst company executives (Cycota and Harrison).

The nature of the contact person or individual respondent might also be relevant. In the present case questionnaires were directed to Chief Executive Officers (CEOs) where possible, or other senior officers such as Chief Financial Officers (CFOs) or the Company Secretary. NGO questionnaires were targeted at similarly senior staff members such as the Director. There were good reasons for targeting these individuals, particularly since they should have a detailed awareness of the organisation's policies and activities and/or be in a position to direct the questionnaire to the appropriate contact person as well as potentially playing a role in implementing and or enforcing corporate governance rules as discussed in Section 1. However, it has been suggested that it is particularly difficult to get responses from CEOs (Bartholomew and Smith (2006)).[70]

Questionnaire design factors are also associated with unit non-response and as indicated in 2.2 above a number of steps were taken to minimise the impact of these on response levels. However, one design factor which may be impacting response levels is the length of the survey; 'long' surveys (an undefined concept) have been associated with lower response rates, although findings on this matter are mixed (see,

respect to small firms, a review by Bartholomew and Smith found an average response rate of 27% and Hager *et al* found that in some cases response levels of 15% were considered accepted in organisational surveys.

[70] In addition, Cycota and Harrison found that executives may have particular characteristics which will influence appropriate survey techniques and levels of non response The authors also found that of a range of factors traditionally considered to influence response rates – topic salience; specific manipulations of the social exchange (inclusion of an incentive, advance notice to the executive, follow-up contact and personalisation of the survey and cover letter); prior consent screening and sponsorship – topic salience was the only contributor to response rate variation across the studies. Although this suggests that in many cases the time and effort involved in employing these techniques may not be worth the additional resources required a number of other authors support the use of such techniques. In the present case the adoption of some follow-up attempts and identification of sponsorship were considered worthwhile according to a cost-benefit analysis but other techniques, such as resending questionnaires by post and the use of incentives, were not considered worthwhile on that basis.

for instance, Hager *et al* (2003) and Marcus *et al* (2007)). In the present case the questionnaire might be considered 'long' but the feedback received was by no means compelling in this respect and generally did not identify other difficulties associated with questionnaire design.

It has also been suggested that identifying sponsorship information improves response rates because it helps to convince the respondent of the survey's legitimacy and may imply sanctions for failing to reply (Frankfort-Nachmias and Nachmias (1992)). This information was therefore included in the covering letter and other survey documentation. Despite this, overall responses rates were low. An interesting possible dynamic is the association of the survey request with an 'in-group' or an 'out-group', with the former more likely to elicit participation. This can be considered in light of the theoretical perspectives presented by Johnson *et al* (2003) based on an examination of the ways in which, at the country level, different cultural interactions and dimensions, including such group status, may influence survey propensity, read together with some of the existing surveys on corruption. It can be seen from Table III that the majority of surveys were undertaken by bodies which are strongly associated with a particular industry or profession, such as the Association of Chartered and Certified Accountants (ACCA) or by large auditing or business services companies such as KPMG. These surveys involved high numbers of respondents, with one reporting a response rate of 98%. The survey with the smallest number of participants (though also with a smaller sample frame) was carried out by CREM,[71] a different type of organisation.[72] A note of caution must be added since these surveys only indicate the overall number of participants, rather than the response rate. A possibility however is that bodies such as ACCA and KPMG are seen as 'in-groups' either because they provide assistance or professional services to the respondents or because respondents are members of the body. By contrast an academic body such as a university or research council, as in the present case, might be seen as an out-group. The same principles might also apply to NGOs. The targeted stakeholder may see themselves as a different and separate type of organisation from a university or

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[71] *Corporate Responsibility in India: Policy and Practices of Dutch Companies.*
[72] CREM (Consultancy and Research for Environmental Management) is a company specialising in sustainable development in the Netherlands through "conducting research, consulting and performing process management for international organisations, governmental bodies, multinational companies, non-governmental organisations and certifying bodies". See http://www.crem.nl/.

research council and be less willing to be involved in research conducted by an organisation that is not an 'in-group' in this respect.

Several other issues have been identified as limiting response rates and may be relevant in the present case. For instance, it is perhaps fair to assume that companies, if not NGOs, would perceive corruption to be a sensitive topic since engaging in corrupt practices, might be illegal and/or might be viewed as immoral, as might holding accepting views of such practices. Studies on sensitive topics tend to achieve lower response rates because respondents may be reluctant to divulge information about issues perceived to be too personal or potentially threatening (Frankfort-Nachmias and Nachmias (1992), Afzar and Murrell (2005) with respect to reticence on the part of participants when reporting sensitive acts related to corruption and Jensen *et al* (2007) regarding the application by firms of non-response and false-response mechanisms when expressing beliefs about corruption in politically repressive countries). Topic saliency might also be relevant: topics which are considered by the participant to be interesting or highly relevant tend to achieve higher response rates (Bryman (2004); Cycyota and Harrison (2006); Lynn and Clarke (2002); Marcus *et al* (2007)). The possibility that organisations consider corruption to be of 'low saliency' would have serious implications for future anti-corruption developments.

In addition to these methodological perspectives it is also interesting to reflect upon the reasons actually given for non-response. Existing surveys on corruption (see Table III) indicate relatively high numbers of participants. It should be emphasised however, that in most cases the relevant reports do not indicate the *response rate* and it cannot be assumed that much higher response rates were achieved in all cases. The high numbers of participants in those surveys do raise questions about whether companies might choose to engage with research into corruption only where they deem the reporting organisation to be aligned with their own interest. Of the six companies which responded but did not participate one company cited resource constraints, two companies noted that they only participate in surveys which are of the 'utmost importance' or are of 'direct relevance' to the firm and the remaining three companies specified that company policy precluded their participation. These points raise questions about the extent to which companies are really committed to combating

corruption since the pilot data suggests an unwillingness to discuss company views on anti-corruption strategies. The matter of non-response might also relate to the issue of anti-corruption motivations and drivers, raising questions about whether the adoption of anti-corruption policies and practices is tied principally to factors such as the desire to protect corporate or brand reputation and to perceived financial benefits and could potentially form an aspect of corporate 'blue-washing'. Additional survey data should shed further light on these possibilities. An interesting recent development has been the publication of the Woolf Committee Report, *Business ethics, global companies and the defence industry; ethical business conduct in BAE Systems plc– the way forward* (2008). The report highlights the importance of strengthening company anti-corruption programmes including for the purpose of protecting corporate reputation and it will be interesting to see whether this publication prompts higher response rates for the rest of the survey.

Although the response rate of NGOs was slightly higher than that of businesses, the relatively low level also raises questions about the ways in which these organisations are actively engaged in this field as opposed to simply expressing support or commitment to it.

It is too early to draw conclusions as to the final response levels but it is interesting to consider that at a time when the prominence of anti-corruption efforts is increasing a large majority of targeted organisations have not engaged in this opportunity to share their views and experiences of existing strategies. The issue of non-response rate is, however, one which will be carried forward to the rest of the survey. One possibility may be to send additional follow-up letters – it is not uncommon to adopt several follow-up measures but this of course has resource implications and as indicated, may not be worthwhile in cost benefit terms. The feedback form will be used for further phases of the survey and may provide further insights. The possibility of sending out a shortened version of the questionnaire is also being considered though this again has methodological implications – there would be issues with comparing data from the two different questionnaires even if specific questions remained the same. Understanding *who* has not responded and *why* they have not responded (i.e. the differences between responding and non responding organisations) is an extremely complex matter but may be explored later through further analysis of the non-

responding organisations. Understanding these relevant factors might shed some further light on the subject. As noted by Rogelberg and Stanton (2007:195)

> "In the absence of good information about presence, magnitude and direction of nonresponse bias, ignoring the results of a study with 10% response rate - particularly if the research question explores a new and previously unaddressed issue - is just as foolish as assuming that one with a response rate of 80% is unassailable."

Section 5
Pilot Survey Findings

The present authors' pilot survey, as indicated, covered both companies and NGOs and both sets of findings are presented below.

5.1 Company Responses

5.1.1 Company Characteristics

The characteristics of the four responding companies varied (see Table V below). Two were based in the UK, one in the US and one in the British Virgin Islands, with the non-UK based companies identified as being listed on the Alternative Investment Market (AIM) exchange. No listings on stock exchanges of other countries were reported. One of the UK based companies identified itself as operating only within the UK while the others reported operating in a range of countries worldwide. This UK based company therefore potentially has a different experience from other responding companies.

Table V: Characteristics of Company Respondents

QUESTIONNAIRE NO.	Head office	Stock exchange listings	Countries of operation
70	USA	UK AIM	US, INDIA, MEXICO
55	UK	UK	WORLDWIDE EXCEPT CHINA, JAPAN, CANADA
3	UK	UK	UK
35	BVI	UK AIM	BVI, CHINA, EUROPE, HK

5.1.2 Perceived Levels of Corruption

The pilot survey undertaken by the present authors also asked participants to indicate the levels of corruption which they felt were present (i) within their organisation and (ii) in the sector which they operate in. Interestingly, the respondents reported the perceived level of corruption existing within their own organisation to be very low, scored as 1 or 2 on a scale of 1 – 10, with 10 being entirely corrupt. These findings vary to some extent with those of the surveys discussed in Section one. As noted, in those surveys companies generally indicated that levels of corruption and/or experiences of particular corrupt practices were high. There is again a possibility of

response bias arising in the present case because of the direct nature of the questions (compared with questions which frame the issue in terms of companies losing out because of corruption, for instance). Similarly, this difference raises the issue of whether company responses vary depending on the type of body conducting the research.

The perception of the level of corruption existing within the industry as a whole was only marginally higher – ranked as '2' by two respondents and '5' by one (no. 55).[73] It may be noted that KPMG (2007) also found that companies reported lower than average levels of corruption within their industry. It may also be that companies are unwilling to reveal the extent of corruption that exists or simply might not be aware of it. The likelihood of these possibilities is high if there is a tolerance towards or acceptance of certain corrupt practices. A comparison of these responses with data collected in later phases of the survey is therefore necessary to explore the likely reasons behind these findings. It will be interesting to compare these findings by sector based on the full survey data. It is really too early to speculate about the influence of geographic locations except to note that there appears to be a distinction between the responses of those companies based in the UK (3 and 55) compared with those based elsewhere (70 and 35). Those based in the UK appear to have more limited awareness of anti-corruption instruments and to have taken more limited steps with respect to compliance and enforcement, despite the fact that they appear to operate in locations with perhaps a higher risk of exposure to corruption.

5.1.3 Influences on Company Behaviour

There is similar division between the companies in respect of their perceptions of the influence of different sources on their company behaviour.[74] Whereas companies 70 and 35 ranked all the sources listed, on several occasions companies 55 and 3 either did not respond or indicated that they 'don't know or are not aware of the source'.

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[73] Company 3 (operating only in the UK) replied 'don't know'.
[74] The sources listed were: (1) International Law (e.g. agreements or convention), (2) industry specific code or initiatives, (3) general voluntary initiatives (voluntary codes, guidelines, coalitions), (4) national laws in the main country of operation, (5) national laws in other countries of operation (6) national government policies, (7) influence of NGOs or pressure groups., (8) consumer/client demand, (9) attitudes of general public, (10) employee demand, (11) shareholder demand, (12) corporate ethical values, (13) protection of corporate reputation, ((14) wishing to remain competitive, (15) economic benefits/operational efficiency and (16) stock exchange listing requirements.

These companies also tended to rank the sources with a middle, neutral value.[75] In the case of company 3, their operation only in the UK may limit the extent to which the sources listed are relevant though this in itself would be noteworthy since factors such as protection of reputation possibly ought to be considered as relevant whatever the level of operation, particularly in light of the fact that a large number of companies in the UK are SMEs and may not operate internationally but will still be expected to be compliant with some anti-corruption instruments.

Companies 70 and 35 were polarised in their views of many of the sources listed. Based on a rating scale of 1 -10 in which 1 indicates the source has had no influence at all, company 35 scored all the sources listed as 8, 9 or 10 indicating that all were felt to be highly influential and that little difference was perceived between the extent of influence of each factor. Although some of the data (above) indicates that this company may be very actively engaged in combating corruption and might therefore utilise all of these sources it is also possible that this result represents an exaggerated view. It is questionable whether all sources could be considered so equally influential. Nevertheless the data does give some idea of a perceived ranking. On this basis it can be seen that the more formal sources - international law, industry specific codes/initiatives, national laws in the country of operation and stock exchange listing requirements, given a score of 10, are considered to have most influence on company behaviour. Whilst these measures may be more formal in nature it is not to say that they are all mandatory and it is important to consider this distinction when evaluating the influence of different measures. The more fuzzy or less formal sources were ranked slightly lower at 9, for instance, the influence of NGOs, shareholder or employee demand and the attitudes of the general public. In addition, the national laws in non-Head Quarter countries of operation were also ranked at this level indicating that for this company domestic measures are more significant than those applied elsewhere i.e. Europe, China and Hong Kong. Corporate ethics and economic influences were ranked lowest.

