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Organizations' Anti-Corruption Declarations And Reporting Practices From Multi-Culture Perspectives – Research Report Summary

1. Introduction

Over the last few years the issue of corruption has attracted renewed interest both among academics and policymakers. Today corruption is acknowledged as a key factor in preventing development in large areas of the world, and accordingly a vast array of projects and tools have been developed to fight effectively against and to build a strong organizational system of immunity to corruption. The study of corruption and its effect in the workplace has become one of the 21st centuries' most exciting and burgeoning fields of research.

Corruption is a widespread phenomenon that has existed from the earliest times and is prevalent everywhere, both in poor and in rich countries. It was Confucius who said that authority seduces human beings and that it ruins them. In the 1500-year-old Talmud, over 100 of the 613 commandments intended to regulate the daily conduct concerning business and economic affairs [Ashforth, Gioia, Robinson & Treviño 2008]. Over two thousand years ago, Kautilya, the minister of a Hindu king, described this phenomenon in Arthashastra [cf. Lewicka-Strzalecka 2001]. In ancient Babylon and Egypt, corruption was

prevalent within the judicial milieu. Furthermore, in the Greece of Solon and Pericles, the high level of public morality was a form of protection against the development of corruption (efficient systems of controlling public persons were applied). In Rome, corruption affected the governors of provinces, owners of manufactories, leaseholders of mines as well as tax collectors. Bribers appeared in the deepest parts of hell described by Dante and Shakespeare also indicated venality as the aspect of human nature. The temptation of bribery that the organizing committee was faced with influenced the decision that the Winter Olympic Games in 2002 should be held in Salt Lake City. It is also present among the members of the European Commission. In the 1990s, corruption was also the cause of the collapse of the governments of Italy, Brazil, Pakistan and Congo Democratic Republic. It was also the reason for the dismissal of President Suharto from Indonesia. However, despite corruption being a timeless temptation and prevalent everywhere, its level and scope are very diverse. The omnipresence of corruption is linked to its wide variety of forms. Corruption can be compared to a virus or bacterium, which is immune to various remedies, occurs in untypical places and takes various forms. However, the medical metaphor which compares corruption to cancer seems more pertinent. This metaphor is derived from the fact that like cancer, corruption takes on many different forms and often leads to the destruction of the entire organism in which it develops; however, there are instances where it can be overcome and prevented.

The public statements on anti-corruption policies and reporting practices are one of the crucial steps in a company's anti-corruption activities. Open declarations of this kind encourage the development of management systems which help companies to "walk the talk". The main purpose of this paper is to look at anti-corruption materials published on the websites of the biggest companies in Australia, New Zealand, Poland and Ukraine. One of the foundations of any anti-corruption policy is its visibility both inside and outside an organization. In this paper we present the results of international research about organizations' anti-corruption declarations and reporting practices.

2. Research problems & studied companies

On days 01.03.2009–31.07.2009 materials included on websites of the top 50 largest enterprises in Australia, New Zealand, Poland and Ukraine were analyzed. The companies were chosen according to different criteria, depending on the country:

- For Australia: top 50 largest publicly listed companies in Australia (as rated on the ASX 500),
- For New Zealand: top 50 companies listed by the NZ Stock Exchange in the NZX 50 Portfolio Index, based on market capitalization¹,

¹ They are not necessarily the largest companies in New Zealand. Notably, Fonterra, the largest

- For Poland: top 50 largest enterprises in Poland identified on the base of Rating of top 500 largest enterprises in Poland in 2007 (published by “Tygodnik Polityka”²),
- For Ukraine: top 50 largest enterprises in Ukraine, identified on the base of Rating of top 100 largest enterprises in Ukraine in 2008 (published by “Investgazeta”³).

Analyzed materials are available for public audience, do not require logging in or using a password, moreover, they were not collected as a result of correspondence with any representative of examined enterprises. A part of information was collected as separate files included on analyzed websites. Studied enterprises represent sectors presented in Table 1.

Table 1. Sectors represented by studied enterprises

| SECTOR BASED ON SIC INDEX CATEGORIES | Australia | New Zealand | Poland | Ukraine |
|--|-----------|-------------|--------|---------|
| Division A. – Agriculture, forestry, & fishing (01–09) | 0 | 3 | 1 | 1 |
| Division B. – Mining (10–14) | 8 | 1 | 8 | 6 |
| Division C. – Construction (15–17) | 2 | 1 | 1 | 1 |
| Division D. – Manufacturing (20–39) | 6 | 12 | 25 | 31 |
| Division E. – Transportation & pub. utilities (40–49) | 7 | 13 | 6 | 5 |
| Division F. – Wholesale trade (50–51) | 2 | 0 | 0 | 0 |
| Division G. – Retail trade (52–59) | 3 | 4 | 9 | 6 |
| Division H. – Finance, insurance, & real estate (60–67)* | 14 | 11 | 0 | 0 |

* In Poland and Ukraine there are separate rankings for financial & industry sectors, so there no companies from these sectors.

dairy company in the world and also New Zealand’s largest company, is a co-operative owned by 11 000 farmers and shares are not traded. Indeed, the list does not represent the New Zealand economy accurately as tourism, the primary sector and production of basic food (notably meat, dairy and beverages) amount to over 25% of GDP (<http://www.mfat.govt.nz/posts/pdf/paris-overviewnzecconomy.pdf>).

