

ADVANCING GOOD GOVERNANCE in International Development

Peace, Security, and Governance in Goal 16: How Do We Tackle This?

9 – 10 June 2015

Rhodes House, Oxford

Breakout: The Contribution of the Private Sector in Tackling Corruption

The panel discussed anti-bribery and corruption in the context of SDG 16, focusing on private sector efforts to combat threats to governance which impact peoples' futures and resources and which undercut the rule of law. The panellists highlighted that corruption challenges implicate activities of the private sector itself, but equally involve institutions and cultural norms which impact individual behaviour. The panel encouraged thinking about the issue as a collective action problem, and promoted responding with multi-faceted solutions to corruption, many of which involve the private sector.

Key Points from the Session

- 1. The problem of corruption is not a matter of incentives, but of collective action.** Much of the thinking about anti-corruption has been that the answer to corruption is punishment. However, if corruption were a problem merely of changing incentives, it would have been tackled long ago. Instead, the challenge should be thought of as a collective action problem. When individuals or organizations in a given environment are engaging in corrupt activity, it is a rational choice for any given individual to follow suit. Recent research has indicated that certain business communities have successfully fought against corruption using collective action. They did this by mounting intense pressure on government to refuse to accept bribes and ostracizing their own members who broke the rules. This suggests that if the private sector organizes and acts in concert, it can have a positive effect on reducing corruption in a given community.
- 2. Overcoming corruption requires a change in values.** Even where an individual has the desire not to engage in corrupt activity, their surroundings may lead them to believe that the only way to advance in life is to engage in corrupt activity. Because of this, clear policies, reporting, and enforcing codes of conduct are not enough to dramatically move the needle on corruption. It is critical to set the right tone from the top, to encourage individuals throughout an organization to support a culture of values from the very beginning that encourages all affected to not engage in corrupt activity. Companies should work to foster an environment where all involved understand that doing the right thing is just "who we are and what we do."
- 3. Combatting corruption must involve educating the public and free exchange of information.** Industry groups, through collective action, can influence change by joining together to tackle corruption. It may be problematic to speak out against a government as a single company. It is much easier for the private sector as a group to inform citizens. Media can be used to inform and educate people. Public discourse around the issue of corruption is key to creating a culture where it is no longer acceptable to engage in this activity.
- 4. In tackling corruption, buy-in from the private sector is key.** If the private sector is to help in the fight against corruption, the "business case" for fighting corruption should be further developed. Damage to reputation, impairment on long-term sustainability, and legal issues can all be used to show that bribery is bad for business. Undertaking this research from a business perspective is key; case studies in this area can be highly effective. But in addition, actors in the private sector should be shown the benefits of having a strong culture of compliance. Having a strong anti-corruption program and culture of compliance more generally can serve to enhance a company's reputation and help it thrive.

Emerging Questions

1. How can we identify, and thereafter quantify, the contribution of members of the private sector to reducing corruption in the jurisdictions where they operate?
2. How do we level the playing field, so that companies and governments that do not engage in good practices with respect to corruption do not have an undue advantage over those who follow good practices?
3. How can we synergize efforts of the private sector and efforts of government to really advance progress with tackling corruption?
4. What is the role of lawyers as trusted advisers to their clients in advancing progress with anti-corruption?