These responses can be compared with those given by the US-based company 70. International laws, industry codes, stock exchange listing requirements and national

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[75] Company 3 gave scores of 5 to sources 10, 11, 12 and 13 and a score of 3 to source 3. Company 55 gave values of 4 to sources 1, 2, 3, 4 & 5 and a score of 8 to source 12.

laws in the main country of operation, receiving a score of 10, were again all considered to be the most influential sources. In addition national government policies, corporate ethical values and protection of the reputation were considered to be just as important, hinting at a potential variance in data based on jurisdiction. Although there was a similar split regarding the sources considered to be less influential, in this case the variance in rating was much greater; national laws in other countries of operation and voluntary initiatives were scored 3 and the influence of NGOs and public attitudes, the wish to remain competitive and perceived economic benefits were scored 1. That sources such as voluntary initiatives, NGO involvement and employee and public demand are considered to have little or no influence on company behaviour with regard to corruption could have significant policy implications. Such views appear to be in line with the limited role associated with NGOs in prior survey findings. If this view is relevant for companies more generally then it raises questions about whether and how the type of stakeholder involvement often cited as essential can actually work and how future initiatives should be developed.

5.1.4 Influence of Specific Sources

Company rankings of specific sources reveal more nuanced and, perhaps in some cases, contradictory attitudes.[76] Despite suggesting that they were highly influential in general terms, none of the international instruments listed were scored higher than 1 by company 70. Overall, the only measures not to be scored 1 by this company were the US FCPA, the General Listings Rules of the London Stock Exchange (LSE) and the LSE Combined Code on Corporate Governance. As well as suggesting that very few of the existing anti-corruption instruments are considered to have influenced the company's behaviour this also requires us to examine why international instruments were considered so influential in the preceding question.

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[76] Scores were given on the same basis as before, using a scale of 1 – 10. The sources listed were: United Nations Convention, OECD Convention, African Union Convention, SADC Protocol, ECOWAS Convention, OAS Convention. Council of Europe Convention, US FCPA, US Sarbanes-Oxley Act, US False Claims Act, UK Anti-Terrorism, Crime and Security Act, UK Public Interest Disclosures Act, UK Proceeds of Crime Act, UK Fraud Act, London Stock Exchange Combined Code of Corporate Governance, General Listings Rules of London Stock Exchange, listing Rules of New York Stock Exchange, Listings Rules of Johannesburg Stock Exchange, Listings Rules of Hong Kong Stock Exchange, UN Global Compact, OECD Guidelines for Multinational enterprises, ICC Rules of Conduct on Combating Extortion and Bribery, Partnering Against Corruption (PACI) Principles for Countering Bribery, TI Business Principles for Countering Bribery.

Company 55 also found the US FCPA (scored 7) and the General Listings Rules of the LSE and the LSE Combined Code on Corporate Governance (both scored 6) to be the most influential sources, despite not having indicated whether stock exchange requirements were influential in general terms. Consistent with its preceding more general responses, Company 35 gave the LSE sources scores of 10 and likewise cited the UN and OECD Conventions as having a significant impact on company behaviour, giving these sources scores of 9 (other international sources were given neutral scores).

The companies found other national legislative instruments and multilateral instruments to have relatively low (or no) influence, though company 35, which operates in Hong Kong, also found the HK listing requirements and the UK Public Interest Disclosure Act to be relatively influential on behaviour (each scored as 7), though interestingly, and in contrast with companies 70 and 55, it regarded the US FCPA as having limited influence, giving it a score of 3. The US FCPA has often been cited as an instrument that is particularly well known by companies and which has made an established impact on corrupt practices. That this was one of very few instruments considered by the respondents to have had a real impact on their behaviour supports this view but, of course, is based on a very limited number of responses and as can be seen, the responses are not completely clear cut. By the same token it appears that Stock Exchange rules have been one of the biggest influences on companies' behaviour in relation to corruption. Coupled with the insights into the reported influence of different types of instrument generally (above) these findings begin to raise questions about the ways in which anti-corruption instruments might be structured in order to be effective in changing business behaviour. This very early data supports to some extent that of previous surveys which suggest that more prescriptive and formal rules are favoured over broad based and voluntary initiatives.

Again company 3 appears to have the least knowledge of anti-corruption instruments, indicating in most cases that they do not know what impact the instrument has or are not aware of it. Of those that are ranked, the General Listings Rules of the LSE and the LSE Combined Code on Corporate Governance, receive scores of 1, indicating that they are considered to have no real influence. It can be seen that company 3

appears to be emerging as the least active and engaged of the participants with respect to corruption or at least is experiencing more difficulties and less successful ways of combating the problems, a possibility that may be explored further on the basis of more comparative data. This may not be surprising in certain respects given that this company indicated that it operates only within the UK. However, there might also be a more general issue of lack of awareness, given also the variance in some cases between the apparently high influence reported for general anti-corruption strategies compared with the lower influence associated with specific instruments and the lack of awareness and neutral scoring given in some cases. This would be congruent with previous survey findings though it is important also to consider this possibility in the context of the importance placed on other anti-corruption sources and strategies including alternative measures which may be playing a more important role for companies or stakeholder who might act as alternative sources of information.

A similar pattern can be identified when analysing the influence of enforcement mechanisms on company behaviour. Company 35 tends to rank the mechanisms as having a greater influence on company behaviour than do the other companies but again some relative scale in the way that the mechanisms are perceived can be observed. In this instance however the perceived influence of mechanisms tends to vary more between the individual companies. It is therefore difficult at this stage to draw conclusions from the data except to speculate that one reason for the variation may be that companies have substantially different experiences of being subject to enforcement procedures.

5.1.5 Respondents' Views on Further Measures

Overall, companies were neutral or opposed to an increase in the number and stringency of applicable government regulations but neutral or in favour of an increase in the thoroughness of enforcement and the level and probability of sanctions being imposed. The positive scores regarding the latter came from company 70, the US based company. Opposition to the former measures came from across the companies. Views were mixed regarding an increase in the frequency of enforcement activities, with company 70 the only respondent in favour of an increase. These views again hint at a possible issue of jurisdiction with the views of company 70 being

particularly supportive of strengthened enforcement. The specific drivers for these views are not yet clear however.

Measures which were more frequently favoured, though not unanimously (some views were neutral), were an increase in training and education aimed at different stakeholders (directors, employees and the general public), increased compliance with existing anti-corruption measures by competitors with, increased pressure to combat corruption at the board level and the standardisation of codes of conduct. Together with the above responses, this may suggest that it is compliance and enforcement which are more pressing concerns for these companies rather than lack of regulation *per se* or a desire for increased collaboration.

Views on industry-wide or multi-stakeholder initiatives were mainly neutral, suggesting that there is no particular desire for an increase in such approaches, and in some cases these are not favoured. In line with findings referred to in Section 1 this raises questions about the desirability and effectiveness of industry-led initiatives and certain forms of stakeholder collaboration.

In response to the question of whether listed factors would increase or decrease the likelihood of their signing up to a new anticorruption initiative, there were mixed views but overall these tended to link to those discussed previously. The involvement of NGOs, the initiative having the status of a voluntary agreement, the provision that organisations would be free to implement the initiative in their own preferred manner and a high level of external pressure to achieve the initiative were, overall, least likely to act as an incentive. The opportunity for a high level of input into the negotiation and development of the initiative, the initiative having the status of a binding international legal instrument, the provision for enforcement of the initiative by an external body, and the belief that the initiative would actually be enforced, were more likely to act as an incentive.

5.1.6 Internal Anti-Corruption Measures
Despite corruption possibly being a relatively low priority for most of the responding companies (see below), all four organisations indicated that they have an anti-

corruption policy, though only company 3 indicated that this policy was publicly available. With the exception of organisation 70, who did not respond to the relevant questions, the companies had implemented the policies between 2005 and 2007 and all had been reviewed in the last 0 – 6 months. The content of the policies, based on the list provided, varied, with most listed aspects being covered by one or more companies. Only 'bribery /kickbacks' and 'facilitation payments' were reported to be covered in all four policies.

As for the implementation of these policies, measures were generally aimed at Board members and employees and in some cases to aspects of the supply chain. In this respect company 55 reported having introduced a code of conduct/best practice and written materials aimed at Board members and employees, company 3 targeted the same stakeholders but had only introduced written materials.[77] Company 70 indicated that a code of conduct/best practice aimed at board members, employees and aspects of the supply chain and a signed agreement and contractual conditions aimed at employees and aspects of the supply chain had been adopted. An informal audit process was also noted to have been introduced for employees and aspects of the supply chain. These appear, by and large, to be relatively limited attempts to implement the companies' policies, though relying on contractual provisions may be more stringent. Company 35 had adopted more extensive measures – codes of conduct/best practice were reportedly aimed at shareholders, NGOs or independent bodies and aspects of the supply chain as well as employees and board members. Training sessions or workshops were provided in-house for employees, NGOs/independent bodies, government agencies and aspects of the supply chain. Contractual conditions applied to customers/clients as well as to board members, employees and aspects of the supply chain and online and written materials and meetings or announcements had also been employed. Despite ranking corruption as a relatively low priority in CSR terms, these reported efforts go substantially further than those reported by the other companies.

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[77] The company indicated earlier that it had a policy in place regarding corruption so it could be assumed that this policy was not targeted at any of the stakeholders listed, raising the question who it is aimed at.

Efforts to achieve compliance were split. Companies 3 and 55, based in the UK, reported having taken very few steps to achieve compliance with the company anti-corruption policy, relying primarily on the involvement of external auditors. Company 55 had indicated that external auditing was the only method adopted to achieve compliance and indicated that this was found to be 'somewhat effective'. Company 3 selected 'don't know' when ranking both the involvement of external auditors and the involvement of independent directors. [78] Companies 70 and 35, by contrast, reported employing a range of measures which involve internal company efforts such as in-house monitoring and enforcement processes as well as the involvement of external auditors. These companies rated almost all of the measures adopted as 'highly effective' or in some cases 'somewhat effective' in helping to achieve compliance. The insights gained so far in this respect suggest that the level and success of compliance mechanisms is associated with the individual company as opposed to certain mechanisms being generally found to be more useful than others. Again, in the full survey it will be important to consider whether this observation stands and if so what the particular characteristics of companies reporting successful compliance mechanisms are.

5.1.7 Prioritisation of Corruption in CSR

Participants were asked to rank different components of CSR in order of priority, with 1 being the most prioritised and 6 the least prioritised and with zero indicating that the aspect was not considered to be relevant. Despite the possible response effects that may have been associated with this question, corruption was generally ranked as a low priority, with health and safety and human rights emerging as highly prioritised. The inverse however was true for the US listed company (see Figure I).[79]

It is feasible that issues such as health and safety are prioritised due to more prescriptive mandatory regulation. This at least is the case in the UK. This may also indicate a possible reason for the variance of the US based company since the US FCPA has seen vigorous promotion since its inception. Another possibility is that these companies do not prioritise corruption because they consider its prevalence to

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[78] Company 3 did not rank the value of imposing penalties for breach of the anti-corruption policy though indicated that these had been adopted.

[79] It should be remembered that these scores are not absolute values. They instead indicate each organisation's own view of the extent to which these different aspects of CSR are prioritised within their organisation.

be low and therefore less pressing than other issues. This however is a surprise viewed in the context of the findings discussed elsewhere in this report, and the countries in which some of the respondents operate (India, China and Mexico) which are rated as highly corrupt according to TI's corruption perceptions.

Figure I: Company CSR Priorities
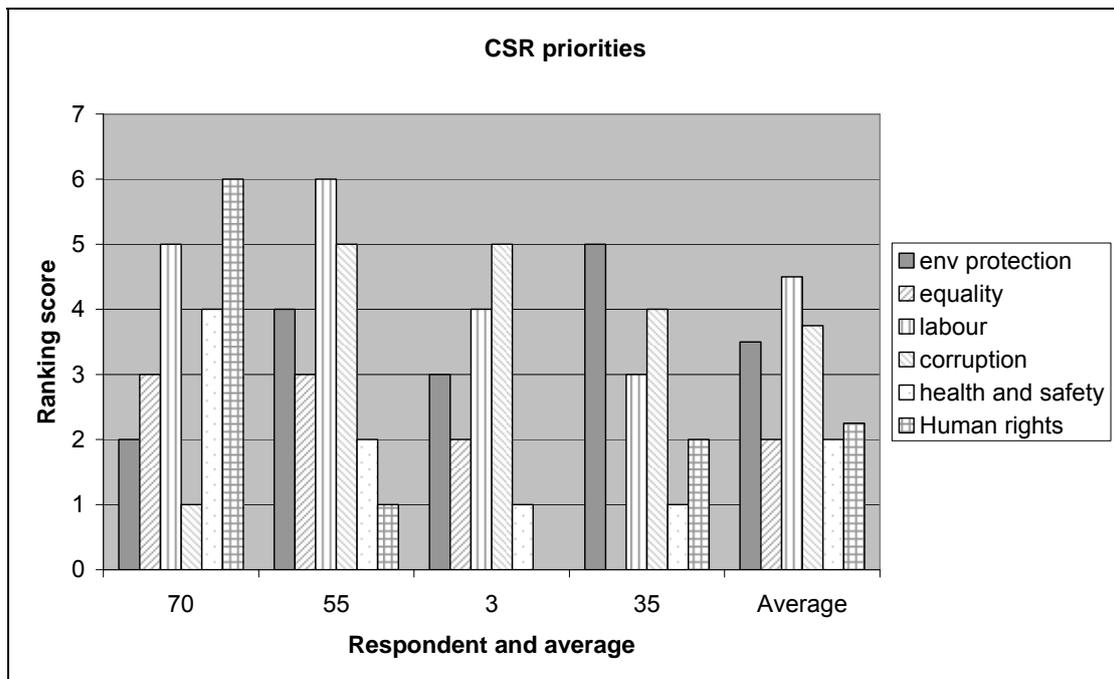
5.2 NGO Responses

5.2.1 Organisation Characteristics

Of the three NGOs which had responded in the time frame indicated, two - organisations 160 and 27 - were based in the US, one operating at the international level and the other at the national level. The third organisation, 116, was based in the UK and indicated that it operated at the local, national, regional and international levels. Organisation 160, a membership based organisation, was affiliated with businesses and undertakes activities for its corporate membership which is also the reported source of funding. Organisation 27 was reported to be independent but with a strong relationship with another business oriented organisation, which was cited as a source of funding along with multilateral or international donor agencies and academic institutions. Organisation 116 was reported to be affiliated with 'civil society organisations, NGOs' and cited private donors or foundations and other NGOs

as sources of funding, noting that 'a combination of international NGOS and foundations fund the coalition's activities at local, regional and global levels'.