² Ranking 500, “Polityka”, No. 18 (2652), May 3rd 2008, pp. 6–7.

The test group was selected on the basis of selection of special-purpose (50 top positions in the rating), so it represents the most lucrative industries. Thus, an attempt does not reflect the general trends in Poland, but only gives a picture of the situation observed in some of the most profitable sectors of the economy.

³ <http://www.investgazeta.net/?p=top100-about> The test group was selected on the basis of selection of special-purpose (50 top positions in the rating), so it represents the most lucrative industries. Thus, an attempt does not reflect the general trends in Ukraine, but only gives a picture of the situation observed in some of the most profitable sectors of the economy.

| | | | | |
|---|-----|----|----|----|
| Division I. – Services (70–89) | 8 | 5 | 0 | 0 |
| Division J. – Public administration (91–97) | 0 | 0 | 0 | 0 |
| Division K. – Nonclassifiable establishments (99) | 0 | 0 | 0 | 0 |
| TOTAL | 50 | 50 | 50 | 50 |
| GROSS TOTAL | 200 | | | |

Source: authors' study based on conducted analysis.

We wanted to answer the following research questions:

1. How many of the largest enterprises in Australia, New Zealand, Poland and Ukraine make public statements on corruption on their websites?
2. What kinds of anti-corruption commitments do these statements contain? Does a common view on the kinds of business practices that are acceptable and on effective management tools emerge from them?
3. How do companies manage the fight against corruption?
4. Do companies report on their performance in this area?

In addition we would like to propose the hypothesis

H1: There is a positive relation between CPI (Corruption Perceptions Index surveyed and published by Transparency International) & public transparency of anti-corruption policy; in other words the company from the country with a higher position in the CPI tends to present a higher level of public transparency of anti-corrupt policy. The Transparency International CPI measures the perceived levels of public-sector corruption in a given country and is a composite index, drawing on different expert and business surveys. To prove that hypothesis we used the results of 2008 Transparency International research. Table 2 presents the results of 2008 Corruption Perceptions Index.

Table 2. 2008 Corruption Perceptions Index (CPI)

| Country Rank | Country | 2008 CPI Score |
|--------------|--------------------|----------------|
| 1 | Denmark | 9,3 |
| 1 | New Zealand | 9,3 |
| 1 | Sweden | 9,3 |
| 4 | Singapore | 9,2 |
| 5 | Finland | 9,0 |
| 5 | Switzerland | 9,0 |

| | | |
|-----|------------------|------------|
| 7 | Iceland | 8,9 |
| 7 | Netherlands | 8,9 |
| 9 | Australia | 8,7 |
| ... | | |
| 58 | Poland | 4,6 |
| ... | | |
| 134 | Ukraine | 2,5 |

Source: Transparency International, http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table

3. Methodology & results

The methodology was based largely on the development of the OECD⁴. In these studies, however, the number of criteria used for the analysis has been narrowed to the thirteen categories listed in Table 3. Table 3 presents the number of indications of the categories in the test sample in the individual countries.

Table 3. Statements on corruption of the top 50 largest enterprises in Australia, New Zealand, Poland & Ukraine

| | CATEGORY | DESCRIPTION | Australia | New Zealand | Poland | Ukraine | Total |
|---|------------|--|-----------|-------------|--------|---------|-------|
| 1 | CORRUPTION | statements that indicate company's anti-corrupt policies; statements mentioning only integrity or ethical conduct, without further elaboration or mention of bribery and/or corruption, have not been included | 34 | 12 | 15 | 5 | 66 |
| 2 | BRIBERY | statements that indicate the prohibition of offering and receiving „gifts”, „services”, „entertainment”, and other „benefits” as well as materials that explain how those terms are understood by the company | 37 | 19 | 7 | 6 | 69 |

⁴ OECD: Business Approaches to Combating Corrupt Practices, Working Papers on International Investment, Number 2003/2, June 2003, <http://www.oecd.org/dataoecd/63/57/2638716.pdf>.

