

# The Sustainability of a Business Culture based on Integrity



## HIGHLIGHTS

- In countries with weak rule of law, anti-corruption efforts suffer from a collective action problem because bribery and corruption are endemic and occur frequently.
- Realizing that adopting a passive stance against unethical business practice will not help their respective governments combat corruption alone, private sector groups of various countries are now getting more aggressive and proactive in joining the fight against corruption and in supporting ethical business movements.
- Getting the buy-in of all stakeholders, as well as to invite more partners to join the coalition against corruption is critical in a sustained ethics campaign.
- The Integrity Initiative offers an alternative where enterprises can instead invest for the future by plowing in the needed resources for improving their ethics and compliance programs.

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*"When public money is stolen for private gain, it means fewer resources to build schools, hospitals, roads and water treatment facilities. When foreign aid is diverted into private bank accounts, major infrastructure projects come to a halt. Corruption enables fake or substandard medicines to be dumped on the market, and hazardous waste to be dumped in landfill sites and in oceans. The vulnerable suffer first and worst."*

-United Nations Secretary - General Ban Ki-moon

## **I. CORRUPTION – A GLOBAL AND NATIONAL SCOURGE**

There is no denying that corruption has already evolved into a worldwide affliction, affecting not only developing countries but developed countries as well. Far from being a victimless crime, the destructive effects of corruption are most evident in developing countries, where most ASEAN member states, like the Philippines, are classified.

A significant amount of literature has also proven that it is a major hindrance to development and leads to waste and misallocation of resources, resulting in the weakening of delivery of services especially in the public sector. Not only does it exacerbate poverty, it also deters the realization of critical reform objectives.

In figures, an estimated \$1 trillion was lost worldwide through illicit financial flows every year from 2001 until 2010 (Kar, Freitas 2012). Based on official United Nations (UN) estimates, this amount is staggering when compared to what the international community annually needs to fight HIV/AIDS (\$25 billion), eradicate hunger (\$30 billion), improve water and sanitation (\$18 billion), or the roughly \$55 billion needed per year in infrastructure investment (United Nations Development Program Fast Facts [Anti-Corruption and Democratic Governance 2011]).

Thus, in his message during the 2009 International Anti-Corruption Day, UN Secretary General Ban Ki-moon declared:

“When public money is stolen for private gain, it means fewer resources to build schools, hospitals, roads and water treatment facilities. When foreign aid is diverted into private bank accounts, major infrastructure projects come to a halt. Corruption enables fake or substandard medicines to be dumped on the market, and hazardous waste to be dumped in landfill sites and in oceans. The vulnerable suffer first and worst.”

Economically, corruption adds up to 10% to the total cost of doing business in many parts of the world, and up to 25% to the cost of procurement contracts in developing countries. Opportunity costs caused by corruption could even be higher. Corruption distorts market mechanisms, prevents fair competition, and deters investments, thus stifling growth and future business opportunities. It also exposes companies to legal risks and erodes public investor trust and confidence.

In the Philippines, figures from 1960 to 2011 indicate that an average of P357 billion is lost yearly due to crime, corruption, and tax evasion (Kar, LeBlanc 2014). This amount could clearly have been used more efficiently and effectively for poverty alleviation or education instead.

The Organisation for Economic Co-operation and Development (OECD) conveniently summarizes the economic effects of corruption based on numerous research studies made on the topic, namely:

- Corruption increases the cost of doing business
- Corruption leads to waste or the inefficient use of public resources
- Corruption excludes poor people from public services and perpetuates poverty
- Corruption corrodes public trust, undermines the rule of law, and ultimately delegitimizes the state.

## II. GAINING GROUND ON THE FIGHT AGAINST CORRUPTION

On a more positive note, however, state actors, international organizations, as well as the private sector, have not been oblivious to the ill effects of corruption. The last decade alone has

seen a significant increase in the global community’s interest in tackling the problem of corruption (Olken, Pande 2012).

### A. United Nations Convention Against Corruption

Agreeing on the principle that corruption is an issue that merits urgent action and high importance, the very first globally binding international anti-corruption instrument known as the UN Convention Against Corruption (UNCAC) was created to provide standards for anti-corruption legislation among signatory states and a framework for criminalizing bribery in the private sector while prescribing preventive measures to improve business integrity.