5.2.2 Organisation Orientation and Activities

The stakeholders targeted by these organisations varied. Organisation 161 targeted, in particular, businesses, including the overseas intermediaries of MNCs (multinational corporations) and SMEs, trade organisations and the professions. Organisation 116 had a slightly broader target including NGOs, journalists and local interest groups, for example. Organisation 27 targeted a similar variety of civil society organisations, institutions and businesses but targeted fewer stakeholder types overall. All organisations reported targeting MNCs and international organisations. These orientations were reflected in the organisations' reporting of stakeholders with whom it worked jointly/in collaboration or on behalf of for the purpose of research or monitoring (see below). Organisation 161 worked jointly with and on behalf of both MNCs and SMEs and also worked in collaboration with international organisations and NGOs. Organisation 116 worked in collaboration with national governments, MNCs, SMEs, and local, regional and international NGOs. Organisation 27 worked with international organisations and NGOs and with academic faculties.

5.2.3 Research, Monitoring, Networking and Collaboration

With respect to research and monitoring,[80] Organisation 27 was unsurprisingly, given its identified sources of funding and affiliations, reported to be involved with several activities and was noted to undertake 'analysis of policies, issues', 'synthesis of existing research or publications', 'empirical or action research and surveys' and 'benchmarking'. Organisation 116 was also involved in the 'analysis of policies, issues' and 'synthesis of existing research or publications' but was also involved with more applied enforcement-based activities in the form of the monitoring of businesses and other organisations (on its own behalf) and the application of toolkits for enforcement/monitoring. Organisation 160 was involved with benchmarking and the production/provision of toolkits for monitoring/enforcement.

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[80] Covering issues such as analysis of policies, issues, production of toolkits for monitoring, campaigning and surveys.

All organisations reported being involved with some activities in the area of policy development and this was particularly true of 116 which reported being involved in the development of national, regional and international instruments and various types of non-legal initiatives, guidelines and codes and sought to influence governments (domestic and foreign), businesses (MNCs and SMEs) and international and regional organisations. Organisation 161 focused its policy efforts more narrowly on business and industry (as well as international instruments) and 27 was involved in a more limited way through the development of policy/law reform and publication of papers, targeted at businesses, other NGOs and the general public.

Involvement in 'campaigning and activism' was more limited in the case of the US based organisations; 27 cited 'attendance at meetings/workshops' as its only activity in this category as did 161 which also noted that

> 'We work with our member companies to ensure that they are aware of local, national and international developments in anti-corruption policy and the enforcement of anti-corruption laws. We also conduct due diligence on and provide training to commercial third parties that work with our multinational member countries to ensure that they are conducting their business in a transparent manner.'

Organisation 116 was again involved in a broader range of activities including lobbying directed at a broad range of stakeholders including governments, industry associations, businesses, high commissions and regional and international organisations. Its activities were reported to be targeted at all levels from local to international.[81]

In relation to networking and collaboration, there was some overlap between responding organisations: 116 again interacted with stakeholders through a range of activities - information and resource sharing, development and/or implementation of policies or programmes - and was identified as belonging to a 'coalition or network of NGOs' and 'a multi-stakeholder coalition or network'. Organisation 161 was involved only with information sharing and 27 in information sharing and development and/or implementation of policies or programmes. These organisations were not members of any coalition or network.

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[81] Organisation 160 reported targeting activities at the international level and organisation 27 did not respond.

5.2.4 Capacity Building and Awareness Raising

Organisation 160 was involved in several specific activities within the category 'capacity building and provision of services' and these were all reported to be aimed at businesses though training was also aimed at government agencies. Organisation 27 also targeted businesses in respect of its capacity building activities and provision of services though it was also involved with the production of guidelines aimed at the general public. A variety of activities was also undertaken by 116 and in this case all were aimed at the general public. The organisations also undertook a range of activities within the category 'awareness raising'. With respect to outreach work various stakeholders were targeted but all three organisations reported targeting SMEs. Very few print based or alternative approaches were employed for the purpose of awareness raising but several web-based activities were cited including the provision of policy briefings, education courses/programmes, newsletters, research results/reports[82] and a database of materials[83]. The use of broadcast media was also cited by organisations 160 and 116.

The different focuses of these organisations suggested by their affiliations and cited sources of funding can be clearly recognised based on their involvement with different types of activity, as has been highlighted. Organisation 161 adopts a more facilitative or cooperative role, undertaking activities which assist or enable businesses (i.e. its corporate members), the primary focus of its activities. Organisation 27 targets a range of stakeholders and is involved in different types of activity but focuses primarily on academic or policy focused work. Organisation 116 works with a variety of stakeholders and focuses more on direct actions such as campaigning and capacity building, including activities targeted at the general public as well as businesses (and others). The three organisations offer very different profiles and approaches in their role and activities. Certainly there is no holistic approach to be identified from the general interactions and activities which were reported though this is of course not unexpected given the range of NGOs involved in the sample. What is interesting, and will be an important factor to analyse in the full data set is how, if at all, these different approaches correspond with different anti-corruption efforts and

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[82] Organisation 27 cited providing these in print as well as on a website.
[83] Company 161 indicated that they maintain a database of 'the gifts and hospitality rules and laws and regulations regarding the retention of commercial third intermediaries in over 70 countries.'

the experience of these NGOs in working with stakeholders, particularly businesses and in return, how these experiences correspond with the experiences and perceptions of participating companies.

5.2.5 Promotion of CSR

Organisations were asked whether they actively support or promote CSR initiatives. Only organisation 27 indicated that it did not. However, the two responding organisations indicated that all areas of CSR listed[84] were considered not to be relevant, with the exception of corruption which in both cases was ranked '1' on a scale indicating that '1' is the most prioritised aspect and '6' is the least prioritised aspect.

In response to the question 'Do you think that promotion or support of CSR initiatives may be relevant to your organisation in the future?' organisation 161 commented, 'the adoption of corporate codes of social responsibility, especially in the area of anti-corruption initiatives will continue to be a priority for our organization.' Organisation 27 commented 'we take an enterprise view of business ethics so we tend to view CSR initiatives as very important, but mostly in terms of how organizations create value for their shareholders'. These organisations (161 and 27) also responded to the question which asked them to rank, on a scale of 1-10, the extent to which different sources and influences have led to an improvement in CSR.[85] The responses are mixed and cannot provide, at this stage, an idea of the more general experience of NGOs. In several cases the perceptions of the two organisations contrasted strongly, though one possibility here is that this correlates with the type of stakeholder the organisation works with and the involvement that they have with them. For instance, organisation 27 indicated that the general public, collective activists and local NGOs had led to a strong improvement (these were ranked '8' or higher) but organisation 160 considered these to have had a neutral impact or worse. The converse was true for trade unions, international and regional organisations and domestic and foreign governments, which were ranked favourably by organisation 160 but not by 27. As stated, this gives a very uneven picture and needs to be explored further in light of additional data.

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[84] Environmental protection; equality and anti-discrimination; labour rights and standards; corruption; health and safety; human rights.

[85] With 1 indicating that the source has had no impact and 10 indicating that the source has had a significant impact.

In addition to the obviously different experiences of these organisations it is interesting to note that these observations were made despite the fact that all aspects of CSR except corruption were considered irrelevant by organisation 160 and that organisation 27 did not rank the aspects of CSR and indicated that it did not actively support CSR initiatives. The basis on which these observations of CSR influences were made is then somewhat opaque. One possibility is that these perceptions are based wholly on the organisations experiences with corruption. Another is that aspects of CSR which were not listed informed the respondents' perceptions.

5.2.6 Organisations' Activities and Experiences in Combating Corruption

Only organisation 27 reported not having policies or programmes in place specifically related to corruption giving as reason 'the institute's mission is to embed ethics into the everyday business decision-making and practice of organisations. While this, of course, includes corruption, it is much broader than that. There are other organisations much better equipped to deal with these issues and we support their efforts and rely on their findings in the work that we do.' This response is interesting in that it seems to some extent counter-intuitive. Whilst the organisation seeks to embed ethics, including anti-corruption aims, into business decision-making, it considers that the role of dealing with corruption should fall on other 'better equipped' organisations. This raises questions about how this 'embedding' can be achieved. The role played by this organisation is somewhat mysterious then given that it also indicated that it did not actively support CSR initiatives but does undertake activities in areas such as research, capacity building and awareness raising. The organisation indicated that it targets a variety of stakeholders though it is not completely clear how these relate to the objective of embedding of ethics into business decision making. It may be that the comments given above do not relate to these broader aspects of the organisation's activities.

5.2.7 Policies, Programme Orientation and Focus

The policies and programmes of organisation 160 were confined to the private sector whilst that of 116 applied also to the public sector, again reflecting the different

orientations of these organisations, observed above. The stakeholders which each organisation identified as targeting with respect to its anti-corruption activities also reflect these orientations, though there is a good deal of overlap in this case and, perhaps as importantly, a good deal of overlap in the stakeholders that are not targeted. Organisation 160 cited MNCs, SMEs and 'other' businesses (intermediaries), foreign governments, chambers of commerce and professional/industry/trade bodies. Organisation 116 cited international NGOs, international organisations, MNCs, SMEs and domestic and foreign governments.

Responses on the organisations' focus with respect to corruption work are worth presenting here:

Organisation 160 "We focus mainly on commercial anti-bribery issues. We work with our membership to help them develop compliance programs, conduct training and perform due diligence on their overseas commercial intermediaries to ensure that they [are] engaging in transparent business practices. We attempt to hold training workshops in each region annually. In some countries, we invite local government officials to participate in these training workshops in order to foster a discussion on anti-bribery issues between the government and the business community. We also provide our members with compliance tools such as guidebooks on various issues, such as eliminating the use of facilitation payments, as well as guidelines on various anti-bribery compliance initiatives such as how due diligence is necessary on various commercial third party relationships. These guidebooks and guidelines are contained on our resource center along with information of the gifts and hospitality laws and the laws regarding the retention of 3rd party intermediaries in over 70 countries."

Organisation 116 'We help citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. Natural resource revenues are an important source of income for governments of over 50 developing countries, including Angola, Indonesia, Kazakhstan, Nigeria and Venezuela. When properly managed these revenues should serve as a basis for poverty reduction, economic growth and development rather than exacerbating corruption, conflict and social divisiveness.
…".

These comments give a clear illustration of the two very diverse approaches being employed by these responding organisations.[86] Both organisations cited positive outcomes arising from their involvement. What is not known at this stage is to what

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[86] The stakeholders which each organisation identified as targeting with respect to its anti-corruption activities again reflects the orientations identified though there is a good deal of overlap in this case and, perhaps as importantly, a good deal of overlap in the stakeholders that are not targeted. Organisation 160 cited MNCs, SMEs and 'other' businesses (intermediaries), foreign governments, chambers of commerce and professional/industry/trade bodies. Organisation 116 cited international NGOs, international organisations, MNCs, SMEs and domestic and foreign governments.

extent either approach is representative of approaches commonly employed by NGOs with respect to corruption and to what extent, if at all, either approach may relate to the perceptions and experiences of businesses which have worked with NGOs. The linking of such experiences and perceptions along with the identification of the different orientations and of relevant NGOs may enable the development of a more refined conceptualisation of NGO involvement in combating corruption in business in later stages of analysis.

In terms of their experiences of working with the stakeholders identified organisation 160, working primarily with businesses, offers some encouraging comments. The respondent indicates that a strength of working with these stakeholders is that the companies which become members are 'motivated to do the right thing' and 'eager for guidance'. The only limitation identified is that the organisation's work necessarily only combats the supply side of bribery.

