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Catalyzing Corporate Commitment to Combating Corruption

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ABSTRACT. This article considers what policy reforms may help catalyze corporate commitment to combating corruption. The starting point for this discussion is a voluntary, corporate principles approach to self-regulation. Such an approach should seek to encourage corporations to implement effective compliance and ethics programs and to disclose information related to their anti-corruption activities to relevant stakeholders. Although a corporate principles approach is a private initiative, there is a significant role for the public sector. This article discusses some of the ways that the public sector can support and further the goals of a corporate principles approach to combating corruption. The reforms discussed in this article include amnesty programs for corporations that self-disclose corrupt payments, the use of corporate monitors in the enforcement of anti-corruption laws, expanding the definition of corruption in criminal laws, sustainability reporting indicators related to bribery, and the implementation of multi-stakeholder initiatives to support a corporate principles approach.

KEY WORDS: bribery, corporate monitors, corruption, facilitation payments, multi-stakeholder initiatives, private-to-private corruption, sustainability reporting

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Introduction

Almost 10 years ago, Thomas Dunfee and I wrote about the growth of the anti-corruption movement in the 1990s which included the OECD's anti-bribery convention as well as actions by the Council of Europe, the World Bank, and others (Hess and Dunfee, 2000). All had as one of their goals the reduction of the supply-side of corruption; that is, corporations' payment of bribes. Since that time, various other high-profile initiatives have helped ensure that anti-corruption efforts continue to receive significant attention as an important policy issue, as well as an important matter in corporate social responsibility. These initiatives include the addition of a 10th principle to the United Nations Global Compact, which requires corporations to "work against corruption in all its forms," and the adoption of the United Nations Convention against Corruption.

Although all these initiatives have raised awareness among corporate actors and encouraged greater enforcement of criminal laws against corruption, significant work remains to be done. For example, a recent survey by Control Risks Group Limited (2006) found that large percentages of managers from various developed countries believe that they have lost contracts due to competitors paying bribes. Moreover, the managers in this survey believed that bribery was more prevalent now then the managers responding to the same survey 4 years earlier.

Such surveys demonstrate the intractable nature of the problem of corruption that has led many to state the paradox that corruption is "universally disapproved yet universally prevalent" (Hess and Dunfee, 2000, p. 595). Achieving any meaningful reduction in the level of corruption will require a tripartite attack involving reforms in the public sector, private sector, and civil society (Dunfee and Hess, 2001).

In the private sector, there is a strong business case for corporations to refuse to pay bribes. First, the actual bribe payments are a direct cost to the corporation. Second, because corruption is universally disapproved, a corporation that is publicly caught paying a bribe can suffer significant reputational harms (PricewaterhouseCoopers, 2008). Finally, a country that has low levels of corruption creates an environment that is more conducive to business and investment opportunities in general (Hess and Dunfee, 2003).

Although there is a powerful business case encouraging corporations to take a strong stance against corruption, many corporations view the use of improper payments as a competitive necessity in the short term. As noted above, survey evidence shows that many managers believe they will lose business if they do not pay bribes, but their competitors continue to do so. Thus, there is a significant collective action problem. To help solve this problem, Thomas Dunfee and I proposed a set of anti-bribery principles for corporations to adopt voluntarily that we termed the C^2 Principles (Combating Corruption) (Dunfee and Hess, 2001; Hess and Dunfee, 2000, 2003). These principles were later adopted by the Caux Round Table to assist corporations in implementing Principle 7 of their *Principles for Business* (Hess and Dunfee, 2003). Several non-governmental organizations have adopted similar approaches. For example, in December 2002, Transparency International issued its *Business Principles for Countering Bribery*.[1] In January 2004, the World Economic Forum launched its Partnering Against Corruption Initiative (PACI).[2] Thus, although this article refers to the C^2 Principles in honor of Thomas Dunfee, this discussion is relevant to all similar initiatives.