**WHAT IS CORRUPTION?**

Corruption is the abuse of public or private office for personal gain. It includes acts of bribery, embezzlement, nepotism or state capture. It is often associated with and reinforced by other illegal practices, such as bid rigging, fraud or money laundering.

**WHAT DOES CORRUPTION LOOK LIKE?**

It could be the multinational company that pays a bribe to win the public contract to build the local highway, despite proposing a sub-standard offer. It could be the politician redirecting public investments to his hometown rather than to the region most in need. It could be the public official embezzling funds for school renovations to build his private villa. It could be the manager recruiting an ill-suited friend for a high-level position. Or, it could be the local official demanding bribes from ordinary citizens to get access to a new water pipe. At the end of the day, those hurt most by corruption are the world’s weakest and most vulnerable.

Source: CleanBizGov Initiative, OECD

The Philippines signed the UNCAC on 9 December 2003 and consequently ratified the Convention on 8 November 2006, entering into force on 8 December 2006. In the same year, with the UNCAC as the framework, the National Anti-Corruption Program of Action (NACPA) was organized and led by the Office of the Ombudsman. The NACPA serves as the government initiative for the convergence of anti-corruption efforts in the country. The Multi-Sectoral Anti-Corruption Council serves as the advisory and consultative body of the NACPA.

At present, the Philippines' compliance with the UNCAC on Criminalization and International Cooperation is under review.

In support of the country's compliance with the UNCAC, President Benigno S. Aquino III signed Executive Order No. 171 on 5 September 2014, "Creating an Inter-Agency Committee to Oversee the Review, Implementation and Monitoring of the United Nations Convention Against Corruption (UNCAC)." Headed by the Executive Secretary as Chairperson and joined by the Secretary of Justice as Vice-Chairperson and Secretary of Foreign Affairs as Co-Vice-Chairperson, the other members of the Committee include the Secretaries of Budget and Management, Socioeconomic Planning, and Interior and Local Government.

EO 171 also provides for the inclusion of representatives from relevant civil society organizations (CSOs), non-government organizations (NGOs), business sector, academe, and other private entities engaged in anti-corruption advocacies and initiatives.

### B. Waging war on a new front

Realizing that adopting a passive stance against unethical business practice will not help their respective governments combat corruption alone, private sector groups of various countries are now getting more aggressive and proactive in joining the fight against corruption and in supporting ethical business movements.

#### 1. Transparency International

Formed in 1993, Transparency International (TI) is a non-profit, non-governmental organ-

ization whose advocacy is to fight corruption. Composed of several chapters all over the world, the organization seeks to raise awareness against the effects of corruption, and actively participates in anti-corruption policy formulation, an example of which is its role in the drafting of the UNCAC.

Transparency International also developed a comprehensive set of complementary indices to measure perceived levels of corruption in any given country known as the Corruption Perceptions Index and Global Corruption Barometer.

### As one of the founding governments, the following are the current commitments of the Philippine government:

-  **Improve the ease of doing business**
-  **Initiate fiscal transparency in the extractive industry**
-  **Provide for more accessible government data in a single portal and open format**
-  **Strengthen grassroots participation in local planning and budgeting in a single portal and open format**
-  **Enhance the government procurement system**
-  **Sustain transparency in national government plans and budgets**
-  **Support the passage of legislation on access to information and protection of whistleblowers**
-  **Engage civil society in public audit**
-  **Enhance performance benchmarks for local governance**

Source: Open Government Partnership

Over two-thirds of the countries in the Asian region, encompassing over half of the world's population, scored a meager 40 out of a possible score of 100 in the 2014 Corruption Perceptions Index developed by TI, where a score of 0 meant very corrupt and the highest score of 100 signifying a very clean economy. Of those countries, five ASEAN member states, namely Indonesia, Vietnam, Laos, Cambodia and Myanmar, landed in the bottom half of the 2014 rankings. Singapore had the highest score of 84, while Cambodia and Myanmar obtained the lowest score of 21. Even the scores of both the Philippines and Thailand, which managed to move up to the top half in 2014, were still well below 50.

## 2. Open Government Partnership

The Open Government Partnership (OGP) is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. It was formally launched on 20 September 2011, when the eight founding governments (Brazil, Indonesia, Mexico, Norway, the Philippines, South Africa, the United Kingdom, and the United States) endorsed the Open Government Declaration and announced their country action plans.