5.2.8 Organisations' Perceptions of Anti-Corruption Instruments

The NGOs were also asked to rank the extent to which they considered different measures have assisted in combating corruption in international business.[87] Respondents were asked to rank the measures on a scale of 1 – 10 with 1 indicating that the measure had no impact at all and 10 indicating that it had a significant impact. Organisation 116 did not respond to the question but of the data obtained perhaps the most striking finding is that overall the measures were ranked highly (that is, regarded as significant) and no measure was ranked below 4. There was again some difference in perceptions, particularly with respect to 'national laws in other countries of operation', '[National] Government policies', and 'attitudes of general public' but in many cases respondents were in agreement. This consistency is reflected in several, but not all cases in respect of rankings of specific instruments. For example, national legislative measures were ranked higher as a general category than in the case of some of the specific instruments by Organisation 27, which also indicated in several cases that they 'don't know' or are not aware of the source. Attitudes towards specific anti-corruption measures also varied somewhat between the two responding organisations and further data is required to enable reliable comments to be made in this respect. It

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[87] See fn 64 for list of measures and specific sources.

is noteworthy however that Stock Exchange rules were perceived in more neutral terms than they were by the responding companies and that, conversely, multilateral instruments were seen to be more influential. The US FCPA and the Sarbanes-Oxley Act were seen as the most influential of the listed instruments by the two responding NGOs.

Section 6
Concluding Remarks

This Report has highlighted the nature of the multi-faceted approach to combating corruption in international business. The strategies operate from the local level, for example through civil society action and the adoption of corporate codes of conduct, to the international level in the form of conventions and international agreements. The regulatory nature of these strategies also varies and includes traditional regulation through national legislative and enforcement measures and self-regulation and voluntary approaches, which may be based on company policies and procedures or may involve a broader range of stakeholders, as in industry-wide initiatives. As well as the influence of legal restrictions, other sources of rules and regulatory influences are important, such as business custom and practice, market influences and financial reporting rules, civil society demands. What is known is that all of the relevant strategies seek to eliminate corrupt practices in the areas to which they are applicable. What was not known is the extent to which these different strategies are effective (in the context of international business), to what extent businesses and NGOs are aware of the different strategies and are or are not influenced by them, the reasons for this, the ways in which the different strategies, motivations and drivers are interrelated in terms of influencing company behaviour, and what the drivers and influencing factors are which may preclude further progress. This Interim Report has sought to begin addressing these questions with a view to understanding how future anti-corruption efforts may be strengthened. Whilst the findings of previous surveys have provided a starting point, the survey being implemented by the present authors should lead to a more complete understanding of these issues.

The two sets of findings discussed in this Report give some indication of company attitudes and potential regulatory limitations or bottlenecks. Although the synthesis of previous surveys is illuminating in certain respects the findings of these raise many more questions. There is no valid way to explain the differences (or similarities) arising, for instance, in respect of country and sectoral differences. Similarly, whilst those findings indicate, for example, difficulties with implementation of both internal and external measures, there is not sufficient depth of analysis or examination of variables to explain why companies are not enforcing policies, are not aware of

regulations or do not think legislation will have the desired outcomes. Without this understanding it may be possible to describe weaknesses in a limited way but it will not be possible to address them. Addressing this gap is the aim of the present authors' survey but at this stage only the tentative issues from the pilot phase may be commented upon, including the important issue of non-response.

Whilst too limited to allow for generalisations, some interesting tentative observations can be made from a reading of the pilot survey along with those of previous surveys. Surveys to date, for instance, have not explored the role played by NGOs and how this relates to business attitudes to such stakeholder involvement. Our pilot findings indicate that this is an important issue as NGOs vary in their approaches to combating corruption suggesting that they should not be lumped together when considering their involvement as a stakeholder. These initial responses further suggest that there may be a difference between the ways NGOs perceive their contribution compared with the way companies see NGO involvement. NGOs, unsurprisingly, feel positive about their impact on corruption in international business. But companies seem to suggest that NGO involvement is not considered particularly important or effective in relation to company practices.

Within the field of CSR the emerging picture is that its incorporation may be more limited than might have been assumed. Companies did not prioritise corruption highly in comparison with certain other aspects of CSR and though NGOs did apparently prioritise corruption highly they did not prioritise other aspects of CSR, suggesting perhaps that corruption work was seen as separate from this broader field. This divergence of views again highlights the importance of identifying and understanding the views of these different stakeholders in order to consider how future efforts might be made more effective. Other differences can also be observed amongst the participants. The companies based in the UK seem to have engaged with anti-corruption strategies to a lesser degree than those based elsewhere for instance but at this stage there are a broad range of other variables which may be relevant and these should be explored when a greater range of data is available.

These pilot findings also suggest that whilst certain legal measures may not be considered to be highly relevant to companies, other important sources, such as stock

exchange requirements, may be shaping company attitudes and practices, The influence of some sources appears to be mixed both between and within stakeholder groups, indicating that further variables, yet to be understood, shape the attitudes of these stakeholders.

The matter of non-response is important not only because, if extended to the full survey it is likely to provide only a partial picture of the issues to difficulties in terms of gaining a complete and reliable picture in response to the research aims and questions but also because, when read together with the apparent unwillingness of other companies to be involved in survey research based on company policies, it suggests that companies remain reluctant to engage with the anti-corruption agenda. This raises the important issue of what more needs to be done for this agenda to be received and responded to with the seriousness it deserves.

While in some cases the findings of our pilot survey appear to be consistent with those of prior surveys, there are also conflicting findings. Of course, it is too early to make assumptions about whether such observations will hold true for the full survey but the data and findings presented provide further indicators of potential limitations and bottlenecks in existing strategies and regulations which attempt to tackle corruption in international business and at the same time highlight the need for further data which will allow these emerging possibilities and questions to be addressed. It is anticipated that such data will be presented in the final report.

Table I: Anti-corruption Instruments (As of December 2008)

Some key anti-corruption instruments and their characteristics, grouped broadly according to instrument type.[88]

Conventions		
Date	Instrument	Number of signatories/members
Entry into force: 14 December 2005	United Nations Convention Against Corruption (UNCAC)	Signatories: 140, Parties: 117
Entry into force: 6 July 2005	Southern African Development Community Protocol against Corruption (SADC Protocol)	Signatories: 14, Ratifications: 9
Entry into force: 1 November 2003	Council of Europe Civil Law Convention on Corruption	Signatories: 42, Ratifications: 33
Entry into force: 5 August 2006	African Union Convention on Preventing and Combating Corruption (AU Convention)	Signatories 38, Ratifications 11
Adopted 21 December 2001, Not yet in force.	Economic Community Of West African States Protocol on the Fight against Corruption (ECOWAS Protocol)	
Entry into force: 1 July 2002	Council of Europe Criminal Law Convention on Corruption	Signatories: 49, Ratifications: 41
Entry into force: 15 February 1999.	OECD Convention on the Bribery of Foreign Public Officials in International Business Transactions (OECD Convention)	37 Parties (all 30 OECD countries and Argentina, Brazil, Bulgaria, Chile, Estonia, Slovenia and South Africa)
Entry into force: 3 June 1997	Inter-American Convention against Corruption (OAS Convention)	Signatories: 34, Parties: 33

Financial/market measures		
Date	Instrument	Number of signatories/members
Present version published July 2003	The Financial Reporting Council, The Combined Code on Corporate Governance	"All companies incorporated in the UK and listed on the Main Market of the London Stock Exchange are required under the Listing Rules to report on how they have applied the Combined Code in their annual

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[88] For further examples see, for instance, http://www.biac.org/pubs/anti-bribery_resource/section_3.htm

		report and accounts."
Launched February 2006, implementation over 2 years from July 2006	FTSE 4Good criteria for Countering Bribery	Businesses meeting set criteria

Industry initiatives		
Date	Instrument	Number of signatories/members
Launched June 2003	Extractive Industries Transparency Initiative	23 candidate countries, 0 compliant countries, 37 'actively supporting' oil, gas and mining companies, further multi-stakeholder involvement
Introduced 1999, Revised 2003	ICC: Fighting Corruption - A Corporate Practice Manual	NA
Introduced 1977, last revised 2005	International Chamber of Commerce, ICC Rules of Conduct and Recommendations for Combating Extortion and Bribery	NA

Multi-stakeholder and NGO initiatives		
Date	Instrument	Number of signatories/members
Adopted 24 June 2004	UN Global Compact (Principle 10)	Various stakeholders. "More than 5600 participants, including over 4300 businesses in 120 countries around the world" (Source: Global Compact)
Launched June 2002	Publish What You Pay	305 signatory NGOs
2002: applied initially to energy, engineering and construction sectors, PACI launched officially in 2004	World Economic Forum, Partnering Against Corruption Initiative, Principles for Countering Bribery	140 signatory supporters

Table II: Offences created by the Anti-Corruption Conventions
(OAS Convention, OECD Convention, COE Convention & Protocol, SADC Protocol, ECOWAS Protocol, AU Convention and UN Convention)

Offences and Related Provisions	OAS Con.	OECD Con.	COE Con. & Protocol	SADC Protocol	ECOWAS Protocol	AU Con.	UN Con.
Active bribery of domestic public official	Art VII(1)b 'Public official', 'government official', 'public servant' construed widely to include those who have been selected, appointed or elected to perform activities or functions in the name of the State at any level of its hierarchy (Art I).		Art 2 (Note that offences in COE Convention are couched in mandatory terms with the use of the phrase 'shall adopt'.)	Art 3(1)(b) 'Public official' widely construed to include those in employment of state, its agencies, legislative, executive and judicial branch.	Art 6(1)(b) 'Public official' construed as person selected, appointed or elected and who perform public functions on a permanent or temporary basis.	Art 4(b) 'Public official' construed as official or employee of State or its agencies who have been elected, selected or appointed to perform functions in the name of the State.	Art 15 (a) Art 2(a) Public Official construed widely to include person holding legislative, executive, administrative or judicial office
Passive bribery of domestic public official	Art VI(1)(a)		Art 3	Art 3(1)(a)	Art 6(1)(a)	Art 4(a)	Art 15(b)
Passive bribery of foreign public official			Art 5				Art 16(2)
Active bribery of foreign public official	Art VIII	Art 1 but restricted to international business transactions No definition of international business transaction but Preamble states that it is to include trade and investment.	Art 5	Art 6	Art 12(1)		Art 16(1)
Bribery of members of foreign public assemblies; officials of international organisations;	Debatable. See above on definition of 'public official' but unlikely to include officials of international	'Foreign public official' is construed widely in Art 1(4) to mean any person holding a legislative, administrative or judicial office of a foreign country,	Arts 6, 9, 10 & 11 (Cover both active and passive bribery)	See Arts 6 & 1.	No definition of foreign public official. However could apply to		Art 16 See Arts 2(b) & (c) for definition.

members of international parliamentary assemblies; judges and official of International Courts	organisations.	whether elected or appointed; any person exercising a public function, and any official of a public international organisation. 'Foreign country' includes all levels of government.			these classes of persons by analogy.		
Active bribery in private sector			Art 7	Art 3(1)(e)	Art 6(5)(a)	Art 11	Art 21(a)
Passive bribery in private sector			Art 8	As above.	Art 6(5)(b)	Art 11	Art 21(b)ø
Active bribery of foreign arbitrators	Debatable.	See Art 1(4)	Art 4 of Protocol	See above.	See above. (Debatable since no definition of foreign public official.)	See above.	See above.
Bribery of domestic jurors	Debatable. See definition of 'public official' above.		Art 5 of Protocol	See above (Debatable)	See above in respect of domestic arbitrators.	See above (Debatable)	See above.
Bribery of foreign jurors	See definition of 'public official' above.		Art 6 of Protocol	See above (Debatable)	See above in respect of foreign arbitrators.		See above.
Illicit enrichment	Art IX A controversial provision due to reversal of burden of proof.				Art 6(3)(a)	Art 8	Art 20.

