

War against Corruption

Introduction

Corruption is defined as a lack of integrity and honesty, whereby an individual uses a position of trust or power for dishonest gain. This definition encompasses the many aspects of corruption which we typically associate with the business and political arenas. Famous examples such as the Enron bankruptcy scandal, Nixon's abuse of presidential authority, and the Ponzi scheme of Bernard Madoff come to mind, but corruption is not limited to such large-scale or heavily publicized occurrences, in fact it can be quite small, with little to no monetary or political value.

Corruption is pervasive, affecting both the public and private sectors. Organizations such as government agencies, trade associations, police services, corporate entities, and small businesses are all susceptible to its influence. No region or country in the world is immune from corruption, though some places may be less prone to its influence than others.

Corruption can occur across many different levels of an organization and to various degrees of detriment. Some acts begin as simple favors between individuals in lieu of small gifts. This is known as *petty corruption*. *Grand corruption* occurs at the highest level of a company or agency, leading to issues that negatively affect the entire organization. Finally, corruption might also occur due to conflicting incentives or a lack of clearly defined organizational processes within a system. This is known as *systematic corruption*.

In this reading, we will examine the different forms of corruption that exist in today's society. We will also take a look at the different ways in which we might combat both its spread and magnitude.

Forms of Corruption

Corruption can take on many shapes and forms including bribery, embezzlement, theft, fraud, blackmail, extortion, favoritism, and nepotism. Each form of corruption is described in greater detail below.

- *Bribery* is the act of a person giving gifts or money to another person in order to change his or her behaviors. An example of bribery is the act of giving monetary rewards to sporting officials to ensure a specific outcome of a game.
- *Embezzlement* is defined as the act by which a person uses his or her trusted position to steal assets or monies from another person or organization for personal gain. Embezzlement does not involve physical violence but involves a breach of trust. The most common form of embezzlement is the under-reporting of income to government officials.
- *Theft* is when a person selects assets or monies to steal from a random person or organization. In theft, there are no previous trusting relationships between the two parties. An example of theft might involve a person who steals someone else's belongings in order to sell them for a profit.
- *Fraud* is the act of a person stealing another person or organization's assets or monies through deceitful actions for personal gain. An example of fraud might involve a financial company guaranteeing that a customer would receive a certain return on his or her stock investment and then failing to deliver on that guarantee.
- *Blackmail* is a crime where a person threatens to reveal damaging information about someone else if a demand goes unfulfilled. In blackmail, the threat made is legal even though the act may be humiliating. An example of blackmail might include a threat to divulge personal information such as what occurred when a CBS producer threatened to divulge David Letterman's extramarital affair if he refused to pay a sum of \$2 million to his blackmailer.
- Similar to blackmail, *extortion* is when a person tries to obtain assets or monies by threatening a person, but instead of threatening to reveal information, the threat is to physically harm the other person or their business interests. In extortion, the threat made is illegal. An example of extortion might include an activist group threatening to burn a company's office down if they fail to act on environmental reforms.
- *Favoritism* is defined as the act by which a person favors a group of people or a particular individual. An example of favoritism might include a manager who gives more flexibility and perks to a specific employee to whom he or she favors.
- *Nepotism* is similar to favoritism, except that it involves giving preferential treatment or appointments to a family member or close relative irrespective of their qualifications or skills. Many people viewed President John F. Kennedy's

appointment of his brother, Robert Kennedy, as the US Attorney General to be an example of nepotism.

Combating Corruption

According to the World Economic Forum (2012), the cost of corruption worldwide is \$2.6 trillion per year. With a cost so staggering, how can organizations and society members not rise to the challenge and take part in the fight against this global evil? Quite often people just don't know how to respond. Below is a list of some of the specific actions that organizations and individuals can take to help combat corruption.

Actions for Organizations

1. Be responsible for end-to-end delivery of goods and services. This does not mean that a business should preclude itself from using contractors and external sourcing, but they should take a vested stake in assuring that all levels of the production and delivery cycle are well monitored.
2. Increase awareness of corruption by training employees on ethical values. Executives, managers, leaders, and employees should be properly trained on a company's ethical, social, and moral values.
3. In order to fight corruption, employees at all levels of the company and in all departments must take part in the identification and fixing of ethical, moral, and illegal issues. It takes a proactive workforce in order prevent and undermine illegal activity.
4. Balance short term gains with long-term sustainability objectives. Companies should be aware of incentives for employees to meet short-term goals in lieu of long-term objectives. Aligning rewards for short-term and long-term goals balances company objectives and reduces the risk of corruption.

Actions for Individuals

1. Recognize different forms of corruption. As stated earlier in this reading, corruption can come in many different forms. The first step in fighting corruption is to recognize how these criminal acts can occur in everyday life.

2. Report corruption crimes to officials. The most important act a person can take to battle corruption is to report the crime. Corruption often continues because people let it continue. Criminals need to be made aware that their damaging actions have legal consequences and that they will be punished for their illicit activities.
3. Act as a role model for others. Behaving in an ethically and socially responsible way sets a great example for how others should behave. It is not only important to say you are fighting corruption, but to support your words by conducting yourself in a responsible way. Being a role model for others can encourage and shape the behaviors of those around you.
4. Support and promote good character and integrity initiatives. Help change others around you by supporting events, associations, and organizations aimed at promoting integrity, honor, and strong values. Even though you may be of good character, stand up and get involved to help change others. A little support and guidance can make a significant difference in how a person chooses to behave.

Winning the war against corruption takes everyone's involvement. Whether acting on behalf of an organization or as an individual, everyone can contribute to the fight against corruption.

Summary

- *Corruption* is defined as a lack of integrity and honesty, whereby an individual uses a position of trust or power for dishonest gain.
- Corruption exists in all countries and throughout society, including government agencies, trade associations, police services, and corporate entities.
- Corruption comes in many forms including bribery, embezzlement, theft, fraud, blackmail, extortion, favoritism, and nepotism.
- According to the World Economic Forum (2012), the cost of corruption worldwide is estimated at \$2.6 trillion per year.
- Organizations can combat corruption by:
 1. being responsible for end-to-end delivery of goods and services,
 2. increasing awareness by training employees on ethical values

3. including all employees in the identification and fixing of corruption problems, and
 4. balancing short-term gains with long-term sustainability objectives.
- Individuals can combat corruption by:
 1. recognizing different forms of corruption,
 2. reporting corruption to officials,
 3. acting as a role model for others, and
 4. supporting good character and integrity initiatives.

References:

World Economic Forum. (2012). *Global agenda councils: anti-corruption*. Retrieved from <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20190295~menuPK:34457~pagePK:34370~piPK:34424~theSitePK:4607,00.html>