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The data-based case for anti-corruption compliance: Converting skeptics into supporters

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EY's 2018 Global Fraud Survey found that 57% of the participants do not consider "integrity" to be a business advantage. Every in-house professional advising on anti-corruption will, therefore, have come across skeptics who see compliance as a hindrance and a cost.[1]

If you are one of those in-house professionals, this article offers essential and convincing data to help convert skeptics into supporters, based on three questions: What kind of coworkers do we want? What strategy will create maximum profit? What action will lead to long-term growth?

What kind of coworkers do we want?

There are three key areas for employees that are affected by a company's approach to anti-corruption: morale, conduct, and retention.

First, data shows that corrupt working environments have a material effect on staff morale and productivity. An in-depth 2013 study found that for large US firms where their employees consider the senior management to be trustworthy and ethical, the firm's performance is much stronger in relation to productivity but also in its attractiveness to potential job applicants.[2] There is also good evidence to show that a culture that tolerates rule-breaking, in particular by senior individuals, has a measureable negative influence on employees' conduct. For example, a survey of more than 1,200 municipal office workers in 10 countries concluded that a culture that tolerated rule-breaking was the primary factor causing staff to engage in selfish behavior, including carrying out fraudulent activities against the business itself.[3] Likewise, a 2018 study found that companies with effective anti-corruption controls in place experienced lower fraud losses than the average company, which is estimated to be 5% of revenue a year. And it is not simply implementing any program that makes the difference. The better implemented the program, the better the resulting conduct. For instance, the use of proactive data monitoring and surprise audits were associated with a reduction of more than 50% in fraud losses caused by employees.[4] Finally, a study in 2007 concluded that paying bribes is three times as harmful to a firm's growth as paying the equivalent amount in taxation, indicating just how corrosive bribe paying must be in terms of other conduct.[5]

As regards coworker retention rates, anecdotal evidence of difficulty recruiting following a corruption-related fine is commonplace. However, studies have also suggested that the impact can be longer lasting as younger employees, the future of any company, no longer just choose employers to work for; they choose brands to be associated with. In that regard, a KPMG survey in 2014 found that 75% of participants considered corporate transparency to be largely effective in building trust between companies and society,[6] and another study found that 86% of companies consider that having an anti-corruption program in place and publicizing it is "valuable" or “very valuable” to a company’s brand.[7]

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