Diversion of monies, securities, property etc for purposes unrelated to those for which they were intended by public official for own/third party benefit.	See Art XI(1)(b)			Art 3(d)	Art 6(1)(e)	Art 4(d)	Art 17. Art 22 for private sector.
Omission/act in discharge of duties by public official for illicitly obtaining benefit for himself/third party	Art VI (1)(c)			Art 3(c)		Art 4(c)	Art 19.
Trading in Influence			Art 12	Art 3(f) Covers both public and private sectors.	Arts 6(2) (c) & (d)	Art 4(f)	Art 18.
Fraudulent Use/Concealment of Property Derived through Corruption Offences	Art VI(1)(d)			Art 8(g)	Art 7	Art 4(b)	Art 24
Transparency in Funding of Political Parties						Art 10	
Participatory Acts as principal, co-principal, instigator, accomplice or accessory	Art VI(1)(e)	Art 1(2)	Art 15	Art 3(h)	Art 7	Art 4(i)	Art 27.
Accounting Offences		Art 8	Art 14		Art 4		
Corporate Liability		Art 2.	Art 18 Legal person can be held liable for		Art 11	See Art 11(3).	Art 26.

			active bribery, trading in influence and money laundering.				
Tax Deductibility of Expenses	Art III (6)	See Para IV Revised Recommendation DAFFE/IME/BR (97) 20.		Art 4			
Bank Secrecy	Art XVI		Art 23	Art 8		Art 17	Art 40
Laundering of Proceeds		Art 7	Art 13		Art 7	Art 6	Art 23

Table III: Summary of anti-corruption surveys

Author	Date	Title	Details of sample	Data collection methods	Overview
Corruption and bribery surveys (general)					
Ernst & Young (Ernst & Young 2008)	2008	Corruption or Compliance: Weighing the Costs. 10th global fraud survey	1186 'senior decision-makers' in large organisation. "The sample was structured to include respondents from key parts of the company, including senior financial and risk managers as well as the heads of legal, compliance and internal audit groups'.	Telephone interviews. Interviews were conducted in local languages in 33 countries.	Aims to understand how companies are managing the risks associated with bribery of foreign officials, particularly in light of strong enforcement of the US FCPA. Looks at company experience of bribery, views on enforcement of anti-bribery and corruption laws, tools used to manage these risks e.g. internal auditing and awareness of FCPA.
Price Waterhouse Coopers (PwC 2008)	2008	Confronting Corruption: The Business Case for an Effective Anti-Corruption Program	390 executives	Online survey	Considers corruption from perspective of business risk and discusses data in the context of the business case for addressing corruption. Reports findings on impact and incidence of corruption, importance placed on business impacts of corruption e.g. impact on reputation, reported implementation and effectiveness of internal controls
KPMG (Forensic) (KPMG 2007)	2007	Overseas Bribery and Corruption	More than 100 FTSE 350 companies	Survey (unspecified)	Reports on company knowledge of the US FCPA and UK ATCSA, incidence of bribery and corruption practices and discusses of how companies are addressing and could address corruption.
Price Waterhouse Coopers (with Martin Luther University Economy and Crime Research Centre) (PwC 2007)	2007	Economic Crime: People, Culture and Controls	5400 respondents randomly selected. Target number of respondents in each country was based on GDP. Survey also involved a review of the results from 2026 cases of fraud reported by 1435 companies and the opinions of 1568 self-accredited experts on the impact of economic crime in seen emerging markets.	Computer assisted interviews (telephone and web) conducted in 40 countries by specially trained native language speakers.	Focuses on fraud and considers corruption as an aspect of this. Looks at perceived and reported levels of fraud, cost of fraud to companies, adoption of fraud risk management strategies and impacts of ethics and compliance programmes, reported motivations and profile of those committing fraud and issues with emerging economies.

Simmons & Simmons	2006	International Business Attitudes to Corruption	350 companies based in seven jurisdictions (UK, US, Germany, France, the Netherlands, Brazil and Hong Kong)	Telephone interviews	Considers corruption is a major obstacle to international business. Looks at incidence and costs of corruption for businesses, impact of anti-corruption legislation including respondents' awareness of domestic legislation and 'emerging best practice' regarding the adoption of internal measures.
Ethical Investment Research Services (EIRIS)	2005	Corporate Codes of Business Ethics: an International Survey of Bribery and Ethical Standards in Companies	1,966 companies on the FTSE All-world Developed Index + an additional 440 smaller UK companies	Analysis of existence and scope of codes of ethics and management systems	Measures the quality of ethics codes and business ethics management systems based on a scale. Discusses risk factors based on own data as well as TI and WB indices.
Sector specific corruption surveys					
Association of Certified Chartered Accountants (ACCA)	2007	Bribery and Corruption: the impact on UK SMEs	The sample consisted of two main groups: those actually working in SMEs as accountants or general managers and those in public practice who provide professional services to SMEs. Responses were received from 558 members		Discusses issue for SMEs in light of the OECDS call for more to be done in respect of these businesses. Notes importance of accountants in this area including their advisory role to businesses. Examines participants understanding of corrupt practices, its occurrence for SMEs and the relevance of different sources of help or assistance.
Chartered Institute of Builders (CIOB)	2006	Corruption in the UK Construction Sector	1404 respondents	Web-based questionnaire open to anyone in the UK (members and non-members)	Focuses on perceived presence of different types of corruption encountered in the construction industry and detection and reporting of fraud and corruption (with fraud viewed as an aspect of corruption).
CSR surveys					
KPMG and University of Amsterdam (KPMG 2005)	2005	International Survey of Corporate Responsibility Reporting	The top 250 of the Fortune 500 and top 100 companies in 16 countries. Response rate was 98%	Questionnaires and analysis of corporate reports	Discuss 'corporate responsibility' as a driver of financial performance and indicator of non-financial performance. Discusses level of reporting, trends in CR reporting such as broadening of scope and inclusion of assurance statements, drivers for CR.

Consultancy and Research for Environmental Management (CREM)	2004	Corporate responsibility in India: Policy and Practices of Dutch Companies	Written survey of 40 Dutch companies operating in India, interviews held with 9 companies in the Netherlands, with their daughter companies or suppliers in India and with 'a large number' of relevant stakeholders in India	Inventory of CSR policy, written survey, interviews.	Discuss in detail different aspects of CSR (social, environmental and economic – including corruption) and survey findings in respect of the frame of reference developed for the purpose of the research (mainly qualitative).
Institute of Directors (IoD)	2002	Corporate Social Responsibility: IoD Member Opinion Survey	500 respondents	Telephone interviews	Focuses on social and environmental aspects of CSR including discussion at board level and CSR reporting. Also examines 'specific CSR issues' which focus on employment and equality issues and on awareness of CSR initiatives and the influence of different stakeholders in influencing CSR policy.

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Appendix I: Questions and Responses: companies

Self-identifying information and similar has been removed to preserve anonymity.

SECTION 1: ABOUT CORRUPTION AND YOUR ORGANISATION'S POLICIES

1(A) Where is your head office?

QUESTIONNAIRE NO.	
70	USA
55	UK
3	UK
35	BVI

1(B) In which country/countries are you listed on a stock exchange?

QUESTIONNAIRE NO.	
70	UK AIM
55	UK
3	UK
35	UK AIM

1(C) Please list the countries where your organisation operates (continue on a separate sheet if required)

QUESTIONNAIRE NO.	
70	US, INDIA, MEXICO
55	WORLDWIDE EXCEPT CHINA, JAPAN, CANADA [?]
3	UK
35	BVI, CHINA, EUROPE, HK

2. CSR priorities
Below is a list of some different aspects of corporate social responsibility. Please rank these aspects according to the extent to which they are prioritised within your organisation. Rank the most prioritised aspect '1' and the least prioritised aspect '6'. You may replace a number with 'X' if you do not consider the aspect to be relevant.

QUESTIONNAIRE NO.	Env Protection	Equality	Labour	Corruption	Health And Safety	Human Rights
70	2	3	5	1	4	6
55	4	3	6	5	2	1
3	3	2	4	5	1	0
35	5	0	3	4	1	2

3. Does your organisation have a policy or policies in place to combat corruption?
Yes ☐ **GO TO QUESTION 5**   No ☐ **GO TO QUESTION 4**

QUESTIONNAIRE NO.	[Yes = 1, No = 0)
70	1
55	1
3	1
35	1

4 (A) If you answered 'NO' please state in brief the reasons why your organisation has not adopted a policy related to corruption.

QUESTIONNAIRE NO.	
70	Unit non-response
55	Unit non-response
3	Unit non-response
35	Unit non-response

4 (B) Has your organisation considered, or is it considering, adopting a policy related to corruption? What are the reasons for this?

QUESTIONNAIRE NO.	
70	Unit non-response
55	Unit non-response
3	Unit non-response
35	Unit non-response

IF YOU HAVE ANSWERED QUESTION 4, PLEASE RETURN THIS COMPLETED VERSION AS INDICATED. END OF QUESTIONNAIRE

5(A) In what year(s) was/were your policy or policies first established?

QUESTIONNAIRE NO.	
70	Unit non-response
55	2006
3	2007
35	2005

5(B) When was your corruption policy last reviewed?

0–6 months ago ☐   7–12 months ago ☐   13–24 months ago ☐

25–36 months ago ☐   More than 36 months ago ☐

QUESTIONNAIRE NO.	
70	Unit non-response
55	0-6MONTHS
3	0-6MONTHS
35	0-6MONTHS

6(A) Is the policy in written form? Yes ☐   No ☐

QUESTIONNAIRE NO	[Yes = 1, No = 0]
70	1
55	1
3	1
35	1

6(B) Is the policy publicly available? (if 'YES', please provide a copy if possible)

QUESTIONNAIRE NO	[Yes = 1, No = 0]
70	Unit non-response
55	0
3	1
35	0

7. Please identify which of the following potential aspects of corruption, if any, are directly addressed in your organisation's written policy/policies. Tick all that are relevant.
The policy might address the intentional or unintentional involvement with, offering, promising, giving, receiving or solicitation of the following:

	[Yes = 1, No = 0]			
QUESTIONNAIRE NO	**70**	**55**	**3**	**35**
Acts or omissions carried out in country of head office	1	1	1	0
Acts or omissions carried out in other countries of business	1	1	0	1
Activities of the main/parent organization	1	1	1	0
Activities in other aspects of the supply chain	1	1	0	1
Bribery, kickbacks	1	1	1	1
Facilitation payments	1	1	1	1
Giving gifts, benefits, hospitality	1	1	1	0
Receiving gifts, benefits, hospitality	1	1	1	0
Irregularities in invoicing	1	0	0	1
Recording of non-existent expenditure	1	0	0	0
Off-the-book accounting	0	0	0	1
Other off-the-book record keeping	0	0	0	0
Use of false documents	0	0	0	1
Intentional destruction of book-keeping documents earlier than foreseen by law	0	0	0	1
Embezzlement	1	0	0	1
Money Laundering	1	0	0	0
Insider trading	1	1	0	1
Trading in influence	0	0	0	0
Conflict of interest	1	0	0	0
Nepotism/granting advantage to family or friends	1	0	0	1

Political financial contributions/fundraising	1	1	0	0
Other (please specify)	0	0	0	0

8. Are there any reasons why some aspects are not addressed? Are there any other aspects you would like to include?

QUESTIONNAIRE NO	
70	We do not see a significant specific issue and it is covered in the [generality] of the policy
55	We are a young company only formed in 2006. Fully comprehensive procedures take time to develop and flesh out
3	Unit non-response
35	The factory is the largest subsidiary company of [x] which is located in China. Therefore, operating the business in China is the most important and complicated thing. The parent companies would be easy to handle with, so there are not too many things to be addressed.

9(A) Overall, to what extent, if at all, do you consider that corruption is present in the following instances?
Please circle the number which you consider is most appropriate, with 1 being not at all corrupt and 10 being entirely corrupt. Circle X for 'don't know'.

(i) Within your organisation

QUESTIONNAIRE NO	[X = 11]
70	1
55	1
3	1
35	2

(ii) Within the industry in which you operate

QUESTIONNAIRE NO	[X = 11]
70	2
55	5
3	11
35	2

9(B) What types of corruption, if any, are most prevalent in (ii)?

QUESTIONNAIRE NO	
70	We deal with governments in third world countries - Africa and Asia and therefore FCPA is an issue always
55	Bribes for contract awards and senior level access
3	
35	… *(Not included to maintain anonymity)*

SECTION 2: IMPLEMENTATION AND ENFORCEMENT

10. How, if at all, has your organisation implemented its anti-corruption policies? Please tick any that are relevant, if possible identifying which stakeholders the measures apply to.

[Board of Directors = 1;
Investors/shareholders = 2;
Employees = 3;
NGOs or independent bodies = 4;
Customers/clients = 5;
Government agencies = 6;
Aspects of the supply chain = 7;
Other (please specify) =8]

QUESTIONNAIRE NO	70	55	3	35
Introduced codes of conduct/best practice	1, 3, 7	1, 3		1, 2, 3, 4, 7
Provided training sessions/workshops in-house				3, 4, 6, 7
Used training/workshops provided by external organisation				
Meetings or announcements				1, 3, 7
Provided training videos/DVDs				
Provided online/electronic training materials				
Provided online information/ publicity materials				1, 3, 5, 7
Provided written materials		1, 3	1, 3	1, 3
Introduced a signed agreement	3, 7			
Contractual condition	3, 7			1, 3, 5, 7
Other (please specify)	Informal audit process – 3, 7			

11. Which approaches, if any, has your organisation used to ensure that its anti-corruption policies are complied with? Tick any that are relevant.

	[Yes = 1, No = 0]			
QUESTIONNAIRE NO	70	55	3	35
● **Auditing**				
Internal auditing of accounts	1	0	0	0
Internal auditing of other records	1	0	0	0
External auditing (through private body)	0	1	1	1
● **Personnel and Management**				
Appointment of compliance officer(s)/team(s)	0	0	0	0
Involvement of independent non-executive director(s)	1	0	1	1
Identification of composition of Board of Directors	1	0	0	1
Identification of management personnel	1	0	0	1
● **Internal Procedures and Processes**				
Incorporating compliance into staff appraisal system	1	0	0	1
Disclosure of financial statements	0	0	0	1
Regulation of remuneration within the organisation	1	0	0	1
Regulation of nomination within the organisation	1	0	0	1
Regulation of Director's shareholdings	1	0	0	1
Adopting measures for appointment of suppliers and similar	1	0	0	1
In-house monitoring of suppliers and similar	1	0	0	1
Penalties for breach of the anti-corruption policy	1	0	1	1
In-house confidential hotline or reporting procedure	1	0	0	1
Other 'whistle-blowing' measures (please specify)	0	0	0	0
● **External Procedures and Processes**				
Enforcement by government agency	0	0	0	0
Monitoring by industry-specific body	0	0	0	0
Monitoring by NGO	0	0	0	0
Monitoring by other body (please specify)	0	0	0	0
Other (please specify)	0	0	0	0

12. To what extent do you feel that these approaches HAVE ACTUALLY HELPED TO ACHIEVE COMPLIANCE with anti-corruption policies within your organisation? Please tick the most relevant response on the scale, indicating whether you think the approach has been effective or ineffective.