The C^2 Principles require corporations to adopt appropriate internal controls and a compliance and ethics program to prevent the payment of bribes by its employees and agents. In addition, the Principles require corporations to provide disclosures on the implementation and effectiveness of their anti-corruption efforts (Hess and Dunfee, 2000). Disclosure serves multiple goals. First, it helps provide accountability with respect to performance. Second, it raises public awareness and pressures other similar corporations to adopt the principles. Third, disclosure also should work to serve the goal of organizational learning. Through disclosure, corporations can begin to learn from the experiences of others dealing with corruption and allow best practices to emerge after a period of experimentation (Dunfee and Hess, 2001).

Although a corporate principles approach is a private initiative, there is a role for the public sector through government regulation and various forms of intervention. The law provides a significant part of the context in which corporations decide whether and how to implement the requirements of the private initiative, and therefore we need to understand how the law can be used to influence the development of such initiatives.

There are many different ways in which the law can attempt to influence voluntary initiatives. In the context of environmental management systems, Wood (2002–2003) indentifies some of these potential methods.[3] For example, Wood indentifies a ''benchmarking'' strategy, where the government uses a voluntary standard as the benchmark against which to evaluate the reasonableness of a corporation's efforts in attempting to prevent the environmental harm caused for purposes of liability. With respect to corruption, in the United States, the government explicitly uses a ''benchmarking'' strategy to encourage the use and continued improvement of compliance programs. Under this strategy, the government has adopted a policy of being less likely to prosecute corporations that can demonstrate that, even though an employee paid a bribe, it had a meaningful compliance program in place, as benchmarked against industry best practices.

In this article, I use Wood's (2002–2003) categories and briefly explore some of the potential legal reforms that may support the success of a corporate principles approach and truly catalyze corporate commitment to combating corruption. The first set of reforms – new approaches to enforcing criminal laws on corruption – fall under Wood's category of ''command,'' which (for at least some period of time) makes the adoption of corporate principles mandatory rather than voluntary. The second set – expanding the definition of corruption – seeks to ''steer'' corporations toward the adoption of broader compliance programs that are more intolerant of all forms of corruption. Next, I discuss sustainability reporting as means by which the government can further the development of effective anti-corruption indicators through various means of intervention.

Finally, the government may initiate or participate in multi-stakeholder initiatives as a way to ''steer'' the initiative toward desired public policy goals. This list of potential legal interventions is not an exhaustive list and only touches upon the issues raised by each proposal, but it provides a starting point for policy-makers and academics studying how the law can encourage a greater commitment to combating corruption by corporations. Such research is one way to carry on the work of Thomas Dunfee in understanding the ''synergistic, interdependent relationship of business ethics and law'' (Dunfee, 1996, p. 317).

New approaches to enforcing criminal laws on corruption

In the United States, enforcement of the Foreign Corrupt Practices Act (FCPA) is at an all-time high. Despite the increase in enforcement, some argue that the FCPA still has little deterrent effect because the DOJ has not demonstrated an ability to successfully prosecute ''hard'' cases of bribe payments (that is, those cases requiring significant investigation of complex flows of money) (Segal, 2006). Most of the cases brought before the Department of Justice (DOJ) and the Securities Exchange Commission (SEC) are due to self-disclosures by corporations, which can, at least in part, be attributed to the Sarbanes–Oxley Act's disclosure and certification requirements. Clearly, part of the solution to better enforcement, and therefore deterrence, is providing government agencies with the appropriate resources to police misconduct. At a national level, efforts to evaluate and publicize enforcement of anti-bribery laws – such as that by Transparency International (see Heimann and Dell, 2007) – are also valuable in this regard.

Deterrence does have its limits, however, which is why a corporate principles approach is valuable. It is important to remember that a corporation's payment of bribes is not necessarily based on a rational decision that the calculated costs of bribery due to risk of prosecution are less than the benefits of the contracts that can be obtained by corruption. Instead, the use of corrupt payments can become embedded in a corporation's culture slowly over time due to various organizational pressures, incentives, and rationalizations (Hess and Ford, 2008). This creates additional problems, because unless the corporation takes action to change the culture of the organization – as opposed to making technical changes in a compliance program – the corporation will likely restart making wrongful payments soon after its punishment by the government.