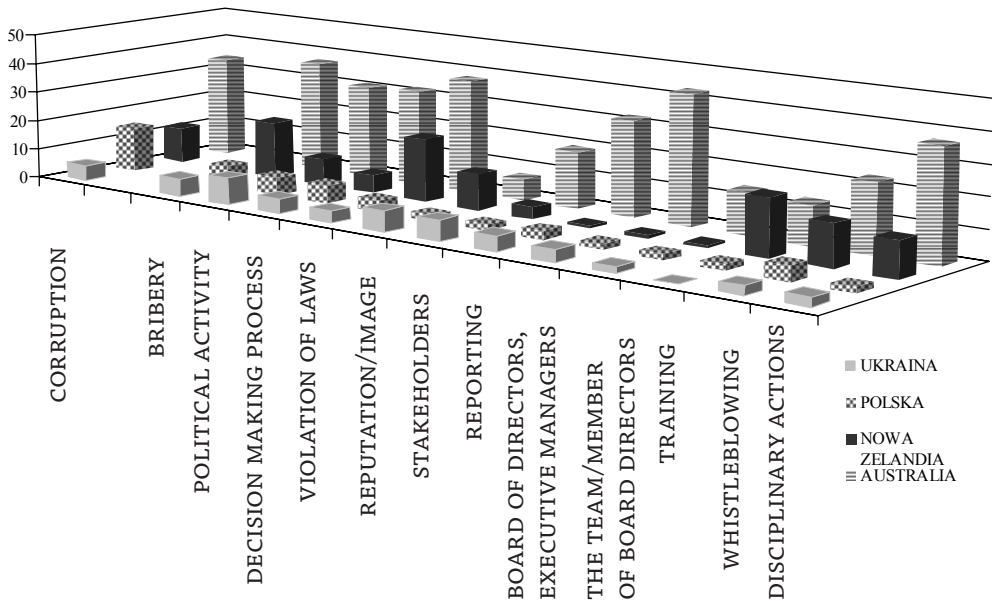
| | | | | | | | |
|---|---------------------------------------|---|----|----|---|---|----|
| 3 | POLITICAL ACTIVITY | company's approach to the political activity of the enterprise as well as of its employees | 31 | 9 | 6 | 9 | 55 |
| 4 | DECISION MAKING PROCESS | statements that indicate situations when a particular behavior seems to influence decision making | 32 | 6 | 6 | 5 | 49 |
| 5 | VIOLATION OF LAWS | statements that indicate activities and behaviors against the law and possible legal sanctions | 38 | 21 | 4 | 4 | 67 |
| 6 | REPUTATION/IMAGE | statements including information about activities and behavior of a company and its employees that might influence negatively the company's reputation or image as well as the reputation and image of a third party | 7 | 12 | 2 | 7 | 28 |
| 7 | STAKEHOLDERS | statements that indicate the necessity of following the same ethical principles by company's subsidiaries, agents, co-operants and the other stakeholders | 19 | 4 | 2 | 7 | 32 |
| 8 | REPORTING | statements that indicate the rules of reporting, including financial reporting | 32 | 1 | 3 | 5 | 41 |
| 9 | BOAR OF DIRECTORS, EXECUTIVE MANAGERS | statements including the role of Board of Directors in implementing the anti-corrupt policy aside from the acceptance of the Code of Conduct; statements including nominating the team, member of Board of Directors or another person responsible for implementing the anti-corrupt policy; statements including managers' commitments to implementing, monitoring and conducting periodical reviews on anti-corrupt activity in the company | 43 | 1 | 2 | 4 | 50 |

| | | | | | | | |
|-------|---------------------------------------|--|-----|-----|----|----|-----|
| 10 | THE TEAM/MEMBER OF BOARD OF DIRECTORS | statements including commitments of the team, member of Board of Directors or another person responsible for company's anti-corrupt policy realization | 14 | 1 | 2 | 2 | 19 |
| 11 | TRAINING | statements that indicate the necessity of including anti-corrupt issues in trainings | 13 | 19 | 2 | 0 | 34 |
| 12 | WHISTLEBLOWING | statements that indicate corporate ombudsman, contact persons or supervisors, other managers, telephone hotline, a compliance officer or committee, an off-site ethics post office box, and/or a dedicated email account as the information channel for possible or observed violations of the company's anti-corrupt commitment; statements that indicate providing the protection for whistleblowers | 23 | 14 | 5 | 3 | 45 |
| 13 | DISCIPLINARY ACTIONS | statements indicating that company will take disciplinary action in case of non-compliance with the company's anti-corrupt commitments | 37 | 12 | 2 | 3 | 54 |
| TOTAL | | | 360 | 131 | 58 | 60 | 609 |

Author's study: based on OECD: Business Approaches to Combating Corrupt Practices, Working Papers on International Investment, Number 2003/2, June 2003 and conducted analysis.

Figure 1 presents the results of the survey:

Figure 1. Number of statements on corruption of the top 50 largest enterprises in Australia, New Zealand, Poland & Ukraine



Source: authors' own study.