[Not relevant = 0
Highly effective = 1
Somewhat effective = 2

Neither effective nor ineffective = 3
Somewhat ineffective = 4
Highly ineffective = 5
Don't know = 6
No response = 7]

QUESTIONNAIRE NO/response	70	55	3	35
Internal auditing of accounts	1	7	7	1
Internal auditing of other records	1	7	7	7
External auditing (through private body)	0	2	6	1
Appointment of compliance officer(s)/team(s)	0	7	7	1
Involvement of independent non-executive director(s)	1	7	6	1
Identification of composition of Board of Directors	1	7	7	1
Identification of management personnel	1	7	7	7
Incorporating compliance into staff appraisal system	1	7	7	2
Disclosure of financial statements	0	7	7	1
Regulation of remuneration within the organisation	1	7	7	1
Regulation of nomination within the organisation	1	7	7	1
Regulation of Director's shareholdings	1	7	7	1
Adopting measures for appointment of suppliers and similar	1	7	7	1
In-house monitoring of suppliers and similar	1	7	7	1
Penalties for breach of the anti-corruption policy	1	7	7	1
In-house confidential hotline or reporting procedure	1	7	7	2
Other 'whistle-blowing' measures (please specify)	0	7	7	2
Enforcement by government agency	0	7	7	2
Monitoring by industry-specific body	0	7	7	2
Monitoring by NGO	0	7	7	2
Monitoring by other body (please specify)	0	7	7	2
Other (please specify)	7	7	7	7

13(A) Have you had any reported instances or allegations of corruption within your organisation, within the past 12 months?

Yes ☐ **IF YOU ANSWERED 'YES' PLEASE GIVE FURTHER DETAILS IN 13(B)**

No ☐ **IF YOU ANSWERED 'NO' PLEASE GO STRAIGHT TO QUESTION 14**

[Yes = 1, No = 0]

QUESTIONNAIRE NO	
70	0
55	0
3	0
35	0

13 (B) Please give further details relating to the incident(s) or allegation(s) of corruption:

- **How many instances or allegations of corruption have you had in the last 12 months?**

- **Which aspects of corruption were involved in the allegation(s) or incident(s)?** Please tick all that are relevant

SECTION 3: ANTI-CORRUPTION INFLUENCES AND MECHANISMS

14. To what extent, if at all, do you consider the following have influenced your organisation's behaviour in relation to corruption? Please circle the number which you consider is most appropriate, with 1 indicating that the source has had no influence at all and 10 indicating that the source has been extremely influential. Circle X to indicate 'don't know' or that you are not aware of the source.

['x' = 11, no response =12)]

QUESTIONNAIRE NO	70	55	3	35
International law *(for example, agreements or conventions)*	10	4	11	10
Industry specific codes or initiatives	10	4	11	10
General voluntary initiatives (for example, voluntary codes, coalitions, guidelines)	3	4	3	9
National laws in the main country of operation	10	4	11	10
National laws in other countries of operation	3	4	11	9
[National] Government policies	10	12	11	9
Influence of NGOs or pressure groups	1	12	11	9
Consumer/client demand	1	12	11	9
Attitudes of general public	1	12	11	9
Employee demand	9	12	11	9
Shareholder demand	9	12	11	9
Corporate ethical values	10	8	5	8
Protection of corporate reputation	10	12	5	8
Wish to remain competitive	1	12	5	8
Economic benefits/operational efficiency	1	12	5	9
Stock exchange listing requirements	10	12	11	10
Other (please specify)	12	12	12	12

15. For sources which you identified in question 14, above, please provide further details where possible. (For example, identifying or commenting on particular agreements, bodies or laws).

QUESTIONNAIRE NO.	
70	Unit non-response
55	Unit non-response
3	Unit non-response
35	Unit non-response

16. Do you consider that the following SPECIFIC SOURCES OF RULES have had any impact on your organisation's behaviour or approach to corruption? Please circle the number which you consider is most appropriate, with 1 indicating that the source has had no influence at all and 10 indicating that the source has been extremely influential. Circle X to indicate 'don't know' or that you are not aware of the source.

[, 'x' = 11, no response =12)]

QUESTIONNAIRE NO	70	55	3	35
International and Regional Instruments				
United Nations Convention against Corruption (UNCAC)	1	3	11	9
OECD Convention on the Bribery of Foreign Public Officials in International Business Transactions	1	3	11	9
African Union Convention on Preventing and Combating Corruption	1	1	11	5
SADC Protocol against Corruption	1	1	11	6
ECOWAS Protocol on the Fight against Corruption	1	1	11	6
The Inter-American Convention against Corruption (OAS Convention)	1	3	11	6
Council of Europe Criminal Law Convention on Corruption	1	3	11	6
Council of Europe Civil Law Convention on Corruption	1	3	11	6
National Measures				
US Foreign Corrupt Practices Act	10	7	11	3
US Sarbanes-Oxley Act	1	3	11	3
US False Claims Act	1	12	11	3
UK Anti-terrorism, Crime and Security Act 2001	1	1	11	3
UK Public Interest Disclosure Act 1998	1	1	11	7
UK Proceeds of Crime Act 2002	1	1	11	3
UK Fraud Act 2006	1	1	12	3
London Stock Exchange Combined Code on Corporate Governance	10	6	1	10
General Listings Rules of London Stock Exchange	10	6	1	10
Listings Rules of New York Stock Exchange	1	1	11	2
Listings Rules of Johannesburg Stock Exchange	1	1	11	2
Listings Rules of Hong Kong Stock Exchange	1	1	11	7
Multilateral Instruments				
United Nations Global Compact	1	2	11	2
OECD Guidelines for Multinational Enterprises	1	2	11	3
International Chamber of Commerce Rules of Conduct on Combating Extortion and Bribery	1	2	11	3

Partnering Against Corruption (PACI) Principles for Countering Bribery	1	2	11	5
Transparency International Business Principles for Countering Bribery	1	2	11	5
Other (please specify)	1	12	11	12

17. Do you consider that the following influence your organisation's behaviour in relation to corruption?
Please tick the most relevant response on the scale.

No influence at all on behaviour= 1
Not very influential = 2
Neutral = 3
Some influence on behaviour = 4
Substantial influence on behaviour = 5
Don't know = 6
No response = 7

QUESTIONNAIRE NO	70	55	3	35
Government fines	4	1	3	7
Individual imprisonment	5	4	4	[6, 7]
Refusal/revocation of government licences/permits	4	2	4	3
Government incentives to comply	**2**	**1**	**3**	**5**
Exclusion from stock exchange	5	3	4	5
Shareholder action	7	1	4	5
Loss of new business opportunities	4	1	4	5
Potential for economic loss	4	1	4	5
Sanctions by trade associations	3	1	3	5
Pressure from NGOs	3	1	3	4
Consumer boycotts	3	1	3	5
Damage to reputation through media coverage	5	1	4	5
Public access to information (e.g. results of audits, disclosure of payments made)	7	1	4	5
Other (please specify)	ETHICS OF COMPLYING WITH LAW - 5	7	7	7

18. To what extent, if at all, are you opposed to, or in favour of, an INCREASE in the following measures or actions, for the purpose of combating corruption? Please tick the most relevant response on the scale.

Strongly opposed to increase = 1
Somewhat opposed to increase = 2
Neither opposed nor in favour = 3
Somewhat in favour of increase = 4
Highly in favour of increase = 5
Don't know = 6
No response = 7

QUESTIONNAIRE NO	70	55	3	35
The number of government regulations applied to organizations	1	2	3	3
The stringency of government regulations applied to organizations	1	2	2	3
Greater harmonisation of regulations across and within jurisdictions	5	4	3	3
The **frequency** of government enforcement activities applied to organisations	4	3	2	2
The **thoroughness** of government enforcement activities applied to organisations	4	3	3	3
The **level** of sanction imposed by government agencies following non-compliance with regulations	4	3	3	3
The **probability** of sanctions being imposed by government agencies following non-compliance with regulations	5	3	3	3
Collaboration within your specific industry to produce voluntary standards or other voluntary initiatives	3	5	3	3
Collaboration with a coalition or range of stakeholders to produce voluntary standards or other voluntary initiatives	3	3	3	3
Collaboration between industry to produce standards or measures to be enforced by an independent agency	2	3	3	7
Collaboration with a coalition or range of stakeholders to produce standards or measures to be enforced by an independent agency	2	3	3	4
The standardisation of corporate codes of practice	4	3	4	4
Increased pressure from senior management/Board of Directors to combat corruption	5	3	3	4
Increased compliance with existing anti-corruption measures or initiatives by competitors	5	5	3	4
Increased training and education measures aimed at organization's senior management or directors	4	3	4	4
Increased training and education measures aimed at organization's staff members at other levels	4	3	4	4
Increased training and education measures aimed at the general public	3	3	4	5

19. If you were asked to sign your organisation up to a new anti-corruption initiative, to what extent, if at all, would the following factors INCREASE OR DECREASE the likelihood of you signing? Please circle the number which you consider is most appropriate, with 1 indicating that the factor would strongly decrease the likelihood of signing and 10 indicating that the factor would strongly increase the likelihood of signing. Circle X to indicate 'don't know'.

['x' = 11, no response =12)]

QUESTIONNAIRE NO	70	55	3	35
The opportunity for a high level of input into the negotiation and development of the initiative	7	8	3	7
The inclusion of a broad range of similar organisations in the negotiation and development process	5	8	4	6
The involvement of multi-country NGOs or similar bodies in the negotiation and development of the initiative	6	2	3	5
The involvement of local (national or smaller) NGOs or similar bodies in the negotiation and development of the initiative	6	2	3	5
The involvement of consumers in the negotiation and development of the initiative	5	2	4	5
The initiative having the status of a binding international legal instrument (e.g. a treaty or convention)	8	8	4	6
The initiative having the status of a voluntary agreement	4	3	3	5
The provision for enforcement of the initiative by an external body	7	8	4	4
The provision for enforcement of the initiative internally (each organisation conducting its own enforcement)	6	2	3	7
The belief that the initiative would actually be enforced	9	8	5	7
A major competitor signing up to the initiative	12	12	4	12
A major competitor refusing to sign up to the initiative	3	12	4	12
The provision that organisations would be free to implement the initiative in their own preferred manner	3	4	3	6
A requirement for standardised implementation	6	8	4	6
The likelihood that competitors will comply	7	8	3	7
A high level of external pressure to achieve the initiative (e.g. from consumers or the general public)	4	6	3	3
The initiative reflecting the organisation's own 'ethics' or 'morals'	10	5	5	7

20. Additional information.
Please use this space to provide any additional information you feel is relevant about your own anti-corruption policies and/or measures or other points related to the prevention and combating of corruption.
Continue on a separate sheet if necessary.

QUESTIONNAIRE NO	
70	NONE
55	NONE
3	NONE
35	NONE

Appendix II: Questions and Responses: NGOs

Self-identifying information and similar have been removed to preserve anonymity.

SECTION 1: YOUR ORGANISATION'S IDENTITY

1[A] Where is your head office?

QUESTIONNAIRE NO	
161	USA
116	UK
27	USA

1[B] Please list the countries where your organisation operates. Continue on a separate sheet if necessary.

QUESTIONNAIRE NO.	
161	USA, 'we are based in the United States, but conduct training and workshops around the world each year. Our membership is made of companies and intermediaries that are based around the world'.
116	Australia, Azerbaijan, Cameroon, Chad, Congo Brazzaville, Cote d'Ivoire, Democratic Republic of Congo, France, Gabon, Georgia, Germany, Ghana, Guinea, Indonesia, Kazakhstan, the Kyrgyz Republic, Liberia, Mali, Mauritania, Mongolia, the Netherlands, Niger, Nigeria, Norway, Peru, Sierra Leone, Timor-Leste, the United States and the UK
27	U.S.

2. At what level(s) does your organisation operate? Tick any that are relevant.

[1 = yes, 0 = no]

QUESTIONNAIRE NO.	LOCAL	NATIONAL	REGIONAL	INTERNATIONAL
161	0	0	0	1
116	1	1	1	1
27	0	1	0	0

3. Is your organisation affiliated or linked with any of the following? Tick any that are relevant.

[1 = yes, 0 = no]

QUESTIONNAIRE NO.	160	116	27
Government/government agency or agencies			
o Domestic/national	0	0	0
o Foreign	0	0	0
Political party/parties	0	0	0
Academic institution(s)	0	0	1
Business(es)	1	0	0
International organisation(s)	0	0	0
Regional organisation	0	0	0
Donor agency or agencies	0	1	0
Religious organisations	0	0	0
Other (please specify)	0	1 CIVIL SOCIETY ORGANISATIONS, NGOS	1 BUSINESS ROUNDTABLE - WE ARE INDEPENDENT BUT HAVE A STRONG RELATIONSHIP.