Thus, it may be useful to use enforcement efforts as a mechanism to help ensure that corporations meaningfully implement an effective and sustainable anti-corruption compliance program as required by the C^2 Principles. As mentioned above, this already occurs through a ''benchmarking'' process where prosecution decisions are based on the quality of a corporation's compliance program. However, many have criticized this approach as not pushing corporations beyond adopting a program that exists only on paper (Laufer, 1999). A possible solution is to ''command'' corporations to adopt an effective compliance program, which (due to the intrusiveness of the reform) should only be reserved for corporations shown to have implemented a sub-standard program.

Here, I discuss two ways the public sector can ''command'' corporations to adopt improved compliance programs: (1) the use of formal amnesty programs for self-disclosers of bribe payments; and (2) the use of deferred prosecution agreements. Both methods should require corporations to adopt a compliance program (and perhaps also the C^2 Principles) and have a monitor provide direct oversight of the implementation of the program to ensure it addresses issues of organizational culture and is not simply a ''paper program.'' This approach focuses on corporations that have been shown to have an ineffective compliance programs, and therefore need some push to fully review their programs.

Amnesty programs for self-disclosing bribe payers

A corporation that discovers that one of its employees or agents has paid a bribe may explore the possibility of disclosing that information to the government in the hopes of obtaining a lenient punishment. Many corporate defense attorneys, however, are advising their clients against self-disclosure because there does not seem to be any guarantee of a benefit (see

Freedman, 2006; Masters, 2007; Reisinger, 2007; Roner, 2008). Although government prosecutors claim that self-disclosers will receive a benefit, they are reluctant to make promises to companies before they can conduct a full investigation and determine if the disclosed bribe is simply the tip of the iceberg (Freedman, 2006). Thus, corporations do not have a clear expectation of leniency when deciding whether or not to disclose. In addition, the leniency decision gets muddled with considerations of the government's perception of the corporation's cooperation with its investigation. In response to this uncertainty, some defense attorneys argue against self-disclosure "if the bribe was minor, did not involve an executive, there was no systemic problem, and the company corrected it" (Reisinger, 2007, p. 75). In those cases, the limited risk of getting caught in the future outweighs the uncertain benefits of a potentially mitigated punishment. To reduce such thinking and encourage greater disclosure of anti-bribery law violations, countries should consider formalizing either a full amnesty program or some form of a formalized mitigated sentencing program for self-disclosers as suggested in Article 37 of the UN Convention against Corruption. The leniency on the punishment, however, should be balanced with strictness on requiring the corporation to comply with the C^2 Principles.

One model of such an approach is the World Bank's Voluntary Disclosure Program[4] (VDP) which has been in effect since 2006. Under this program, a company that discloses its use of wrongful payments will not face debarment from World Bank projects if it fully cooperates in an investigation. In addition, and of most importance to this discussion, the corporation must also agree to implement an improved compliance program under the watch of a monitor for a set period of time. The goal of the monitor should be to ensure that the corporation is in fact implementing a compliance program as promised and that it is being implemented in a manner that it will continue to be effective once the monitor has stopped overseeing the corporation.

Understanding corporate monitorships

Even if a country chooses not to adopt a formal amnesty program, prosecutors can use monitorships in settlement agreements with corporations that have been found in violation of anti-corruption laws. In the U.S. in the last few years, the DOJ has increasingly settled FCPA criminal cases against corporations with deferred prosecution agreements rather than prosecuting the case and seeking a conviction. Such an approach allows the DOJ to achieve the benefits of a conviction (e.g., implementation of corporate reforms and admission of wrongdoing) without the costs of an investigation and trial (Ford and Hess, 2009). An important term of many of these settlements has been the requirement of a corporate monitor with duties similar to those described above.

Regardless of whether monitorships are part of a formal amnesty program or are used at the discretion of prosecutors in deferred prosecution agreements, more research is needed to determine whether or not they are effective and how they can be improved. Below are two important issues on the use of monitorships that require further consideration.

