

How to cope with the dangers of corruption in the private sector?

Transparency International Deutschland e.V.

Who is speaking to you?

- **TI member since 2003**
- **Leading the TI Germany private sector team since 2007**
- **Apart from that**
- **...**

TI's Definition of Corruption

“Corruption is the abuse of entrusted power for private gain.”

-TI's vision is a world in which government, politics, business, civil society and the daily lives of people are free of corruption

-TI's mission is to work to create change towards a world free of corruption.



Faces of Corruption

„Grease Money“/„Petty Corruption“

- Smaller amounts given e.g. to minor public officials to do work which they are already being paid to do.
- This term also covers so-called “facilitation payments”, and “spontaneous bribing”.

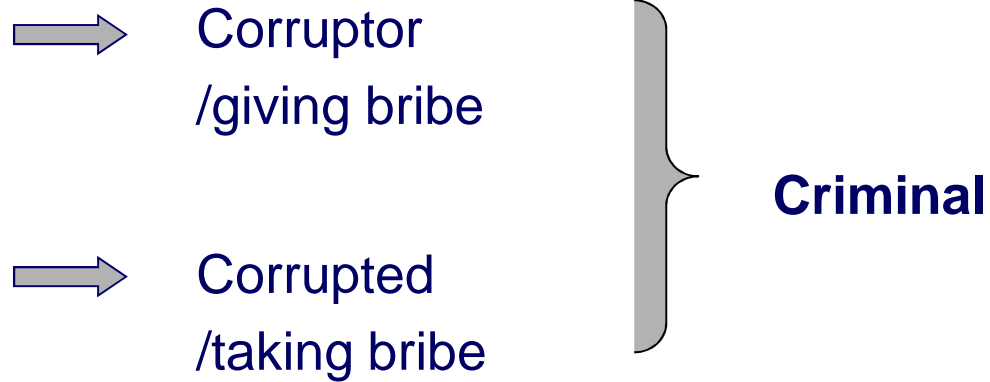


„Grand Corruption“ and „Networks of Corruption“

- is intended to influence decision-makers on a larger scale, is often international and involves large amounts.
- Acts of corruption on long-term basis set-up of cartels and grown relations, e.g. for constructions.



Apparent paradox: only criminals, no victims?



Nevertheless: the Price is (un-measurably) high

Corruption....

- Traps millions of people in poverty and misery
- Undermines democracy and the rule of law
- Distorts national and international trade
- Jeopardises sound governance and ethics in the private sector
- Breeds social, economic and political crises
- Threatens domestic and international security
- Retards social and economic development
- Threatens the sustainability of natural resources

Corruption is a world-wide Problem

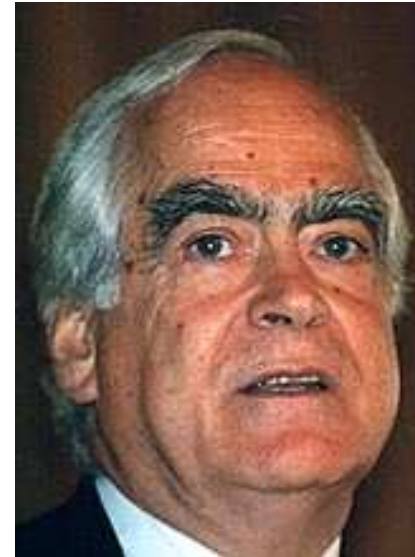


„Corruption has become a globally used instrument to do business; the fight against corruption must be globalised as well”

- Nobel Peace Prize Laureate Oscar Arias Sanchez, Former President, Costa Rica

Transparency International: As international as corruption

- Founded in 1993 by Peter Eigen
- International Secretariat in Berlin
- National Chapters in more than 90 Countries
- Activities/contacts in more than 100 Countries
- National Chapters work independently and are self-financed
- All chapters go through an accreditation process, which for instance demands that they have a code of conduct



Prof. Dr. Peter Eigen
Founder of TI



Transparency Germany: Basic Principle

“Transparency is not doing the job of prosecutors or journalists. Instead, we support und collaborate with those professions in their work against corruption.”