4[A] Which of the following are sources of funding for your organisation? Tick any that are relevant.

QUESTIONNAIRE NO.	160	116	27
Government agencies	0	0	0
o Domestic/national	0	0	0
o Foreign	0	0	0
Political party/parties	0	0	0
Embassy/High Commission	0	0	0
Multilateral or international donor agencies	0	1	1
Private donors or foundations	0	0	0
Individual members or supporters	0	0	1
Academic institutions	0	1	0
Other NGOs	1	0	0
Business(es)	0	0	0
Donor agency/agencies	0	0	0
Religious organizations	0	0	1 BUSINESS ROUNDTABLE
Other (please specify)			

4 [B] Please provide further details of funding sources referred to above, if possible.

QUESTIONNAIRE NO.	160	116	27
	Our member companies pay an annual membership fee.	A combination of international NGOs and foundations fund the coalition's activities at local, regional and global levels.	

5. Which of the following stakeholders, if any, do you work with and/or target? Tick any that are relevant.

QUESTIONNAIRE NO.	160	116	27
The general public	0	0	1
Activists			
o Individuals	0	0	0
o Collectives	0	0	0
Local interest groups	0	1	0
NGOs			
o Local	0	1	0
o National	0	1	1
o International	0	1	1
Trade Unions	0	1	0
Schools	0	0	0
Academic faculties or universities	0	0	1
International organisations	1	1	1
Regional organisations	0	1	0
Scientists and/or engineers	0	0	0
Legal profession	1	0	0
Banking profession	1	0	0
Insurance companies	0	0	0
Auditors	0	1	0
Accountants	1	1	0
Businesses			
o Multinational Corporations (MNCs)	1	1	1
o Small to medium enterprises (SMEs)	1	1	0
o Other (please specify)	1	0	0
Government agencies			
o Domestic/national	0	1	0
o Foreign	0	1	0
Political party/parties	0	0	0
Embassies/High Commission(s)	0	1	0
Chambers of Commerce	1	0	1
Industry, trade or professional bodies	1	1	1
Journalists and media	0	1	0
Donor agencies	0	1	0
Religious organisations	0	0	0
Other (please specify)	0	0	0

6. Please provide detail on the types of work your organisation is involved with. Tick any responses that are relevant:

POLICY DEVELOPMENT

- **Which of the following, if any, does your organisation undertake?**

QUESTIONNAIRE NO.	160	116	27
Making proposals for policy or law reform	0	1	1
Publication of papers	1	1	1
Consultations with ministers or government bodies	0	1	0
Consultations with Embassies/High Commissions	0	1	0
Involvement in negotiations or development of:			
o National law or policy	0	1	0
o International legal instruments	1	1	0
o Regional legal instruments	0	1	0
o Industry/sector specific codes and other initiatives	1	1	0
o Government/public sector codes and other initiatives	0	1	0
o Business policies or codes	1	1	0
o Other (please specify)	0	0	0
Other (please specify)	0	0	0

- **Which stakeholders, if any, does your organisation seek to influence?**

QUESTIONNAIRE NO.	160	116	27
Governments	0	1	0
o Domestic/national	0	1	0
o Foreign	0	0	0
Political party/parties	0	0	0
Embassies/High Commission(s)	0	1	0
International organisations	0	1	0
Regional organisations	0	0	1
Other NGOs	0	0	1
The general public			
Businesses:	1	1	1
o Multinational Corporations (MNCs)	1	1	1
o Small to medium enterprises (SMEs)	1. The overseas intermediaries of MNCs and SMEs	0	0
o Other (please specify)	0	0	0
Other (please specify)			

CAMPAIGNING AND ACTIVISM

- **Which of the following, if any, does your organisation undertake?**

QUESTIONNAIRE NO.	160	116	27
Lobbying directed at			
o Governments			
Domestic/national	0	1	0
Foreign	0	1	0
o Embassies/High Commission(s)	0	1	0
o International organisations	0	1	0
o Regional organisations	0	1	0
o Businesses:			
Multinational Corporations (MNCs)	0	1	0
Small to medium enterprises (SMEs)	0	1	0
Other (please specify)	0	0	0
o Private sector/industry associations	0	1	0
o Other (please specify)	0	0	0
Boycotting of products	0	0	0
Boycotting of businesses:			
o Multinational Corporations (MNCs)	0	0	0
o Small to medium enterprises (SMEs)	0	0	0
o Other (please specify)	0	0	0
Boycotting of governments, regimes or countries	0	0	0
Protests, demonstrations, rallies	0	0	0
Mobilization of public for a cause	0	0	0
Litigation or legal representation	0	0	0
Joining or developing coalitions	0	1	0
Attendance at meetings, workshops, conferences	1	1	1
Letter writing	0	1	0
Other advocacy (please specify)	0	0	0
Other (please specify)	1. We work with our member companies to ensure that they are aware of local, national and international developments in anti-corruption policy and the enforcement of anti-corruption laws. We also conduct due diligence on and provide training to commercial third parties that work with our multinational member countries to ensure that they are conducting their business in a transparent manner.	0	0

- **At what level(s) is your campaigning targeted? Tick any that are relevant.**

QUESTIONNAIRE NO.	160	116	27
Local	0	1	Unit non-response
National	0	1	Unit non-response
Regional	0	1	Unit non-response
International	1	1	Unit non-response

RESEARCH and MONITORING

- **Which of the following, if any, does your organisation undertake?**

QUESTIONNAIRE NO.	160	116	27
Analysis of policies, issues	0	1	1
Synthesis of existing research or publications	0	1	1
Empirical or action research and surveys	0	0	1
Benchmarking	1	0	1
Production or provision of toolkits for monitoring/enforcement	1	0	0
Application of toolkits for monitoring/enforcement	0	1	0
Monitoring of public programmes or policies on own behalf	0	1	0
Monitoring of public programmes or policies on behalf of other stakeholders (please specify)	0	0	0
Compliance or performance monitoring of businesses on own behalf	0	1	0
Compliance or performance monitoring of businesses on behalf of other stakeholders (please specify)	0	0	0
Monitoring the projects or policies of other organisations (please specify) on own behalf	0	1	0
Monitoring the projects or policies of other organisations (please specify) on behalf of other stakeholders (please specify)	0	0	0
Other (please specify)	0	0	0

- **Does, or has, your organisation undertaken research or monitoring JOINTLY/IN COLLABORATION WITH OR ON BEHALF OF any of the following? Tick any that are relevant.**

JOINTLY/IN COLLABORATION WITH			
QUESTIONNAIRE NO.	160	116	27
National governments	0	1	0
Political party/parties	0	0	0
International organisations	1	0	1
Regional organisations	0	0	0
Businesses:			
o Multinational Corporations (MNCs)	1	1	0
o Small to medium enterprises (SMEs)	1	1	0
o Other (please specify)	0	0	0
Private sector/industry associations	0	0	0
NGOs			
o Local	0	1	0
o National	0	1	0
o International	1	1	1
Schools	0	0	0
Academic faculties or universities	0	0	1
Other (please specify)	0	0	0

ON BEHALF OF			
QUESTIONNAIRE NO.	160	116	27
National governments	0	0	0
Political party/parties	0	0	0
International organisations	0	0	0
Regional organisations	0	0	0
Businesses:			
o Multinational Corporations (MNCs)	1	0	0
o Small to medium enterprises (SMEs)	1	0	0
o Other (please specify)	0	0	0
Private sector/industry associations	0	0	0
NGOs			
o Local	0	0	0
o National	0	0	0
o International	0	0	0
Schools	0	0	0
Academic faculties or universities	0	0	0
Other (please specify)	0	0	0

NETWORKING AND COLLABORATION

- **Does your organisation collaborate with other bodies or organisations for any of the following?**

QUESTIONNAIRE NO.	160	116	27
Information sharing	1	1	1
Resource sharing	0	1	0
Development and/or implementation of policies or programmes	0	1	1
Other (please specify)	0	0	0

- **Is your organisation a member of**

QUESTIONNAIRE NO.	160	116	27

A coalition or network of NGOs	0	1	0
A multi-stakeholder coalition or network	0	1	0
Other network (please give details)	0	0	0

Does your organisation collaborate with any government enforcement agencies? If yes, please identify the agencies.

QUESTIONNAIRE NO.	160	116	27
	0	UNR	UNR

CAPACITY BUILDING AND PROVISION OF SERVICES

Which of the following, if any, does your organisation provide or undertake? Please tick any that are relevant, if possible identifying which stakeholders the activities apply to.

Other NGOs = 1;
General public = 2;
Businesses = 3;
Government agencies = 4;
Other (please specify) = 5;
No response = 6

QUESTIONNAIRE NO.	160	116	27
Training	3, 4	1	3
Assistance with development of policies or programmes	3	1	3
Advice or recommendations	3	1	3
Consultancy services		1	3
Production of guidelines	3	1	2, 3
Production or provision of decision-making tools			3
Application of decision-making tools (to stakeholders)			
Production or provision of compliance toolkits	3		
Application of compliance tools (to stakeholders)		1	
Provision of manuals or guidebooks	3	1	
Working with local community leaders		1	
Citizens report cards			
Providing anonymous reporting mechanism(s)	3		
Working with other local representatives (please specify)			
Other (please specify)			

AWARENESS RAISING

- **Which of the following, if any, does your organisation provide or undertake?**

QUESTIONNAIRE NO.	160	116	27
Outreach work with			
Local community or community groups	0	1	1
Schools	0	0	1
Multinational Corporations (MNCs)	1	0	1
Small to medium enterprises (SMEs)	1	1	1
Other (please specify)	0	0	0
Provision of education programmes or courses on website	1. And live	0	1
Provision of education programmes or courses in print	0	0	0
Policy updates or briefings on website	1	1	0
Policy updates or briefings in print	0	0	0
Newsletters on website	1	1	1
Newsletters in print	0	0	0
Research results and/or reports on website	0	1	1
Research results and/or reports in print	0	0	1
Database of materials (please give details) on website	1. We maintain a database of the gifts and hospitality rules and laws and regulations regarding the retention of commercial third intermediaries in over 70 countries.	0	0
Database of materials (please give details) in print	0	0	0
Other (please specify)on website	0	0	0
Other (please specify) in print	0	0	0
Use of broadcast media (TV, radio, newspapers, short films)	1	1	0
Use of information technology and new media (websites, blogs, podcasts)	1	1	0
Use of dance, street theatre or plays	0	0	0
Use of songs or poetry	0	0	0
Use of comics, or visual art forms	0	0	0

Use of posters, leaflets and/or billboards		0	0	0
Other (please specify)		0	0	0

- **Which of the following, if any, does your organisation provide or undertake? Please tick any that are relevant, if possible identifying which stakeholders the activities apply to (e.g. which stakeholders are participants).**

Other NGOs = 1;
General public =2;
Businesses = 3;
Government agencies = 4;
Other (please specify) =5;
No response = 6

QUESTIONNAIRE NO.	160	116	27
Hosting conferences	3, 4	1	1, 3, 4
Provision of seminars or workshops	3, 4	1	3
Informal forums or discussion	3, 4	1	
Provision of other educational resources	3		3
Other (please specify)			

SECTION 2: CSR AND CORRUPTION

7. Does your organisation actively promote or support 'corporate social responsibility' (CSR) initiatives?

(1 = yes, 0 = no).

QUESTIONNAIRE NO.	160	116	27
	1	1	0

8. CSR priorities
Below is a list of some different aspects of corporate social responsibility. Please rank these aspects on a scale of 1 - 6 according to the extent to which they are actively prioritised by your organisation.
Rank aspects that are highly prioritised '1' and rank aspects that are least prioritised '6'. You may replace a number with 'X' if you do not consider the aspect to be relevant.
[x = 7]

QUESTIONNAIRE NO.	160	116	27
Environmental protection	7	7	
Equality and anti-discrimination	7	7	
Labour rights and standards	7	7	
Corruption	1	1	
Health and Safety	7	7	
Human rights	7	7	

9. Do you think that promotion or support of CSR initiatives may be relevant to your organisation in the future? Please give reasons. Continue on a separate sheet if necessary.

Questionnaire no.	
160	The adoption of corporate codes of social responsibility, especially in the area of anti-corruption initiatives will continue to be a priority for our organization.
116	Unit non response-not relevant
27	We take an enterprise view of business ethics so we tend to view CSR initiatives as very important, but mostly in terms of how organizations create value for their shareholders.

10. Overall, to what extent, if at all, do you consider the involvement of the following has led to an improvement in corporate social responsibility? Please circle the number which you consider is most appropriate, with 1 indicating that the source has had no impact at all and 10 indicating that the source has had a significant impact. Circle X to indicate 'don't know' or that you are not aware of the source.