## 3. Other International Anti-Corruption Frameworks

The table below provides an overview of some international anti-corruption frameworks

adopted by various countries, organizations, and multinational companies:

Anti-Corruption Framework	Proponent	Description
Convention on Combating Bribery of Foreign Public Officials in International Business Transactions	Organisation for Economic Co-operation and Development (OECD)	Introduces binding measures aimed at preventing bribery of foreign public officials in international transactions.  First and only international convention aimed at the "supply side" of the bribery transaction.
Partnering Against Corruption Initiative (PACI)	World Economic Forum (WEF)	Enables CEO signatories to help set the global agenda to design corruption out of the system and bring about fair market conditions.  PACI also provides a unique space for practitioners – chief compliance officers and equivalent – to improve their compliance efforts and share best practices at the organizational level.
B20 Task Force on Transparency and Anti-Corruption	International Business Leaders Forum (IBLF) – Global	The movement is composed of a number of leading multinational companies from G20 Countries.  The Task Force organizes projects and events, and prepares reports aimed at fighting corruption.  Publications and resource materials are also made available by the group.
Various anti-corruption programs per country	Center for International Private Enterprise (CIPE)	In partnership with various governments, organizations, and other international non-governmental agencies, CIPE provides resource materials for anti-corruption, collective action, and corporate governance.

#### 4. Business led anti-corruption initiatives

At the global level, the UN Global Compact 10th Principle states that “businesses should work against corruption in all its forms, including extortion and bribery,” urging companies to join civil society, the UN, and governments to develop and implement policies and concrete programs to address corruption. At the 10th Anniversary of the UNGC 10th Principle on 10 December 2014 in New York, businesses publicly asked governments to take action to address corruption and foster good governance as key pillars of sustainable and inclusive global development.

In line with this and going down to the regional level, the following anti-corruption programs currently being implemented by some ASEAN countries are highlighted in this section, particularly due to their significance with the upcoming ASEAN integration.

With the target date for the formation of the ASEAN Economic Community in 2015, governments and stakeholders seek to encourage regional cooperation to curb deeply rooted practices within the region. An initial concerted effort was the establishment of an ASEAN-level anti-corruption network. It started with the signing of a Memorandum of Understanding by anti-corruption agencies from Brunei, Indonesia, Malaysia, and Singapore on December 2004 and since then has served as the foundation for regional cooperation in combating corruption in ASEAN.

Most of the members joining this anti-graft agreement pledged their commitment to work closely with each other through information sharing and capacity building.

Within ASEAN, various private sector bodies have initiated integrity programs designed to help businesses prevent corruption. These actions stem from the increasing legal and reputational risks faced by companies when they engage in corruption, especially when dealing with public officials or entities.

Of note are the following private sector led anti-corruption initiatives:

- Integrity Initiative (Philippines)
- Private Sector Collective Action Coalition Against Corruption (Thailand)
- Corporate Integrity System Malaysia
- Collective Action for Fighting Corruption (Indonesia)

#### 5. Project SHINE and the Integrity Initiative

## INTEGRITY INITIATIVE

Project SHINE (Strengthening High-Level Commitment to Integrity Initiatives Nurturing Collective Action of Enterprises advocating for fair market conditions.) is the four-year project funded by Siemens AG and the first undertaking of the Integrity Initiative, which started in December 2010. The SHINE Project’s ultimate objective is a certification and accreditation system, like the ISO, that will provide competitive advantages to compliant

**Thailand**  
**CAC**  
THAILAND'S PRIVATE SECTOR  
COLLECTIVE ACTION COALITION AGAINST CORRUPTION

Founded by Thailand's leading private sector organizations, the Collective Action Coalition Against Corruption (CAC) was initiated to take on the problem of corruption via collective action. With having a clean business community as its goal, the CAC aims to provide for an effective anti-corruption policy and mechanism for implementation by its member companies. In addition, the CAC also gives certification to companies that have been externally verified for having in place policies and standards preventing corruption based on standards previously set by the CAC.

In a collective anti-corruption effort, the CAC works in coordination with its government's National Anti-Corruption Commission and its civil society Anti-Corruption Organization.

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**Indonesia**  
*Indonesia Business Links*

Indonesia Business Links (IBL) is a non-profit foundation established in response to the Indonesian economic crisis of 1998. It aims to contribute towards the creation of sound and ethical business practices in Indonesia. Since then, IBL has been actively promoting ethical business practices by organizing workshops or capacity building programs for small and medium enterprises. IBL's scope of activities quickly expanded to include advocacy, diffusion of information and knowledge about corporate social responsibility (CSR), as well as to actively push collaboration and partnership between the private sector, government, and NGOs to achieve sustainable development.