4. Results Australia

The category of “corruption” was directly mentioned in 68% of studied companies, moreover, those statements included such expressions as “corruption”, “bribery”, “fraud” and synonymous, such as:

You may never provide, offer or promise, either directly or through an intermediary, a financial inducement or bribe. Tabcorp will report any actual or intended bribery or corruption to the appropriate law enforcement agencies.

Source: <http://www.tabcorp.com.au/>

The purpose of this Policy is to provide guidance to staff on how to identify, report, and help prevent fraud or corruption occurring at ANZ.

A key objective of the Policy is to support and enable the right organizational culture to proactively prevent fraud and corruption.

Source: <http://www.anz.com.au/about-us/our-company/corporate-governance/>

Statements directly relating to the corruption are usually included in separate files such as codes of ethics, codes of conduct, reports on social responsibility or reports on companies' performance (as an element of investor relation websites). Furthermore, materials about anti-corrupt policy were available under headings such as Company's Values

The above general recognition of ethical issues, although that does not relate directly to the application of the anti-corruption policy, may take them into account.

Industries that have websites that score relatively well in terms of the presence of anti-corruption elements include finance, manufacturing and include the services sectors. Representatives of these sectors on their websites include the information that reflects the most comprehensive enterprise approach to the issue of corruption:

- AGL Energy, the ANZ and Wespac banks which include all 13 categories used in the analysis,
- BHB-Billiton, CSL and Stockland include 12 categories
- QBE insurance, Cocal Cola Amatil, Orica mining and Insurance Australia all have 11 of the 13 possible categories

Other issues

- Of course, these codes are only indications of a company's actual behavior in reducing corruption. The cautionary example of Enron is particularly relevant here as they had extensive ethical codes and espoused values in line with ethical and anti-corrupt business practices but the reality of their deeds showed otherwise.
- Only a few companies made online translations of their codes of ethics and codes of conduct into languages other than English available
- While all companies had their codes available to the public through their websites and many of the documents were easily accessible, several companies had their codes buried deep in their websites and they were difficult to find.
- Some companies had several detailed codes for particular areas such as the board members and whistle blowing policies, while others had just one general code to cover all workforce categories.
- The level of detail varied considerably between the companies and ranged from statements of just 2–3 pages to very extensive documents of 20–30 pages.
- There was quite a lot of variation in the types of topics that the codes covered, for example, several codes not only included sections on the more common topics of bribery and fraudulent behavior but also included statements about conflict of interests, share holdings, insider trading, misleading information and full disclosure procedures.

5. Results New Zealand

Perhaps surprisingly, only 12 of the NZ companies have anti-corruption statements (including bribery of officials) on their websites. Interestingly, 19 New Zealand companies have policies on accepting and offering gifts. Moreover, if companies that explicitly forbid insider trading and require conflicts of interest to be declared and properly managed are included, the New Zealand total rises to 23.

Roger Kerr, Executive Director of the NZ Business Round Table, argues that *Civil societies have always promoted well-recognized virtues – independence, self-reliance, community responsibility, duty to family, hard work, thrift, honesty, sobriety and so forth. These virtues are important in transacting with others, just as much in commercial settings as they are in non-commercial settings.*

... [M]any features of business activity strongly encourage moral behaviour. One is that markets are based on trust. If two people are to make a voluntary exchange, there must be a degree of trust that both will stick to their sides of the bargain. To be trusted it helps materially that you exhibit good character and ethical behaviour – that you are honest, fair to people, and deal in good faith. Because legal contracts can't cover every contingency and are costly to enforce, reputation and integrity are particularly important in business relationships.

Another cardinal virtue of business is honesty, and a high proportion of the business scandals that do erupt involve lapses of honesty. A business needs to be honest to the various parties who rely on its word – to its employees, its suppliers, and its consumers, and to the capital market through the integrity of its financial reporting. But there are other ethical virtues that commercial businesses have every incentive to display. They will be encouraged, for instance, to treat people and other organizations on their individual merits. A truly profit-maximizing business will not be racist, or sexist, or xenophobic, because to act in these ways will hurt the bottom line of the company...

Moreover, since markets involve inter-personal cooperation, they also encourage the development of characteristics that smooth human relationships, such as courtesy, friendliness, good humor, thoughtfulness and kindness.

"Business Ethics and the Market Economy", address to the Chartered Institute of Corporate Management"⁵.

Even if all this is true, it does not show why New Zealand has so little corruption in business. However, Kerr argues that

Markets work best when there is a sustaining tradition of personal integrity, honesty, trust, foresight and civil cooperation. This cultural capital is maintained and strengthened when key institutions in the society are all successfully doing their work. (ibidem)

⁵ http://www.nzbr.org.nz/documents/speeches/speeches-98/business_ethics_and_the_market_economy.doc.htm

Most companies have some general statements about ethics and responsibility. APN News and Media requires employees to act *“with the highest level of ethics and integrity in relation to customers, suppliers, competitors, each other and all others with whom they deal”*.

