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The role of multinational corporations in disseminating ethical business conduct in emerging markets

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Worldwide, many acts and laws prohibit bribery, either internally in the enacting country's territory or externally in other territories—the US Foreign Corrupt Practices Act (FCPA) being the most known and enforceable law. As business organizations are implementing compliance programs in order to comply with all laws and regulations, one important aspect of such a program that is indirect and usually not taken as a consideration is the effect of the anti-bribery policy of organizations on their business environment.

The objective of this article is to discuss the role of multinational corporations in the markets in which they operate. Corporations that are heavily regulated must comply with the strictest requirements by the relevant regulatory authorities. I suggest that as these multinational corporations operate globally and apply the same ethical and compliant practices throughout their organizations, these companies act as agents of change and improvement in local markets where the anti-bribery policies and ethical business conduct are not regarded as a national priority or where the local authorities lack resources for disseminating and enforcing such policies.

Corruption and transparency

Corruption is defined as the abuse of entrusted power for private gain. Corruption affects societies in a multitude of ways, and in the worst cases, it costs lives. Short of this, it costs people their freedom, health, or money. Corruption is a major obstacle to democracy and the rule of law. Economically, corruption depletes national wealth. Corrupt politicians invest scarce public resources in projects that will line their pockets rather than benefit communities. Corruption also hinders the development of fair market structures and distorts competition, which in turn deters investment. Corruption undermines people's trust in the political system, in its institutions, and in its leadership. A distrustful or indifferent public can then become yet another hurdle to challenging corruption.

Corruption may be defeated by transparency and by prohibition of and enforcement against corrupt acts and activities. Transparency is about shedding light on rules, plans, processes, and actions. It ensures that public officials, civil servants, managers, board members, and businesspeople act visibly and understandably, and provide a full account of their activities. Transparency also means that the general public can hold them accountable. It guards against corruption and helps increase trust in the people and institutions on which our futures depend.^[1]

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