First, we need to recognize that not all corporate monitorships are the same or need to be the same. Different corporations being punished for corrupt practices will have different reform needs, which can necessitate monitors with different goals, skills, and powers. For example, one corporation may simply need fine-tuning of its internal controls, while another needs a complete revaluation of its corporate culture. Thus, there needs to be a clear articulation of the goals of the particular monitorship at-hand, which then should influence the structuring of the monitorship and the selection of a monitor who can best meet those requirements. Currently, in the U.S., most monitors are former prosecutors that are hired for their skills as investigators and to provide credibility to the monitorship process. Such monitors, however, are likely to take on a role of only observing and verifying what the corporation is doing with respect to its compliance program. In cases of significant organizational culture problems, the monitor should likely take on a more expansive role. Monitors in these situations need to bring state-of-the-art knowledge on compliance and ethics programs and organizational culture to the corporation, and assist the corporation in uncovering the patterns of behavior that have led to persistent wrongdoing (see Hess and Ford, 2008). While many ex-prosecutors may believe that simply firing those

who committed the wrongful acts and adding a new layer of controls and additional training will solve the problem, compliance and ethics professionals with management experience are more likely to discover the root causes of wrongdoing, including lack of leadership and harmful organizational pressures (Ford and Hess, 2009).

Second, there needs to be an effort to capture the lessons of monitorships. Currently, the government does little if any post-monitorship evaluation of the entire process, and monitors are not sharing the lessons of their experience (Ford and Hess, 2009). This is valuable information that can be used to improve the effectiveness of monitorships in combating corruption and assist future monitors in their efforts to find and then fix the problems that lead to wrongful behavior.

Expanding the definition of corruption in criminal laws

The fight against corruption through national legislation and international conventions contains many exceptions. Two well-known exceptions are: (1) private-to-private corruption, which are bribes that do not involve public officials but are solely between private companies; and (2) facilitation payments, which are small bribes to speed up routine government services such as issuing licenses or permits. Researchers and policymakers should consider whether prohibiting these forms of corruption will help create an environment that is more intolerant of corruption and push corporations to be more committed in their anti-corruption efforts.

Private-to-private corruption

Private-to-private corruption (also known as private sector corruption or commercial bribery) is similar to private-to-public corruption in that a private company is making a wrongful payment to induce an agent to act in his or her own interests rather than the interests of the agent's principal. In private-to-private corruption, that principal is another private company rather than a government body. Due to such factors as the increasing privatization of government services and the implementation of market liberalization policies, many believe that private sector corruption is growing in scale (Argandona, 2003; Heine, 2003; International Chamber of Commerce, 2006; Webb, 2005).

The most well-known laws and conventions on corruption treat private-to-private corruption differently. For example, the FCPA and the OECD Convention do not address it, the United Nation Convention encourages nations to "consider" criminalizing it, and the Council of Europe's Convention requires its member nations to prohibit it. The International Chamber of Commerce (ICC) has been a strong proponent of legislation that prohibits commercial bribery, and has held that position since the FCPA was passed in 1977.

Even though commercial bribery may not be covered by a law enacted specifically to fight corruption, it is legally actionable in most countries under some form of criminal law or a civil remedy (Heine et al., 2003). The rationale for liability, however, can vary significantly and can be based on such different claims as breach of trust to an employer or anti-competitive behavior (Heine, 2003). Thus, depending on the jurisdiction, similar acts can require significantly different burdens of proof and allow the bribe payer to assert different defenses (Rose, 2003).

Due to these differences, we expect significant differences in how corporations treat commercial bribery in their compliance programs (see Gordon and Miyake, 2001). As discussed further below with respect to facilitation payments, incorporating a ban on commercial bribery into international conventions and national criminal laws, may provide benefits in "steering" the development of compliance programs under initiatives such as the C^2 Principles. The benefits would include a greater commitment to combating the problem and, as corporations experiment with changes to their compliance programs and then share that information, a greater understanding of the nature of the problem and effective solutions.

