Practical Guide to the Management of Corruption Risks in Organizations

Collective Action: Going Further Together to Counter Corruption

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Fighting Corruption in the Business Sector

CORRUPTION: Why should companies address the risks?

General problems/risks:

– Corruption is a phenomenon that affects the normal functioning of institutions, governments, economy and society in general;

– It seriously undermines the relations between citizens, public administrations and companies;

– It is also an obstacle to the development of economies and the normal functioning of markets.
Fighting Corruption in the Business Sector

CORRUPTION: Why should companies address the risks?

Specific problems/risks for companies:

- **Legal**: The enforcement of anti-corruption legislation at the national and international contexts has led to some uncertainty in terms of assessing and quantifying the real legal risks to which a company might be subject. *How far can a company be responsible for an agent acting in its behalf in other country?*

- **Financial**: There is now clear evidence that in many countries corruption adds upwards of 10 per cent to the cost of doing business and that corruption adds as much as 25 per cent to the cost of public procurement.

- **Reputational**: Companies whose policies and practices fail to meet high ethical standards, or that take a relaxed attitude to compliance with laws, are exposed to serious reputational risks, that may seriously harm their market space.
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CORRUPTION: Why should companies address the risks?

Advantages of a proactive attitude in fighting corruption:

- Trust relationships between internal employees;
- Good external reputation;
  - Attracting new talented people
  - Attracting new business
- Free and fair competition;
- Long-term sustainability.
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CORRUPTION: What can companies do?

– Asses and indentify the corruption risks (country, sector, relation with public administrations, intermediaries, partnerships);

– Plan how to mitigate the identified risks;

– Tone at the top;

– Implement an anti-corruption program throughout the company;

– Engage all employees (regular training and channels not only for complaints, but also for tips and clarifications);

– Engage associates and business partners (collective actions).
A Portuguese Good Example

GestãoTransparente.Org – Guia Prático de Gestão de Riscos de Corrupção nas Organizações

Transparent Management - Practical Guide to the Management of Corruption Risks in Organizations
GestãoTransparente.Org - Balance of use

Access to website: Geographical Distribution

Visits (Total): 1 0315
Unique visitors: 8 032
Visits average duration: 3,17 minutes
Simulations (Total): 4 539
GestãoTransparente.Org - Balance of use Simulations

Type:
- Public: 16%
- Private with Public Capital: 12%
- Private without Public Capital: 72%

Size:
- Micro: 30%
- SME: 24%
- Big: 46%
GestãoTransparente.Org - Balance of use Simulations

Organization Country

- Portugal: 71%
- Brazil: 17%
- Other: 12%

Destination Countries

- Portugal: 41%
- Angola: 22%
- Brazil: 9%
- Spain: 9%
- Mozambique: 9%
- Germany: 6%
- Other: 6%
71% of answers related to the organization's business sector ... 
- Information Technology
- Public Works and Construction
- Public Services
- Consumer Services
- Light Manufacturing
- Telecommunications and Equipments
- Real estate, Property, Legal and Business Services
- Civilian Aerospace

73% of answers related to the partners’ business sector ... 
- Consumer Services
- Public Works and Construction
- Information Technology
- Public Services
- Telecommunications and Equipments
- Banking and finance
- Transportation and storage
- Pharmaceutical and healthcare
- Light Manufacturing
GestãoTransparente.Org - Balance of use Simulations

Interaction with P. Administration

- Yes: 41%
- No: 59%

Partnerships

- Yes: 46%
- No: 54%