Source: <http://www.apn.com.au/pdf/radF4150.pdf>

Cavalier Corporation, a carpet manufacturer, states its goal as *“To be a good corporate citizen in terms of social and environmental responsibilities, and to conduct business with consistency and absolute integrity at all times.”*

Source: <http://www.cavcorp.co.nz/cbcorporate/corporate-overview/mission-statement.cfm>

Food manufacturer Goodman Fielder defines “Corrupt conduct” as *“the dishonest or partial use of power or position over another which results in one person/group being advantaged over another”* including insider trading, as well as *“official misconduct; bribery and blackmail; unauthorized use of confidential information; fraud; and theft”*.

Source: <http://www.goodmanfielder.co.nz/PDF3i%20code%20of%20conduct%20of%20employees.pdf>

A typical statement on gift policy is that of Auckland Airport: *All employees must not seek or accept any type of compensation, fee, commission, gift, entertainment or other gratuity ... beyond common courtesies of minimal value associated with general commercial practice.*

Source: <http://www.aucklandairport.co.nz/Corporate/ManagementAndGovernance/~media/Files/Corporate/EPCC.ashx>

Some companies go into considerable detail in identifying areas of corruption. ANZ Banking has a Global Fraud and Corruption Policy, a Global Anti-Bribery Policy, and an Anti-Money Laundering and Counter Terrorism Financing Program, and all employees are required to undertake training in these areas.

Accessible from <http://www.anz.co.nz/about-us/corporate-responsibility/values/>

The Sky City Entertainment Group’s (whose business includes a number of casinos) Code of Business Practice states,

The company co-operates at all times with Police and regulatory agencies in respect of illegal or criminal behavior or activity and also in terms of undesirable or inappropriate behavior or activity, including but not limited to loan sharking and money laundering.

Source: <http://phx.corporate-ir.net/External.file?item=UGFyZW50SUQ9MzI4fENNoaWxkSUQ9LTF8VH1wZT0z&t=1>

As well as formal statements, some companies have tried to relate organizational ethics to everyday ideas: For instance, AMP (Insurance) states, *“Fairness is treating others in the same manner that you would want to be treated”*.

Source: <http://www.amp.com.au/vgn-ext-templating/v/index.jsp?vgnextoid=49a950665a6cc110VgnVCM1000002930410aRCRD>

5. Results Poland

The category of "corruption" was directly mentioned only in 30% of studied companies, moreover, those statements included such expressions as "corruption", "bribery", "fraud" as well as synonymous ones:

CEDC implemented the Code of Conduct that sets out in detail what rights and obligations (except for this included in law) has a CEDC employee and the situations that are considered to be unethical or contrary to the interests of the company. According to that document, as well as in accordance with the accepted principles and daily practice, CEDC employees shall avoid conflicts of interest, influence on business decisions by external factors, transmitting or receiving gifts with a value exceeding the nominal value of determining the boundaries, will not practice nepotism, will not discriminate against nor favor collaborators nor other situations to avoid unethical behavior in dealing with superiors and colleagues.

Source: <http://www.cedc.com.pl/about1.html>

Shell Company puts a special emphasis on the principles of honesty and fair play in all aspects of its business and expect this approach from all with whom it deals. The direct or indirect offer, transfer, acquisition and acceptance of bribes in any form is unacceptable.

Source: http://www.shell.com/home/content/pl-pl/about_shell/how_we_work/jak_dzialamy_04112003.html

*The fact that actions consistent with the idea of social responsibility, sustainable development of firms are actually relevant to the company PGNiG Capital Group, has been manifested by the accession of Pomorski System Dystrybucyjny in February 2008 to the Global Compact. Global Compact is an initiative (...) which calls for businesses to conduct their activities in accordance with the ten basic principles relating to human rights, labor rights, environmental protection and **anti-corruption**.*

Source: Annual Report 2007 GK PGNiG SA

Some of the statements (five cases) relating to corruption are very similar to the last one of those presented above and are an adoption of the rules of the Global Compact. In such cases they are not developed and do not include statements from other categories.

Statements directly relating to the corruption are usually included in separate files such as codes of ethics, codes of conduct, reports on social responsibility or reports on companies performance (as an element of the investor relation websites). Furthermore, materials about anti-corrupt policy were available under headings such as Company's Values, Company's Activity, Press Information as well as Corporate Social Responsibility (CSR). A large number of studied companies (15) do not mention corruption directly but they recognize the need of ethical conduct⁶:

⁶ Among the 15 identified companies, which in their policies take into account the

Vision – Mission – Values: Polkomtel SA as a customer-oriented company, with the highest ethical standards, innovative, efficient and socially responsible.

