**FINAL SUMMARY REMARKS**

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**Panel on Anti-corruption**

**ANTI-CORRUPTION: WHO CARES?**

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The ‘fight against corruption’ presents two conflicting narratives. The first view, more optimistic, is that there has been genuine progress in fighting and preventing corruption, especially in the last 15 years, a movement that has made a deep impact in fighting corruption, reducing corruption, and preventing corruption. The optimistic narrative is promoted in the many conferences and program declarations that take place almost weekly in some form, where aid organizations, government agencies, ethics officers from firms and NGOs participate. This awareness is hyped by incessant demands for transparency, more audit systems, expert monitoring, public reporting, and more incentives to employee whistleblowing. In this view, the anti-corruption movement has led to real progress. By ‘progress’ less corrupt firms or less corrupt bureaucracies, less bribery and nepotism, more corruption being identified and caught earlier, more effective corruption prevention programs, and more firms having anti-corruption initiatives and programs within their CSR or Ethics and Compliance office. The fight against corruption is supposed to mean that things are getting better, that the bad guys increasingly have ‘no place to hide’. I have called this package of anti-corruption practices and discourses ‘anti-corruptionism’. The concrete manifestations of anti-corruptionism are everywhere: UN and OECD conventions, new or enhanced anti-corruption laws in the U.S., the UK and Europe, anti-corruption initiatives, budget lines, agencies and programs in all governments, anti-corruption conferences and training, anti-bribery investigations, corruption diagnostics and surveys, an ISO anti-bribery standard, and even Master’s degrees and certification in corruption and governance studies. The anti-corruption industry is established indeed. Integrity warriors are everywhere. One of these days, you might think, there will be no corruption. It will be eradicated, like polio or smallpox.

Contrasting this optimistic, even heroic vision, there is an alternative darker reality: that petty and grand corruption continues to occur; that countries and sectors that were profoundly corrupt remain corrupt; that corrupt practices have now simply become more sophisticated due to electronic money transfers, global connections and tax havens; that all the anti-corruption conferences, declarations, programs, standards. In this view the awareness raising, global compact initiatives, and integrity systems seem not have had much effect. This darker reality is confirmed by the corruption scandals that appear every day, such as the Panama papers, FIFA, Volkswagen, GSK in China, Siemens, Petrobras Brazil, FCPA judgements, the UK Serious Fraud Office raids, and the many accusations levelled at accounting firms such as KPMG and PWC, who while training firms to become more ethical, are at the same time caught in gross financial and bribery violations. This darker vision is marked by spectacular accusations, impressive fines, Deferred Prosecution Agreements, reputation scandals, and the chain of apologies by firms who insist that ‘we are changing our culture’ and that ‘it won’t happen again’. T In Scandinavia as well, we have had our share of corruption scandals (the largest FCPA penalty ever, 966 million dollars, belongs to the Swedish telecom Telia). Although most corruption scandals involve some kind of subversive cash payment, Scandinavian corruption may be more sophisticated. It may be the kind of networking that has a dark side: fixing of public bids or contracts, free trips to public officials, hiring former politicians as consultants or their children as interns, making sure your best friend finds out about a job or contract, or as recently occurred among politicians in Copenhagen, getting free use of the city hall to hold your private wedding reception. Here in Scandinavia it’s not called corruption. It’s networking run amok. It may be called abuse of power, or conflict of interest (Swedish: *jav*) or bad management. From a Scandinavian perspective, ‘corruption’ is something that takes place far away, to the south or east. Either here or abroad, the continued corruption scandals occur with stunning regularity and involve those in the very highest offices..

It is not my intention to say that one of these scenarios is more valid than the other. Perhaps we can say that anti-corruptionist progress discourse and the reality of rampant corruption exist in two parallel universes. This means that the presence of an anti-corruption movement does not necessarily entail the reduction of corruption. If my hypothesis about parallel universes is true, how do we explain it? One possible answer is that those in the ‘anti-corruption community’ are just hypocritical and insincere; that fighting corruption is nothing more than hollow piety. That it’s just window dressing or PR façade, and that firms are pursuing business as usual. However, the PR-explanation would be all too easy. There are people who sincerely want to stop the abuse of power we call corruption.