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**Malaysia**  
**C.I.S.**  
Corporate Integrity System™ Malaysia

Corporate Integrity System™ Malaysia (CISM) is a framework initiated by the Malaysian Institute of Integrity and supported by the stakeholders of certain economic institutions, namely the Performance Management and Delivery Unit of the Prime Minister Department, Malaysian Anti-Corruption Commission, Securities Commission of Malaysia, Bursa Malaysia Bhd, Companies Commission of Malaysia, and Transparency International Malaysia.

The CISM framework seeks to support the corporate integrity initiatives under the directions of the New Economic Model for Malaysia, Government Transformation Programme and Target 3 of the National Integrity Plan, namely to enhance corporate governance, business ethics and corporate social responsibility. Long-term commitments and sense of ownership from all stakeholders are the key contributing factors in fulfilling its objectives.

companies. Companies will be audited, accredited, and certified based on compliance with ethical business practices and strict integrity management standards.

Competing with hundreds of project proposals from different parts of the world, SHINE was the only project chosen by Siemens from the Philippines. Siemens is supporting other initiatives in the following countries: Angola, Brazil, China, Egypt, Hungary, India, Indonesia, Italy, Mexico, Nigeria, Russia, the Slovak Republic, South Africa, the Czech Republic, the U.S., Vietnam and various Middle Eastern states.

The primary aim of Project SHINE is to initiate collective action among ethical foreign and local business enterprises that are calling for the creation of fair market conditions for all market participants. These enterprises are also willing to engage themselves in

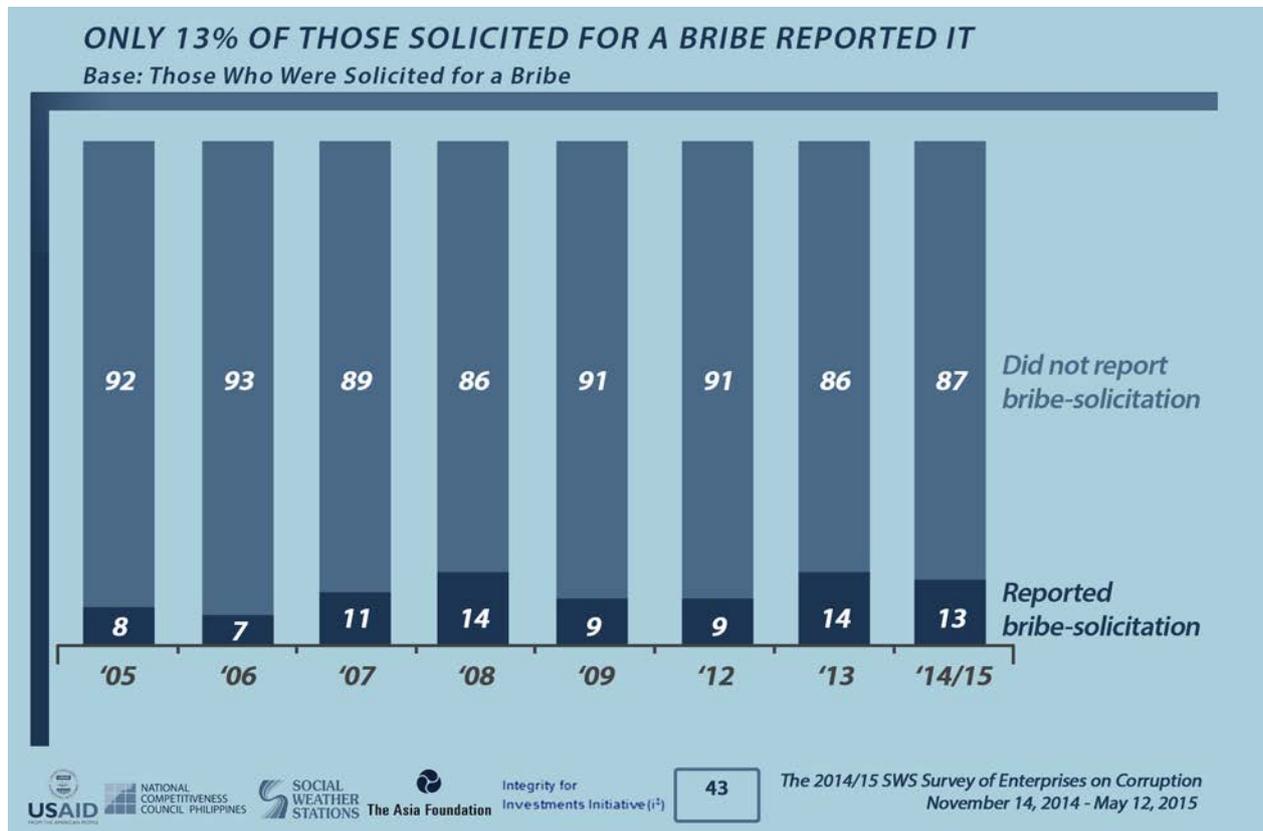
a business culture-changing process that will revolutionize how companies do business with government and with each other.