[X =11, NO RESPONSE = 12]

Questionnaire no.	160	116	27
The general public	4	12	8
Activists			
Individuals	5	12	5
Collectives	5	12	9
Local interest groups	7	12	6
NGOs			
Local	6	12	8
National	6	12	7
International	7	12	6

Trade Unions	8	12	2
Schools	5	12	2
Academic faculties or universities	5	12	4
International organisations	8	12	2
Regional organisations	8	12	5
Scientists and/or engineers	5	12	3
Legal profession	7	12	2
Banking profession	4	12	1
Insurance companies	4	12	1
Auditors	6	12	4
Accountants	6	12	4
Businesses			
Multinational Corporations (MNCs)	7	12	7
Small to medium enterprises (SMEs)	7	12	2
Other	12	12	11
Government agencies			
Domestic/national	9	12	3
Foreign	9	12	5
Political parties	4	12	2
Chambers of Commerce	6	12	4
Industry, trade or professional bodies	6	12	7
Journalists and media	7	12	9
Donor agencies	5	12	4
Religious organisations	4	12	4
Other (please specify)	12	12	12

11. Does your organisation have any policies, programs or activities in place that are directly related to corruption?

Questionnaire no.	160	116	27
	1	1	0

12. Which sectors are targeted or included in these policies, programmes or activities? Tick any that are relevant

Questionnaire no.	160	116	27
Private sector	1	1	
Public Sector	0	1	
Voluntary Sector	0	0	
Other (please specify	0	0	

13. Please outline the main focus of your work with respect to corruption. Which aspects of corruption are most relevant to your work? Continue on a separate sheet if necessary.

Questionnaire no.	
160	We focus mainly on commercial anti-bribery issues. We work with our membership to help them develop compliance programs, conduct training and perform due diligence on their overseas commercial intermediaries to ensure that they engaging in transparent business practices [sic]. We attempt to hold training workshops in each region annually. In some countries, we invite local government officials to participate in these training workshops in order to foster a discussion on anti-bribery issues between the government and the business community. We also provide our members with compliance tools such as guidebooks on various issues, such as eliminating the use of facilitation payments, as well as guidelines on various anti-bribery compliance initiatives such as how due diligence is necessary on various commercial third party relationships. These guidebooks and guidelines are contained on our resource center along with information of the gifts and hospitality laws and the laws regarding the retention of 3rd party intermediaries in over 70 countries.
116	We help citizens of resource-rich developing countries hold their governments accountable for the management of revenues from the oil, gas and mining industries. Natural resource revenues are an important source of income for governments of over 50 developing countries, including Angola, Indonesia, Kazakhstan, Nigeria and Venezuela. When properly managed these revenues should serve as a basis for poverty reduction, economic growth and development rather than exacerbating corruption, conflict and social divisiveness. …
27	

14. Do you consider that your work has resulted in positive outcomes in combating corruption? Please make reference to specific approaches, cases, stakeholders or programmes. Continue on a separate sheet if necessary.

Questionnaire	

no.	
160	Yes, we do believe that our work has resulted in positive outcomes in combating corruption. We work with our member companies to make sure that they are aware of the detrimental effects that corruption has on society. One area of success has been helping our member companies ban the use of facilitation payments. Under the laws of the United States, Australia and Canada as well as several other countries, small payments to government officials in order to induce them to perform a non-discretionary, routine government action provide an affirmative defense to charges of transnational bribery. However, we believe that companies should prohibit facilitating payments, even if they are technically allowed in certain jurisdictions for a number of reasons: 1) it's still a bribe; 2) allowing employees to pay certain bribes but prohibiting other bribes sends a mixed message to employees; 3) government officials will repeatedly ask a company or individual that is willing to pay for additional bribes; and 4) making facilitating payments are risky because companies risk books and records violations and the determination by an investigation government that a payment does not qualify as a facilitating payment. We have drafted a guidebook on how companies can eliminate making facilitating payments and prohibit facilitating payments as a corporate policy. We have several member companies that were skeptical at first, but that have now successfully eliminated facilitating payments. They have found that it is actually easier to conduct business when government officials realize that they should not even bother to ask the company for a bribe. One of our initiatives that we are most proud of the launch of […] a web-based reporting mechanism that allows those that have been asked for a bribe to report the demand anonymously. The website asks a series of drop-down questions including country, the government agency of the bribe requestor, the amount of the bribe (within ranges), and the threatened harm if the bribe wasn't paid. We hope to report the results once we have statistically relevant data and use the information to help companies identify areas of risk and also to put pressure on governments to increase their commitment to transparency.
116	-International Accounting Standards After intense lobbying, in November 2007 the European Parliament called for a new international accounting standard requiring oil, gas and mining companies to report critical financial information, such as payments to governments, on a country-by-country basis. -Extractive Industries Transparency Initiative EITI The coalition has been heavily involved in a voluntary multi-stakeholder initiative, EITI, which sets a global standard for companies to publish what they pay and for governments to disclose what they receive. In September 2007, the EITI board passed 15 countries as 'candidate' countries, who can now progress towards full implementation of the initiative.
27	

15. Which stakeholders, if any, does your organisation target as part of your anti-corruption work?

Questionnaire no.	160	116	27
The general public	0	0	
Activists			
o Individuals	0	0	
o Collectives	0	0	
Local interest groups	0	0	
NGOs			
o Local	0	0	
o National	0	0	
o International	0	1	
Trade Unions	0	0	
Schools	0	0	
Academic faculties or universities	0	0	
International organisations	0	1	
Regional organisations	0	0	
Scientists and/or engineers	0	0	
Legal profession	0	0	
Banking profession	0	0	
Insurance companies	0	0	
Auditors	0	0	
Accountants	0	0	
Businesses			
o Multinational Corporations (MNCs)	1	1	
o Small to medium enterprises (SMEs)	1	1	
o Other (please specify)	1	0	
Government agencies			
o Domestic/national	0	1	
o Foreign	1	1	
Political parties	0	0	
Embassies/High Commission(s)	0	0	
Chambers of Commerce	1	0	
Industry, trade or professional bodies	1	0	

Journalists and media	0	0	
Donor agencies	0	0	
Religious organisations	0	0	
Other (please specify)	0	0	

16 [A] What are the greatest advantages or successes of working with these stakeholders? Please refer to the different types of stakeholder you have identified (if relevant). Continue on a separate sheet if necessary.

Questionnaire no.	
160	The companies that join our organization are motivated to do the right thing and are eager for guidance on how to establish effective anti-bribery programs within their organizations.
116	
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[B] What are the greatest challenges or limitations of working with these stakeholders? Please refer to the different types of stakeholder you have identified (if relevant). Continue on a separate sheet if necessary.

Questionnaire no.	
160	As I have stated, we deal mainly with businesses, therefore our organization focuses on the supply side of bribery. This provides limited opportunities to work on resolving demand-side issues. We have established an anonymous reporting mechanism to report requests for bribes, which we hope to use to confront the demand-side of bribery.
116	
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17. Are there any reasons why your organisation has not focused on corruption? Do you have plans to introduce any activities or policies focusing on corruption? Continue on a separate sheet if necessary.

Questionnaire no.	
160	Not applicable, we focus solely on anti-bribery and corruption issues.
116	The institute's mission is to embed ethics into the everyday business decision-making and practice of organisations. While this, of course, includes corruption, it is much broader than that. There are other organisations much better equipped to deal with these issues and we support their efforts and rely on their findings in the work that we do.
27	

18. To what extent, if at all, do you consider the following have assisted in combating corruption in international business? Please circle the number which you consider is most appropriate, with 1 indicating that the source has had no impact at all and 10 indicating that the source has had a significant impact. Circle X to indicate 'don't know' or that you are not aware of the source.

[X =11, NO RESPONSE = 12]

Questionnaire no.	160	116	27
International law (for example, agreements or conventions)	9	12	6
Industry specific codes or initiatives	8	12	8
Other voluntary initiatives *(for example, voluntary codes, guidelines)*	7	12	8
National laws in main country of operation	10	12	8
National laws in other countries of operation	10	12	6
[National] Government policies	9	12	4
Influence of NGOs or pressure groups	8	12	10
Consumer/client demand	7	12	9
Attitudes of general public	4	12	10
Employee demand within business organisations	5	12	9
Shareholder demand within business organizations	6	12	5
Corporate ethical values	8	12	9
Desire of businesses to protect reputation	9	12	9
Desire of businesses to remain competitive	6	12	6
Economic benefits/operational efficiency perceived by businesses	8	12	5
Stock exchange listing requirements	9	12	5
Other (please specify)	12	12	12

19. For sources which you identified in question 18, above, please provide further details where possible. (For example, identifying or commenting on particular agreements, bodies or laws.)

Questionnaire no.	
160	The heightened enforcement environment of FCPA violations in the United States [sic] and now abroad has probably been the biggest motivator for companies to establish anti-corruption policies. This is combined with a company's desire to protect its reputation. A company generally

		does not want to see a front page story about a government investigation into corrupt payments made by its executives, and there have been several instances of country-wide boycotts of a company because of allegations of corrupt payments.
116		
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20. Do you consider that the following SPECIFIC SOURCES OF RULES have had any impact on the behaviour or approach of business organisations regarding corruption? Please circle the number which you consider is most appropriate, with 1 indicating that the source had no influence at all and 10 indicating that the source was extremely influential. Circle X to indicate 'don't know' or that you are not aware of the source.

[X =11, NO RESPONSE = 12]

Questionnaire no.	160	116	27
International and Regional Instruments			
United Nations Convention against Corruption (UNCAC)	9	12	6
OECD Convention on the Bribery of Foreign Public Officials in International Business Transactions	9	12	7
African Union Convention on Preventing and Combating Corruption	4	12	11
SADC Protocol against Corruption	4	12	11
ECOWAS Protocol on the Fight against Corruption	4	12	11
The Inter-American Convention against Corruption (OAS Convention)	5	12	11
Council of Europe Criminal Law Convention on Corruption	5	12	11
Council of Europe Civil Law Convention on Corruption	5	12	11
Other (please specify)	12	12	12
National Measures			
US Foreign Corrupt Practices Act	10	12	8
US Sarbanes-Oxley Act	10	12	8
US False Claims Act	7	12	3
UK Anti-terrorism, Crime and Security Act 2001	7	12	11
UK Public Interest Disclosure Act 1998	7	12	11
UK Proceeds of Crime Act 2002	3	12	11
London Stock Exchange Combined Code on Corporate Governance	5	12	4
General Listings Rules of London Stock Exchange	5	12	5
Listings Rules of New York Stock Exchange	5	12	7
Listings Rules of Johannesburg Stock Exchange	5	12	11
Listings Rules of Hong Kong Stock Exchange	5	12	11
Other (please specify)	12	12	12
Multilateral Instruments			
United Nations Global Compact	7	12	6
OECD Guidelines for Multinational Enterprises	8	12	5
International Chamber of Commerce Rules of Conduct on Combating Extortion and Bribery	8	12	4
Partnering Against Corruption (PACI) Principles for Countering Bribery	8	12	11
Transparency International Business Principles for Countering Bribery	8	12	7
Other (please specify)	12	12	11
Other instruments (please specify)	12	12	11

21. Overall, what do you consider to be:

[A] The greatest strengths of existing anti-corruption instruments? Please give examples.

Questionnaire no.	
160	Multilateral anti-corruption instruments such as the UN Convention Against Corruption and the OECD Anti-Bribery Convention, reach a number of different countries and provide a high standard for countries that have signed onto these conventions. This creates a level playing field for businesses and hopefully will increase transparency in those countries that have ratified these instruments.
116	
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[B] The greatest limitations of existing anti-corruption instruments? Please give examples.

Questionnaire no.	
160	The largest limitation of existing anti-corruption instruments is that there are so many of them and they often have conflicting provisions. There are two international conventions and at least six different regional conventions all with different provisions. For example facilitating payments are treated differently under the different conventions. The OECD Anti-Bribery Convention is silent on the issue of facilitating payments, however the un convention against corruption prohibits them. Countries such as the united states that permit facilitating payments, have ratified both conventions and are clearly not complying with the requirements of the un convention.

116	
27	Corruption does not happen in a vacuum. Instruments should guage other socio-economic factors for correspondence and see if there might be some new approaches to fighting corruption.

22. Do you think that local conditions should be taken into account when developing and implementing anti-corruption instruments? Please give examples.

Questionnaire no.	
160	Local conditions should be taken into account when developing and implementing anti-corruption instruments if it means that less-developed countries will receive more guidance and support from international organizations on steps that they can take to find and eliminate corruption in their own countries. If taking local conditions into account means that a certain level of corruption should be expected in some countries, then no, local conditions should not be taken into account when developing and implementing anti-corruption instruments. Corruption should not be excused because countries are so poor that they cannot pay their government officials adequate salaries and those officials need to supplement their income with bribe money. By excusing these conditions, those countries would have no incentive to increase transparency within their own governments, leading to a continued cycle of poverty. Local customs are another question. Should anti-corruption instruments take into account local gift-giving holidays and other local customs when there is no corrupt intent attached with items or received? To some extent the language of anti-corruption instruments already take local customs into considerations [sic]. For example "gifts must be customary under the circumstances" is a phrase that appears in some national laws.
116	
27	Yes - see my answer to 21b. One thing you learn from research is to collect lots of data an link your data to other data sets where applicable. There are often surprises hidden in the numbers, and perhaps indices to innovative approaches to problems.

23. Additional information.
Please use this space to provide any additional information you feel is relevant about your own anti-corruption policies and /or measures or other points related to the prevention and combating of corruption.
Continue on a separate sheet if necessary

QUESTIONNAIRE NO.	160	116	27