Facilitation payments

Facilitation payments have been a controversial exception to anti-bribery laws since the enactment

of the FCPA. Because the OECD convention permits facilitation payments due to its definition of a bribe, some (although not all) nations have an exception similar to the US (Zervos, 2006). Although facilitation payments are in fact harmful to a nation's economy and a prohibition can be justified for that reason (Zervos, 2006), in the context of a discussion on the C^2 Principles, a ban on facilitation payments also can be justified on the grounds that it is necessary for improving corporations' commitment to combating all forms of corruption and appropriately "steers" corporations to include (and enforce) a similar ban in their compliance programs.

Corporations that allow an exception for facilitation payments create an unclear and inconsistent policy for employees to follow, which can put even well-intentioned corporations on a slippery slope toward other forms of corruption. Asking employees to follow a rule that allows them to pay facilitation payments in other countries but not domestically, or telling them that small bribes are acceptable while large bribes are not, can only cause confusion on ethical propriety and harm the effective implementation of a compliance and ethics program (Hess and Ford, 2008; Wrage and Mandernach, 2006). In addition, meeting the demand for low-level corruption can only support the growth of that demand as those officials (or their superiors who receive a share of those bribes or simply observe the activity) rise through the ranks of government (Dunfee and Hess, 2001).

Not surprisingly, many corporations already ban facilitation payments in their codes of conduct. For example, approximately three-quarters of U.S. corporations ban facilitation payments even though they are not required to by law (Control Risks Group Limited, 2006; KPMG, 2008). Of course, enforcing a ban on facilitation payments for those firms that do not have a voluntary prohibition is likely to be challenging to say the least. That, however, is not a strong argument against such a ban and even a difficult-to-enforce law can provide significant benefits. Removing the exception for facilitation payments serves an expressive function; it signals to corporations the wrongfulness of engaging in these practices and further encourages all corporations to take seriously attempts to train employees and adopt internal controls to prevent such payments.

Sustainability reporting and anti-corruption

The C^2 Principles require corporations to publicly report on their anti-corruption policies and their experiences in implementing those policies. This is consistent with best practices in sustainability reporting, such as under the Global Reporting Initiative's G3 Guidelines (Global Reporting Initiative, 2006). Under the GRI's guidelines, corporations are required to disclose their approach to combating corruption, including their policies, training programs, risk analyses related to corruption, and how they have handled any incidents.

Including anti-corruption indicators in sustainability reports should serve multiple purposes, which includes internally directed goals as well as externally directed goals (Hess, 2008). First, the disclosures should be directed internally to help ensure that the corporation is committed to anti-corruption. The disclosure process can be a motivating mechanism for corporations to implement the needed changes and ensure their effectiveness over time. The reported information also helps members of the organization – at all levels – hold each other accountable. Second, the disclosures have an external purpose of holding leaders of corporations accountable to the public. This is especially import if investors using so-called ESG factors (Environmental, Social, and Governance) in their decision making include anti-corruption factors in those analyses. Here, it is important to note that in 2006 the FTSE4Good Index started applying its *Countering Bribery Criteria* to companies deemed to be at high risk for corrupt payments.[5] Third, disclosures should serve the externally directed goal of improving our understanding of what works in combating corruption and developing better risk assessments. That is, non-financial reporting on corruption should not simply be about holding a corporation accountable, but also should serve the goal of making valuable experiential knowledge more readily available.

There are several problems with anti-corruption disclosures in sustainability reports. Wilkinson (2006) indentifies two of the most important problems. First, analyses of sustainability reports show that many corporations simply do not report on these matters. Second, useful indicators have proven somewhat elusive. Wilkinson (2006, p. 105) states

that ''Issues such as… countering corruption do not readily generate reporting information and data in the way that environment or health and safety issues do.''

To help solve these problems, the government can utilize many of the different roles discussed by Wood (2002–2003), up to and including commanding the production of reports containing anti-corruption indicators. Making such reports mandatory obviously helps solve the problem of corporations not reporting on such indicators, but it also helps solve the problem of the development of these indicators. Rather than end experimentation, mandatory reporting can create and set the foundation for a more successful evolution of the indicators by immediately increasing their usefulness to existing users (such as institutional investors) and creating more experience with such indicators, both of which can lead to improved indicators over time (Hess, 2008). Short of commanding the disclosure of anti-corruption information, the government can provide rewards for disclosure meeting certain standards and play a role in the generation of knowledge needed to create more useful indicators.