Project SHINE has targeted business support organizations/ chambers that are promoting transparency and ethical business practices, and foreign and local enterprises that have an interest in promoting ethical business practices as part of collective action.

### III. THE CASE FOR COLLECTIVE ACTION

Defined, collective action is a process of cooperation between various stakeholders with the aim to jointly counter corruption. Through such alliance of like-minded organizations the problem can be approached and resolved from multiple angles and the impact of individual action can be increased. (World Bank Institute, 2010)

In countries with weak rule of law, anti-corruption efforts suffer from a collective action problem: because bribery and corruption are endemic and occur frequently, individual small business owners hesitate to reform themselves because they fear that changing their practices will reduce their competitiveness. The common concern is that if a small or medium-sized enterprise (SME) begins to avoid bribery, the SME might be incapable of securing contracts that require paying a bribe, for example. This threat of short-term loss of business is serious for SMEs and can deter companies from pursuing anti-corruption compliance. Furthermore, the collective action problem affects the general business environment. Without a strong, coordinated voice on the importance of compliance, corruption continues to be seen as “business as usual” and the consensus



continues to be that bribery is a necessary component of conducting business. (Nelson, 2014)

In the 2014/15 SWS Survey of Enterprises on Corruption only 13% of those solicited for a bribe reported the incident.

Getting the buy-in of all stakeholders, as well as to invite more partners to join the coalition against corruption is critical in a sustained ethics campaign. As mentioned by the World Bank Institute, "A growing number of companies joining global anti-corruption initiatives increases peer pressure to commit to ethical practices and ensures that companies able and willing to demonstrate leadership in the fight against corruption do not risk leaving business behind for scrupulous competitors to pick up."

For this purpose, taking into consideration the research projects, tools, and concepts forwarded by international organizations like the World Bank Institute, UN, Transparency International, World Economic Forum, International Business Leaders Forum, International Chambers of Commerce, and Center for International Private Enterprises, as framework, the collective action advocacy of the Integrity Initiative was chosen as the vehicle to promote Project SHINE's objectives. Ultimately, the aim is to change a corrupt business environment to one that allows fair competition and a level playing field, benefiting both producers and consumers.

To date, Integrity Initiative has on board 173 organizations, 45 government agencies, and

2,804 corporations and other private entities as members.

Moreover, regarding the promotion of the United Nations Convention Against Corruption being spearheaded by the Office of the Ombudsman, the government has invited Integrity Initiative to become a partner in pushing for greater private-sector engagement, as provided for in the Convention. At the same time, cognizant of the private sector's role in promoting good governance, the Aquino administration has made Integrity Initiative a part of the Open Governance Partnership (OGP) program.

*A. The fight against corruption continues*

On 9 July 2013, Integrity Initiative, Inc. (II, Inc.) was incorporated as a non-profit organization in order to continue the collective action that is gaining a greater number of partners. Supported administratively by the Makati Business Club (MBC) and engaged in a long-term private sector-led campaign to promote common ethical and acceptable integrity standards among various sectors of society, II, Inc. will continue the activities that were initiated by Project SHINE and will work with organizations to unite towards a common goal—to elevate society's ethical standards to a better and moral paradigm. This goal can be achieved by bringing together the best corporate