If we examine anti-corruption from a managerial standpoint, we can see that while corruption can overcome certain bureaucratic barriers (the ‘lubrication’ thesis, via speed payments), paying bribes and patronage also involve certain risks (financial/legal/reputational). In this sense, pursuing an anti-corruption strategy may present business-related opportunities to improve reputation and market share. With these opportunities in mind, let us assume that there really are people within firms who care about fighting corruption. The question, then, is whether the individual people’s commitment to fighting corruption can be elevated to some kind of organizational commitment. From the firm’s perspective, fighting corruption need not be simply an ethical or moral mission. There is a practical side: acting corrupt may be bad for business, especially in the Instagram age, where a single embarrassing post might ruin a firm’s reputation. On the positive side, promoting anti-corruption may actually be good business (at least in some sectors). In fact there seems to be an entire industry trying to convince businesses that transparency, honesty, anti-corruption, climate awareness, CSR and sustainability reporting are as important for the firm’s bottom line as sales and financial accounting. Firms are encouraged to be proactive: grabbing the opportunity before some kind of anti-bribery or sustainability reporting standard is pushed through by law, or before a scandal occurs and a naming and shaming event takes place. For business, then, the issue is whether to come forward on their own initiative and exert a bona fide ethics and compliance management, or to wait and see if a scandal might occur.

Organizations being what they are, not everyone in the firm will shares the same beliefs, attitudes or priorities. More likely, there are groups within the firm, such as the ethics and compliance department or the CSR unit, who genuinely care about fighting corruption. The task for the ethics officer would be to get the other employees ‘on board’. For this, one needs the proverbial ‘tone at the top’, such that anti-corruption becomes a priority in the organization. The problem is that companies are not ethical actors as such. Unlike NGOs, they do not have a moral project. Firms do not exist to be good. They exist to make money, as Milton Friedman famously reminded us. Businesses use ethics as an instrument. They are ethical only in so far as they believe that ethics is good business. Businesses respect those ethical, legal and moral bounds because transgressing these might make their operations too risky due to legal penalties, regulatory surveillance, whistleblowing risks or swindle by clients. If businesses care about corruption, it is a conditional sort of caring. If we operate with this view that business’ caring about corruption is conditional, we need to rethink several basic concepts about corruption, as well as accepted measures of fighting corruption. Let me summarize some of these reconsiderations.

1. **The definition of corruption**

The current definition of corruption, ‘the abuse of public office for private gain’ or ‘the abuse of *entrusted power* for private benefit’, focuses on the ‘bad bureaucrat’ or ‘bad manager’. Yet we also find corrupt practices as a daily, routine practice in the basic operation of some of our most established corporations, financial institutions, and accounting firms, as well as in many bureaucracies. Despite the fact that many of these firms made anti-corruption declarations and commitments or signed the Global Compact, it seems that corruption remains embedded in even the most routine business and bureaucratic practices. Perhaps we need to stop viewing corruption as deviant. ‘Fighting corruption’ would be combatting some very routine practices.

1. **What is ‘corruption fighting’?**

Preventing corruption requires a combination of social psychological and sociological approaches. Do we try to make people better, make them more ethical (education)? Do we try to improve *structures* so that people to do not feel the *need* to be corrupt (carrot and stick)? Do we try to reformulate the contexts, making it *more costly* to be corrupt? Or do we assume that if people were not compelled to take bribes that they would naturally cease (i.e., people are inherently moral)? Corruption fighting thus involves fundamental assumptions about human behavior. Perhaps fighting corruption is really about something much larger. Perhaps it is about how people, including ourselves, relate to institutions and communities. Perhaps it is about attachment, the attachment we now call ‘trust’.