Source: http://www.polkomtel.com.pl/polkomtel_sa/Default.aspx

*Our commitment to the community means **acting in a fair and responsible way and being a good neighbor.***

Source: http://www.tesco.pl/o-nas/csr_1-NaszePodejscie.php

The above general recognition of ethical issues, although it does not relate directly to the application of the anti-corruption policy, may take it into account.

Industries that are represented by the companies all of which relate to the issues of corruption or, at least, take into account the ethical issues in their activities are the oil industry as well as the brewery and alcoholic beverages ones. Representatives of these sectors include on their websites the information that reflects the most comprehensive approach of the enterprise to the issue of corruption. For example:

- Code of Ethics of PKN Orlen SA includes all of the 13 categories used in analysis,
- Code of Conduct of BP (directly adopted from foreign branches of the corporation) includes 12 categories (with the exception for “training”),
- Principles of business ethics of Grupa Żywiec SA take into account 3 criteria (“corruption”, “bribery” and “reporting”),
- The Values of Grupa Kapitałowa CECD include 4 criteria (“corruption”, “bribery”, “decision making process” and “whistleblowing”),
- Grupa Shell Polska, within the information about its activity relates to 5 categories (“corruption”, “bribery”, “political activity”, “decision making process”, “violation of laws”).

Beyond the industries mentioned above, only two representatives relate to more than 2 categories used in the analysis, namely:

- Grupa Carrefour Polska in its brochure “Grupa Carrefour – the creator of responsible exchange. Our reply to the challenges of contemporary society” relates to “corruption”, “training” and “whistleblowing” (3 categories),
- Grupa Polimex-Mostostal (engineering and construction industry) in its Code of Ethics takes into accounts such issues as “corruption”, “bribery”, “decision making process” and “whistleblowing” (4 categories).

ethical issues of the case, there were not included the companies involved in CSR activities in the field of environment only.

6. Results Ukraine

Close connection between business and political activity is a general tendency in most enterprises of Ukraine – practically all studied enterprises include in their boards of directors the representatives of politics, including politicians and officials of the highest rank.

The category “corruption” was mentioned directly in only 10% of studied companies.

Some companies widely enough present the problems of corruption, violation of laws, bribery and contraband goods widely enough. For example:

“Ukrzaliznitsya” calls the representatives of the law to be more active in counteracting the criminal trespass on a load.

Source: <http://uzinfo.net/ua/events/8178>

From the beginning of the year the workers of the militarized guard of the Donetsk railway detained 131 plunderers.

Source: <http://uzinfo.net/ua/events/7717>

The ministry of transport of Ukraine counteracts the corruption in “Ukrzaliznitsya”.

Source: http://uzinfo.net/ua/events_other/4452

The Dnepropetrovsk transport office of the public prosecutor raised a criminal action due to the contamination of grounds by the substances harmful to the environment.

Source: http://uzinfo.net/ua/events_other/4452

Unfortunately, enterprises which are monopolists in the spheres of economy, such as “Ukrtelekom”, “Volia-cable”, “Ukrposhta”, Factory of the O. Antonova are open to corruption more frequently than others, for example, by the groundless raising of tariffs.

However, on the sites of these companies there is hardly any mention of criteria for the analysis of corruption. Most information about corruption charts can be found on the site of the Antimonopoly committee of Ukraine (<http://www.amc.gov.ua/amc/control/uk/index>) or on different forums, and also in mass media. Monopolistic position of such enterprises also allows them to ignore 10 basic principles of the Global Compact of UNO, which concern human rights, standards of labour, environment and fight against corruption.

Thus, the companies of those spheres of economy, in which competition is strong enough, join experience of the best practice with social corporate responsibility.

Socially directed policy of the company emphasizes its status at the market. Therefore, in Ukraine the companies practice CSV more frequently than other powerful financial-industrial groups. These are “XXI Age”, “Obolon”, “Farmac”, “Kyivstar”, “MTS-Ukraine”, “Systems Capital Management”, and others. One may find these companies, and many others, among subscribers of the Global Compact.

Some of the statements (five cases) relating to corruption are very similar to the last one of those presented above and are adapted from the rules of the Global Compact. In such cases they are not developed and do not include statements from other categories.

Statements directly relating to corruption are usually included in separate files such as codes of ethics, codes of conduct, reports on social responsibility or reports on companies' performance (as an element of investor relation websites). Furthermore, materials about anti-corrupt policy are available under headings such as Company's Values, Company's Activity, Press Information as well as Corporate Social Responsibility (CSR). Majority of studied companies do not mention corruption directly but they recognize the need of ethical conduct:

«Obolon» – a national company which deserves to represent Ukraine in the world because of its high status –not only prestige but also responsible attitude toward the product, its users, personnel and partners. The corporate responsibility of “Obolon” consists in the harmonious coexistence, co-operation and permanent dialog with the society. Thus «Obolon» steadily adheres to principles of openness, transparency, clear planning and effectiveness.