**EXPECTED CHANGE IN NET INCOME, IF CORRUPTION IS REDUCED TO THAT OF SINGAPORE, BY AREA, 2014/15**

	All areas	NCR	ANG	CLB	ILO	CEB	CDO-I	DAV
<b>Positive Change</b>	55%	54%	54%	53%	55%	59%	58%	56%
<b>No Change</b>	33	38	29	32	32	31	26	32
<b>Negative Change</b>	4	3	2	3	5	5	8	6
<b>Not aware</b>	7	5	15	11	8	5	7	6
<b>Means of positives</b>	27.5	27.1	38.6	30.0	25.5	24.5	25.6	22.9
<b>Median of positives</b>	20	20	30	20	20	20	20	15
<b>Mean of full sample</b>	27.2	26.8	38.2	29.7	25.5	25.3	24.7	22.7
<b>Median of full sample</b>	20	20	30	20	20	20	20	15

Q94. Should it happen that the amount of corruption in the government here in the Philippines were to be reduced to what it is reputed to be in Singapore, do you think that it would affect the net income of your company? IF YES, by how much percent do you think your company's net income would increase OR decrease compared to the present situation?



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The 2014/15 SWS Survey of Enterprises on Corruption  
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values and practices to set new standards.

II, Inc. firmly believes in the idea that fighting corruption is good for business based on responses of members of the business community in the SWS Enterprise Survey on Corruption. These enterprises believe that their net income will increase by as much 20% if the level corruption can be brought down to the level of corruption experienced by Singapore.

The same survey also revealed, however, that very little is being spent to fight corruption, while a great majority do not spend anything at all to fight corruption. Moreover, even if businesses see less corruption in the private sector compared

to the public sector, the level of corruption has not improved nor changed over the past 10 years. In fact the extent of honest business practices has been rated as unsatisfactory and has not improved over time.

As ASEAN tries to capitalize on the opportunities presented by regional integration post-2015, corruption is an impediment to increasing international trade and investment. Some accounts even state that corruption in ASEAN has become systemic, with many even cynically claiming that it has become ingrained in the cultural norms and expectations of doing business in ASEAN. The impending formation of an ASEAN Economic Community brings with

it numerous challenges, as well as opportunities for tackling corruption.

Increasing inter- and intra-regional trade and investments attract both good and bad businesses, potentially creating a greater supply of companies willing to pay bribes and engage in corrupt practices. Coupled with inefficient state regulators and weak enforcement capabilities in most ASEAN member states, economic growth may also mean a growing market for corrupt transactions.

However, many ASEAN member states are feeling the pressure from its citizens to tackle corruption. With the increased voice of an educated youth empowered by social media, tolerance for corruption is decreasing as awareness increases. This clamor can also be directed towards the business community, directly increasing both the legal and reputational risks of engaging in corruption.

Though governments take the lead in the anti-corruption crusade, long-term success will require complementary efforts from other stakeholders, particularly businesses. While businesses can individually take proactive steps to counter corruption, they can be more effective by engaging in collective action.

Collective action in this context is a process of cooperation among like-minded organizations. Through such alliances, the impact and credibility of individual actions can be improved and fair market competition – or a level playing field – can be created for all, including vulnerable players

### SPENDING IN THE LAST 2 YEARS TO COMBAT FRAUD AND CORRUPTION IN OWN COMPANY, 2007-2014/15

	'07	'08	'09	'12	'13	'14/15
Nothing	61%	61%	59%	57%	65%	65%
< PhP 10,000	9	11	12	12	7	5
PhP 10,000 to 99,000	10	9	11	12	10	12
PhP 100,000 to 199,000	6	5	6	4	6	5
PhP 200,000 to 499,000	4	6	3	4	4	3
PhP 500,000 to 999,000	3	3	3	2	3	3
PhP 1 million or more	6	5	5	7	5	6

Q95. In the last 2 years, how much, more or less, has your company spent for combating fraud or corruption INSIDE your OWN company, such as doing private investigations, prosecution or getting security services? Total over the last 2 years: PhP



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### EXTENT OF CORUPTION IN THE PRIVATE SECTOR, 2000-2014/15

	A lot	Some	A little	None
2000	14%	39%	43%	4%
2001	9	44	44	3
2002/03	13	43	41	3
2003/04	9	34	49	8
2005	10	37	48	5
2006	9	34	53	5
2007	8	34	53	5
2008	8	35	52	5
2009	9	36	48	7
2012	11	37	45	7
2013	9	38	45	7
2014/15	11	40	43	6

Q56. How much corruption do you think there is in the private sector?



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such as SMEs. In this sense, collective action can act as a complement or temporary substitute for weak local anti-corruption laws and practices.

