



Powerlessness leads to corruption

Pinciple 10: "Businesses should work against corruption in all its forms, including extortion and bribery."

On June 24, 2004, at the United Nations Global Compact Leaders Summit, it was announced that the UN Global Compact would henceforth include a 10th principle against corruption.

This was adopted after extensive consultation. All participants overwhelmingly supported it, sending a strong signal worldwide that the private sector would share responsibility for the challenges of eliminating corruption. It also demonstrated a new willingness by the business community to play its part in the fight against corruption.

Corruption is now recognised as one of the world's greatest challenges. It is a major hindrance to sustainable development, with a disproportionate impact on poor communities, and is corrosive to the very fabric of society. The impact on the private sector is also considerable — corruption impedes economic growth, distorts competition and represents serious legal and reputational risks.

Corruption is also very costly for business, with the extra financial burden estimated to add 10% or more to the costs of doing business in many parts of the world. The World Bank has stated that "bribery has become a US\$1 trillion industry".

The word "corruption" comes from

a Latin word meaning "to break" or "to destroy". Corruption is a cancer that steals from the poor, eats away at governance and moral fibre, and destroys trust. Although corruption exists in both the private and public sectors, the corruption of the public sector is a more fundamental evil. This is because the public sector is the enforcer and arbiter of the rules that hold us together, the custodians of our common resources.

Corruption is the abuse of public office for personal gain.

I am not taking about the taker here. I am talking about the hand that gives. It takes two hands to clap — the clap cannot exist in isolation.

Why does one offer bribes and other corrupt gifts? The other side may ask or hint subtly. Do you have to comply and give in?

The sad truth is that business people and businesses live in a parallel universe compared to government servants and other similarly powerful bureaucrats whom they interface with.

Strategy is cerebral. It springs from a few minds as a tidy plan. The messier task of execution requires everyone's coordinated actions. This almost always includes those outside the organisations over whom you have little control, influence or power.

Yet in corporate life, there are timelines that must be kept to. The bigger and more organised the corporation, the bigger the pressure to deliver on time. There are boards of companies that the

CEO and his team need to be accountable to. There are stock exchange executives, market analysts and ultimately stockholders that the business needs to keep happy.

Thus, bureaucrats outside the organisation have enormous power. They can retaliate through subtle sabotage. They slow things down by failing to take action. It is what psychologists call defensive pessimism, learned helplessness and passive aggression.

"It will take months to process." "Submit more forms." "I cannot tell you when the next meeting to approve this will be held." Or simply, "Oh, I don't know". Or worse, your request does not even get a response.

It is not just government servants. These petty bureaucrats can be found in government-linked companies and financial institutions as well.

They bring your business plans to a screeching halt. You wonder if you should offer favours or pull strings to get things moving again. But if you rely on cronyism, you perpetuate the problem: a vicious circle of powerlessness that undermines organisational effectiveness.

Powerful bureaucrats easily render corporate executives powerless. These powerful bureaucrats — and even those which are less powerful — are what we in Malaysia would call "little Napoleons". They are embedded in the business ecosystem. They are thoroughly feared. They are costly to businesses both in terms of money

and what's worse, time.

So, who is at fault when an act of corruption occurs?

Power corrupts, as John Emerich Edward Dalberg Acton (better known as Lord Acton) famously said. But so does powerlessness. Indeed, powerlessness is a powerful condition that increases susceptibility to corruption and encourages its spread.

What do you do when you are powerless in the face of a little Napoleon who is unduly delaying the approval for a factory that your board and management have approved? It's worse when the bureaucrats at the other end know that their decisions could speed things up and make money for you and your company. They also know that delays on their part could be devastating to you and your business and maybe, even your career.

In the face of this, what is a business to do when competitors who come up against the same bureaucracy succumb to greasing the palms? You lose out.

So, how do we proceed? Powerful bureaucracy in itself is a threat to business. Add corruption to that and you end up with a businessman's nightmare.

Sadly, corruption is on the increase. Malaysia seems to slide lower every year in international rankings on corruption. The institutions formed to curb, check and prevent corruption seem to be powerless and sometimes, clueless, in the face of what is increasingly becoming the norm in the way business is done here in Malaysia. Whistle blowers are

also inadequately protected, making it difficult for acts of corruption to be reported and acted on.

What do we do? Do we bend and fold or stand up and fight? Something needs to be done collectively.

In writing the introduction to the 153-page World Bank report "Combating Corruption In Indonesia", Gary Goodpaster, professor emeritus of law at the University of California, noted that "only Indonesians can overcome corruption in Indonesia. They would do so if persuaded that they must. Careful studies exposing in detail systems, networks, social and economic costs of corruption are essential tools in the anti-corruption campaign. Will, as the Buddha noted, attends knowledge".

Indonesians have been persuaded, it seems. The country's improved ranking in the global corruption index attests to this. What about us Malaysians? As the Buddha said, "To have known and not to act is as good as not having known."

Perhaps, we are powerless as individuals and companies in the face of the corrupt. How about if we rally together? As businesses, we can show commitment to tackle corruption head-on. It is up to us. Where there is a will, there is a way.

There is a lot at stake, such as the future of our children and their children, for a start. ■

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