1. **Deciding which corruption to fight**

If we examine debates and controversies about corruption, there seem to be two basic targets against which corruption fighting is directed: greedy officials in bureaucracies and unscrupulous international corporations. Fighting such corruption requires a theory of human behavior. We need to understand why people do some things, and why they refrain from doing other things. I think it comes down to three basic explanations. First, people do things because they *want to.* Second, people do things *because they have to.* There are structures and incentives which dictate that the benefits gained from doing something are higher than the costs of not doing something. Finally, we do things *because other people are doing them* and we want to stay in the community. In this third type of motivation, we act because it gives some kind of meaning to be a member of a group or community. So we have these three kinds of human behavior. Now, what if we applied these to ethics and compliance and to anti-corruption? Since people are often resistant to change, we need to ask: Which kind of behavior is most difficult to change? Changing people’s basic values is difficult, and it is a long-term project. It is easier to change the structures and incentive systems that affect people’s actions, and it is also easier to affect communities, to build teams to make meaning, or to create conditions whereby people find their team or gang unfulfilling. In practice, this means that fighting corruption entails a process of deciding what kinds of behavior we should fight, and then identifying why people act corrupt: why they achieve their goals by giving bribes, why they accept bribes, why they encourage or tolerate nepotism, why they falsify records and conspire to cheat the state, their firm, or their community.

1. **Rethinking transparency**

This idea of transparency is viewed as a magic bullet that will stimulate firms them to act better. These transparency mandates have given rise to all kinds of reporting regimes and associated monitoring systems of firms and organizations. With transparency and reporting comes the inevitable monitoring bureaucracy of periodic updates, statistics and deadlines. Such reporting regimes consolidate what anthropologist Marilyn Strathern called ‘audit culture’ and what Michael Power (1997) called ‘rituals of verification’. The unintended byproduct to all this is that every move toward transparency involves hiding something. Every disclosure creates its own shadow. Every demand for standardization creates a path around it. Transparency regimes alone cannot not necessarily generate the kind of commitment, the kind of CARING that is needed to pursue anti-corruption. More transparency, more reporting about more things is not the magic bullet. What is missing was something highlighted by Michael Power in his book, *The Audit Society* (1997) 20 years ago. This something is called ‘judgement’. Judgement involves decisions and risks. It involves taking responsibility. It involves CARING about what you are doing. And in much of the CSR, sustainability and anti-corruption reporting regimes, with its mandatory categories, metrics, protocols and systems, judgement is somehow set aside. Transparency regimes are regimes of power. Somebody is compelling someone else to act in a certain way. Behind the reporting effort lies compulsion. It is a compulsion to put away our judgement tools and to play along.

We thus need to rethink the performance of transparency, and to rethink what all this disclosure is leading to. There is a politics of transparency, a politics of disclosure that we need to understand. More is not always better. The transparent report becomes a dead exhibit, a fetish to be waved around, as so many reports are nowadays. We wave it but don’t read it! We put it up on our website, but no one downloads it.

**CONCLUSIONS: CARING ABOUT CORRUPTION**

Management is about deciding on purposeful action to achieve results. Deciding that anti-corruption or sustainability are important, and that reporting on these issues is good for the firm and for society, are management decisions. And decisions should be translated into purposeful action. Like management, we social scientists also study purposeful action. But we also study *why* people think a specific course of action is purposeful, *how* this course of action was chosen over others, and what are the *unintended consequences* of such actions. Abuse of power exists in firms, organizations and societies, and some of these abuses have come to be called ‘corruption’. Everyday actions of corporations and bureaucracies may also be abuses of power but these are called ‘business as usual’, ‘how we do things around here’ or ‘just how the system works’. Anti-corruption, transparency and sustainability initiatives, including the associated reporting regimes, certainly have an impact on how power is exercised and how power is abused. But this does not necessarily mean that these regimes have reduced or prevented these abuses, or reduced corruption. This is because anti-corruptionism also has its own dynamic, including its own potential for abuse. In particular we need to learn whether all this anti-corruptionism, the programs, the awareness raising, the conventions, the laws, the regulations, the ethical finger pointing, the training, the seminars, and agencies, whether it makes a difference in how power is exercised and how it is abused. We need to figure out *who really cares about preventing corruption, why they care and how. Ultimately, we need a theory of engagement.* Can anti-corruption, ethics and compliance not mobilize the same commitment? If we can figure this out, then maybe we can take the first steps towards eliminating the kind of impunity, the kind of abuse of power, and the perversion of trust that characterizes corruption. We need to share our knowledge about corruption and anti-corruption, so that we can understand who really cares about corruption.