Successful collective action in the region requires the willingness, hard work, and expertise of all stakeholders. Most importantly, given the diversity of ASEAN and the business community itself, it must be based on (1) shared understanding and (2) shared principles. It also runs counter to the prevailing culture of “silo” thinking, where companies deal with integrity issues on their own, acting as isolated islands within a sea of high risks posed by corruption.

### *B. Integrity has no borders*

Envisioning a corruption-free ASEAN, the Regional Working Group on Business Integrity in ASEAN was established on 19 September 2014 on the occasion of the Fourth Integrity Summit held in Manila with a mission of promoting and achieving the highest standard of business integrity in ASEAN through collective action on advocacy, capacity-building, and stakeholder engagement. The Working Group recognizes the UNGC’s 10th Principle against Corruption, the UNCAC, and other internationally accepted principles and norms.

Through a Memorandum of Understanding on Regional Cooperation against Corruption in the ASEAN Business Community, the members of the Working Group committed to jointly and separately contribute towards eradicating corruption in their respective countries and at the regional level through, but not limit-

ed to, the following commitments:

- 1) Promote and implement anti-corruption and integrity initiatives that enable businesses to operate more responsibly and ethically;
- 2) Cooperate with one another in the areas of sharing information, best practices, and technical resources;
- 3) Work together towards developing a common strategy and framework for action against corruption in ASEAN for the private sector.

The Working Group is continuously expanding to include all ASEAN countries. It is currently comprised of seven private networks from six ASEAN countries, namely the ASEAN CSR Network based in Singapore, Singapore Compact for CSR, Integrity Initiative, Inc., Indonesia Business Links, International Chamber of Commerce – Malaysia, Vietnam Chamber of Commerce and Industry, and Private Sector Collective Action Coalition against Corruption of Thailand.

The Working Group shall collectively develop and implement the “Integrity Has No Borders” regional advocacy campaign to show that the ASEAN business community is standing up against corruption.

The campaign is focused on two core messages that first, as individuals with integrity, the value should be practiced both in the confines of the homes and families, as well as in the workplace, including dealings with both government and private sector officials; and second, as businesses with integrity, it should

be practiced across the entire business, across international borders, and spanning entire value chains, including engagements with regulators, investors, suppliers, contractors, and other business partners.

The Working Group members shall also strive to support one another in building skills and capacity to combat corruption by sharing best practices and technical resources, providing opportunities for information sharing and knowledge transfer, and organizing training sessions on relevant skills and strategies.

A mid- to long-term goal of the Working Group is to move its members towards harmonized, and eventually standardized, integrity programs. Harmonized programs have the added benefit of being comparable, presenting opportunities for benchmarking and best practice adaptation. Also, moving towards more harmonized and standardized programs can, in the long-term, open opportunities for mutual recognition of integrity pledges and certifications across ASEAN.

## **IV. INVESTING IN INTEGRITY**

As mentioned in an article posted on the website of non-profit business association, TRACE International, “As recently as just five or six years ago, it was common to hear critics...say that corruption was just the way business is done in certain parts of the world. But while corruption is certainly a constant challenge in many jurisdictions, the trend of anti-bribery enforcement and corporate compliance is no longer exclusively a US phenomenon. According to Deloitte’s Compliance Trends 2015 survey, over

half of African companies had increased their compliance budgets over the past year. Global awareness of the corruption problem and a willingness to actually go after corrupt actors has flattened the playing field in international business transactions. That should be a welcome change for everyone.”

The pressure to realize immediate profits and extract value for the short term is indeed what drives most business. Within such a context, the Integrity Initiative offers an alternative where enterprises can instead invest for the future by plowing in the

needed resources for improving their ethics and compliance programs, and even managing the integrity systems of their whole supply chain by cascading their core values to each single business partner they engage with on a day-to-day basis. II, Inc. can also advise companies on how they can effectively deal with government agencies and local government units through constructive engagement. Even corporate social responsibility programs can be integrated with risk management and corporate governance programs through learning platforms provided by II,

Inc. through its regular Integrity Fora for member companies.

After all, while the realities of doing business today still demand that companies chase the bottom line for the sake of stakeholders’ interests, the whole world is now moving towards giving preference to enterprises that go for the triple bottom line of people, planet and profit. Sustainability is key and investing in integrity will eventually pay off in the long term not just for individual organizations but the whole country as well. ■

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