

# Collective action guide

## *Fighting corruption through collective action—a guide for business:* an executive summary

### **Introduction**

The risk of corruption exists, to some degree, in every region, country, sector and transaction; however, companies doing business globally face additional legal, competitive, economic and ethical challenges arising from corruption. Created as a joint effort between businesses, NGOs and multilateral organizations, *Fighting corruption through collective action—a guide for business* provides a comprehensive methodology for businesses looking to reduce corruption as they operate internationally.

Global expansion is driving the success and long-range goals of more and more businesses, but there are risks involved—legal, professional, and to the reputations of companies linked to questionable foreign activities. With the advent of the Foreign Corrupt Practices Act in the US—legislation whose application is not necessarily limited to American businesses—those doing business in sectors or regions at high risk for corruption need, more than ever, to not only understand the importance of taking steps, but to know what steps to take and how to implement them. To this end, *Fighting corruption through collective action* explains the concept of collective action, its benefits and how it can be used by companies who want to be more proactive.

### **What is collective action?**

Corruption has destructive consequences across all levels of society, from individuals to businesses to governments, and its elimination is crucial to maintaining an environment of fair competition based on the merits of goods and services, reduced costs and better value to the customer. This is particularly relevant to small- and medium-sized enterprises whose success and viability, particularly in emerging markets, is disproportionately affected by corruption due to limited financial and human resources.

Corruption can include embezzlement, fraud, extortion, bid-rigging and political corruption, but the collective action guide focuses on forms of bribery, such as kickbacks, steered subcontracts or improper political and charitable contributions. While companies have always undertaken a variety of measures to deter corruption, the next level of prevention is “collective action.” A collaborative and sustained process of cooperation between stakeholders, collective action increases the impact and credibility of individual action, brings vulnerable individual players into an alliance of like-minded organizations and levels the playing field between competitors. It is a powerful and proven anti-corruption strategy that requires patience, hard work and expertise to achieve.



## Fighting corruption through collective action

There are three levels at which a company can attack corruption, with collective action being the most advanced. Traditionally, companies undertake internal measures—corruption risk assessment, corporate compliance programs that include anti-corruption policies, specific managerial strategies—and external measures such as publicly communicating company standards and policies in order to help employees and business partners resist and report bribery. At the level of collective action, companies reach out to industry peers, suppliers and other stakeholders to initiate joint anti-corruption activities.

It's crucial that a company take the right steps early on to determine whether collective action is right for them, and if so, what form it should take. For example, collective action initiatives can be project specific in the form of public anti-corruption declarations or more formal, monitored integrity pacts; or they can be adopted as long-term strategies such as principle-based stakeholder initiatives or the establishment of formal certifying business coalitions.

The collective action guide provides companies with the information, procedures and decision-making tools to decide what form/forms of collective action apply to their situation. Once this has been determined, specific strategies, as well as implementation approaches and methodologies, are clearly outlined. Also made clear are the factors that underpin the success of a collective action initiative, such as neutral facilitation, public awareness, certification processes and agreement on consequences to violators.

## Resources

*Fighting corruption through collective action—a guide for business* also contains a comprehensive resource section full of contacts, best practices, examples and case stories. Companies interested in understanding, assessing or implementing collective action to fight corruption can find out where to go for information and what to do to better facilitate the process.

In conjunction with the collective action guide, the World Bank Institute along with partner institutions from the private sector and civil society have developed the Collective anti-corruption portal. This interactive, business-oriented Web project will provide businesses and their stakeholders with practical resources, including lessons from collective initiatives around the globe, as well as expert guidance on the design and practical implementation of collective anti-corruption actions.

## Conclusion

While the collective action guide is intended primarily for businesses, it may be relevant to other entities such as government and NGOs who operate in environments where corruption is, or may be, present. Any business or organization interested in being part of the anti-corruption solution can benefit from the extensive information and resources contained in *Fighting corruption through collective action—a guide for business*.

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To download *Fighting corruption through collective action—a guide for business*, please go to [www.grantthornton.ca/services/forensic](http://www.grantthornton.ca/services/forensic). The Collective anti-corruption portal can be found at [www.fightingcorruption.org](http://www.fightingcorruption.org).