Source: <http://www.obolon.ua/ua/partnership/>

Social responsibility of “Kyivstar”, the way their approach is related to the manner of conducting business, is based on the following assumptions:

- *Social responsibility – the voluntary choice of our company.*
- *Social responsibility – the method of active participation in the development of the Ukrainian society.*
- *Social responsibility – forms, methods and philosophy of conducting our business. It affects strengthening the reputation and, hereupon, the capitalization of business.*

Source: <http://www.kyivstar.ua/responsibility/>

Unfortunately, companies very often declare principles of the social responsibility of business on their web-sites, but in the reality they not only do not execute but even violate them:

The main health-officer of Kremenchug, Victor Acimov, criticizes severely «Ukratnafta» for the leak of unrefined industrial waters in a pond in a mud flat in Bondari (Poltava region). He called a lie the information widespread by «Ukratnafta» that the company has the greatest in the industry index of aquatic awareness and is the only oil processing factory which works without disposing of industrial waters into the opened reservoirs. The area of contamination coming from the pond encompasses 100 square kilometres, eight villages suffer from it. The doctor protests against the «Ukratnafta's» nomination in the Ukraine-wide competition «Ecological quality and safety» in a category «Ecological perfection». But they have already got a reward...

Source: <http://bi.poltava.ua/index.php?go=News&in=view&id=45>

I have never seen such corruption and bribery as in the Lvov branch of «Kyivstar». Even in MTS it does not reach such scopes .During the process of filling positions such as managers, traffic controllers or IT specialists, people often resort to bribery or other illegal methods. Professionalism is of no consequence. People not connected with business are generally appointed to top positions .And it happens so, because this organization was created to make the narrow circle of top managers and their relatives richer and it does not care for simple Ukrainians, who know it from the TV commercials and billboards. Different actions are performed to strip the Ukrainians of their honestly earned incomes to make the elite richer. Operators, instead of providing professional help, ask a lot of irrelevant questions for a very long time.

Source: <http://forum.lvivport.com/showthread.php/t=27586>

Sometimes also unfair competition and violation of antitrust legislation take place, which is reported in mass media:

The Antimonopoly committee of Ukraine officially recommended «Volia-cable» to hold back the groundless rise of charges on the services of cable television and to fix them at an economically justified level. The committee was put on their guard by the inclusion of additional charges into the main one, which corresponds with the exposed corrupt action , which still have to be investigated in more detail.

Source: <http://www.epravda.com.ua/news/490ceb7a62e3b>

The Antimonopoly committee of Ukraine fined the company «Ukratnafta» 300 thousand hryvnas for its monopolistic abusive position at the national market of petrol. The committee emphasized that «Ukratnafta» took advantage of the absence of considerable competition at the market of fuel and groundlessly set too high prices on petrol. At the same time «Ukratnafta» officially reported to the committee violation of competition legislation and willingness to pay the fine to the state budget of Ukraine.

Source: <http://news.liga.net/ukr/news/NU082879.html>

The future of social responsibility of business in Ukraine depends on how important and urgent social problems are for companies. Moral persuasions of business proprietors, pressure from groups of influence, necessity of certification in case of entering foreign markets — all these factors entail defining the Ukrainian essence of social responsibility and individual strategies for separate companies. It is possible to learn from foreign companies and international programs, however, one should not forget their own historical traditions (both old traditions of charity and advantages of the recent communist model) in order to increase efficiency of the programs, systems and processes in a company. The changes are necessary at the highest level, because if the top management of the program of social responsibility is unsupported, the program will be doomed to failure and decline. Only when social responsibility within enterprises is revised, it will be possible to observe the gradual development of the notion of social responsibility of business in the Ukrainian realities.

At the end of our research it should be noted that the international organization Transparency International published the report “Barometer of global corruption–2009” about the level of corruption in the world, according to which Ukraine is on the last place among “new independent countries”.

Such a conclusion was founded on the results of the research of public opinion, which was conducted in 69 countries of the world from October, 2008 to February, 2009. More than 73 thousand Ukrainians were polled. In Ukraine, the following institutions were pointed out as the most corrupted ones: state establishments – 28%, parliament – 25%, justice – 21%. The level of corruption in business was estimated at 11%, in media – 2%. According to the research, 21% out of the polled Ukrainians gave a bribe during the last year. The fight of the Ukrainian authorities against corruption is judged ineffective by 73% polled Ukrainians, non-existent by 19% and 7% think it to be effective⁷.