The founding principles of TI-Germany

- Non profit organization
- **We do not investigate individual cases**
- No political affiliation
- **Building coalitions instead of confrontation:** Building coalitions between government, private sector and civil society



We aim to:

- Keep the issue **Corruption** on the agenda
- Inform and sensitise the public about corruption
- Create structures which prevent or hinders corruption

Measures:

- Basic Principle: utilise „Windows of Opportunity”
- Public Relation work, e.g. events, conferences (mostly with co-operating partners)
- Press work
- Advocacy work (influencing bills, suggesting improvements or own alternatives)
- Maintain documentation, perform studies



Working with Corporate Members

- **Must sign declaration of commitment in order to become a member**
- **Companies obliges themselves to:**
 - Condemn and fight corruptive behaviour in their corporations and from their business associates (non-tolerance)
 - Implement binding company policies to prevent corruption
 - Train their employees in corruption prevention
 - Take up the issue of fighting corruption with/in their respective trade associations
- **‘Forum’ of Corporate Members meets twice a year**



Sample of Corporate Members of Transparency Germany



The first German city as corporate member of TI-Germany

The Structure of Corporate Germany

Workforce: roughly 42 Million; employed are 35 Million

Those 35 Million are working in 3.427.000 corporations

Small and medium sized corporations (that is up to 249 employees and a yearly turnover of up to 50 Million Euros): 3.38 Million

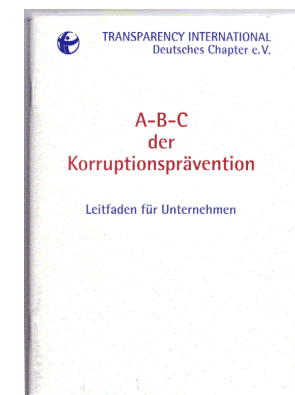
99,7% of all corporations are SMEs, which employ 70+% of all the employees in Germany

Working with Companies which are not Corporate Members

- We have a range of publications to help companies to get aware of their corruption risks, e.g.
- Self-Audit Checklist for the prevention of corruption in companies (the same exists for cities and city councils)
- The ABC of Corruption prevention
- Business Principles for Fighting Corruption
- A range of other publications from other sources (employer organisations, Compliance network organisations) which can be found and downloaded on TI Germany's Website.



Checkliste für „Self-Audits“ zur Korruptionsprävention in Unternehmen



How to prevent corruption in the private sector

- Having no corruption prevention programme might lead to being the victim of corruption.
- What do company owners do, if they detect that one of their employees has taken corruption money?
They
And why do they do that?



How to prevent corruption in the private sector

- **Corruption in the private sector:**
 - make things more costly
 - less quality
 - possible victim of blackmailing
 - undermines fair trading and fair business
 - no security any longer that the best will win
 - threatens innovation
 - within the company:
 - makes it sticky
 - closed doors
 - if management behaves like that, we (the employees) can...
 - a lot of corporate brain is (mis)used to make it happen: black accounts, secret meetings...



How to prevent corruption in the private sector

- **Corruption Prevention in the private sector – some needed steps:**
 - **Tone from the top – we make business only when it is clean business!**
 - **Analysis of critical points (where can corruption occur in this particular business we are doing?)**
 - **Development of a Code of Conduct (presents, expenses, invitations, etc.)**
 - **Internal control system**
 - **keeping the system up to date**
 - **Training of employees**
 - **whistleblower protection**
 - **establishment of an ombudsman**



How to prevent corruption in the private sector

- **Corruption Prevention in the private sector: /cnt'd**
 - **Senior Management has to be a role model in their daily behaviour and has to discuss "grey areas" with their employees – open discussion culture**
 - **Keep the topic on the agenda – tear it to the open space, corruption hates openness and transparency**
 - **In cases of misconduct: Clear consequences**



Corruption prevention is beyond the question of Yes or No – it is imperative

Thank you for your interest!

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