At the same time the real display of principles of corporate social responsibility at the high level of corruption is impossible, as these two notions are incompatible, as confirmed in Table 3.

Some factors which are important when defining the programs of social responsibility are known to society, for example, the influence of the Chernobyl catastrophe, freedom of speech, , corruption. However, there are some factors which are not openly discussed, but which, nevertheless, are important for companies. Among such “hidden” factors one can find poverty, the spread of AIDS, re-integration of the Crimean Tatars, the state of the system of social care and the educational system in the country. All these factors are to be carefully taken into account when determining the strategy of fight against corruption in Ukraine.

7. Some observations

- There is no strong relation between the position in CPI and public transparency of anti-corruption policy, however we can generally say that companies with higher position (New Zealand & Australia) have also bigger public transparency of anti-corruption policy then companies with lower CPI index (Poland & Ukraine)
- The detailed statistical correlations between the position in CPI and public transparency of anti-corruption policy will be the subject of a separate publication
- Only 12 of the New Zealand companies have anti-corruption statements (including bribery of officials) on their websites, compared with, for example, 15 Polish companies.

⁷ www.pravda.com.ua/news/2009/6/3/95914.htm

- In fact, the actual word “corruption” does not figure on the websites of any of the New Zealand companies apart from ANZ Banking and food producer Goodman Fielder. Perhaps this is because New Zealand consistently tops Transparency International’s corruption perception rankings – first equal with Sweden and Denmark in 2008, whereas most recently Poland was ranked 58th and Ukraine 134th.⁸ Thus, New Zealand companies may not feel the need to make anti-corruption statements. However, NZ is generally regarded as having an excellent human right record, yet almost all the company websites include policies against discrimination on the grounds of race and sex, harassment and other human right issues.
- New Zealand’s high ranking does not, of course, mean that there is no corruption in New Zealand business or society in general. There have been several instances of people being swindled out of quite large sums of money by allowing themselves to be induced to invest in entities such as finance companies offering improbably high rates of interest on deposits or to purchase franchises in non-existent businesses. However, these do not concern large or well-established companies. In other areas of the society, corruption is also low. While there has been some public concern about some of the “perks” available to both present and retired members of the Parliament, they are largely transparent and not comparable to those available in Britain. The recent (August 2009) criminal conviction of a New Zealand Member of Parliament⁹ for bribery and corruption was the first ever such case in the New Zealand history. Bribery of police and bureaucracy is almost unheard of and offers of such bribes would be likely to result in criminal charges.
- It is interesting to speculate on why there is so little corruption in New Zealand. It is certainly not due to the government control of the economy: New Zealand has gone from being one of the most regulated economies in the world to one of the least regulated.¹⁰
- Thus, it may be assumed that the low level of business corruption simply reflects the general values of New Zealand society – which, it should be noted, has been a stable democracy with universal suffrage since 1893.
- The level of detail varied considerably between companies and ranged from statements of just 2–3 pages to very extensive documents of 20–30 pages.
- There was quite a lot of variation in the types of topics that the codes covered, for example, several codes included not only sections on the more common topics of bribery and fraudulent behavior but also statements about conflict

⁸ <http://www.transparency.org/publications/gcr>

⁹ http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10587391

¹⁰ <http://www.nzdmo.govt.nz/publications/nzefo/2009/00.htm>

of interests, share holdings, insider trading, misleading information and full disclosure procedures.

- Although analyzed statements are available to public, they do not fully show the extent to which the company applies anti-corruption policy. A large part of companies may regulate the corruption by their internal documents (rules of work, code of ethics, code of conduct) available only to employees and the stakeholders that meet particular requirements (e.g. strategic investors). Thus, internet research on the public statement should be continued as a more in-depth analysis of the internal documentation
- On the whole, the analysis of web-sites of most companies of Ukraine enables to draw a conclusion, that often companies do not offer statements about a corruption or anticorruption measures to the public, preferring to present only positive information on their sites. However, such statements appear in different interviews published by mass media.

Abstract

Over the last few years the issue of corruption has attracted renewed interest both among academics and policymakers. Today corruption is acknowledged to be a key factor in preventing development in large areas of the world, and accordingly a vast array of projects and tools have been developed to fight it effectively and to build a strong organizational system of immunity to corruption. The study of corruption and its effect on the workplace has become one of the 21st centuries' most exciting and burgeoning fields of research.

Public statements on anti-corruption policies and reporting practices are one of the crucial steps in a company's anti-corruption activities. Open declarations of this kind encourage the development of management systems which helps companies to "walk the talk". The main purpose of this paper is to look at anti-corruption materials published on the websites of the biggest companies in Australia, New Zealand, Poland and Ukraine. One of the foundations of any anti-corruption policy is its visibility both inside and outside organization. In this paper we present the results of international research about organizations' anti-corruption declarations and reporting practices.

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