Participating in broader multi-stakeholder initiatives

Combating corruption cannot be a collection of solo efforts by corporations. As stated earlier, to have a real impact, corporations must work together and with governments and civil society groups. The members of these sectors not only must pressure each other to live up to their obligations and commitments, but also must provide each other with assistance to be able to achieve those goals. This is where multi-stakeholder initiatives are important. By facilitating and participating in such initiatives, the government can help ''steer'' their development and continued evolution. The primary focus should be on multi-stakeholder initiatives that support corporations' implementation of the C^2 Principles. Of course, a corporate principles approach itself is often a multi-stakeholder initiative, but here I want to focus on initiatives that are directed toward more specific problems related to the implementation of the principles. A more limited focus allows the initiative to perhaps gain political support where a broader initiative would not. For example, some managers would not want to commit their organizations to an initiative that may change on them once they committed, which could happen with broad initiatives that have many rules or principles open to interpretation. As one executive told the conference board: ''We don't want to get sucked into a morass. We don't want to find that after we have been challenged for an endorsement that the standards have changed and they get defined as something other than our original commitment.'' (Berenbeim and Muirhead, 2002, p. 4).

A focused initiative also creates the possibility of achieving ''small wins'' (Weick, 1984). That is, the accomplishment of a limited goal that works toward the elimination of corruption. Weick (1984, p. 43) states: ''Once a small win has been accomplished, forces are set in motion that favor another small win. When a solution is put in place, the next solvable problem often becomes more visible. This occurs because new allies bring new solutions with them and old opponents change their habits. Additional resources also flow toward winners, which means that slightly larger wins can be attempted.''

A primary example of a focused multi-stakeholder initiative is the Extractive Industries Transparency Initiative (EITI) (for other examples, see Brew and Moberg, 2006). Under the EITI, revenues from the government are compared to payments reported by corporations to determine if any revenue is being lost to corruption. This requires disclosures by both governments and corporations and an audit of those disclosures by an independent body.[6] Civil society groups are expected to play a key role in this initiative by helping ensure that the EITI is being meaningfully implemented, as opposed to simply being a symbolic initiative. Although some commentators have argued for the expansion of the EITI to cover other issues related to corruption in the particular country involved, the initiative has maintained its focus on the limited issue of revenue disclosure (Eigen, 2007).

For researchers studying these initiatives, the developing field of New Governance regulation should provide some useful insights. New Governance is a decentralized, participatory, experimentalist form of regulation where the government orchestrates stakeholder interactions for maximum effectiveness and flexibility (for overviews see Dorf and Sabel, 1998; Lobel, 2004). Karkkainen (2004,

p. 75) describes the key characteristics of a multi-stakeholder initiative under a New Governance perspective in the following way: "Decision making is typically characterized by a self-consciously "experimentalist" problem-solving approach, emphasizing continuous generation of new information which leads in turn to continuous adjustment, refinement, and reconfiguration of both goals and policy measures, as well as the underlying institutional arrangements themselves, in light of new learning and changing conditions."

This perspective suggests that, to achieve maximum effectiveness, an initiative such as the EITI should be structured in a way that allows it to evolve over time as the parties involved gain experience on what works and what does not. This evolution would include such matters as stakeholder involvement (including ensuring that local civil society groups have the capacity and competency to have meaningful involvement), rights of participating parties, obligations of participating parties, and the overall goals. The lessons and best practices from the implementation of the EITI in any nation should influence its implementation in other nations, as well as potentially the implementation of entirely different types of multi-stakeholder initiatives focused on corruption. In sum, the initiative is not expected to be perfect at its outset, but is in part expected to evolve based on experience. In some ways it is reminiscent of the statement of United States Supreme Court Justice Oliver Wendell Holmes, Jr. that "The life of the law has not been logic; it has been experience." The challenge then is structuring the governance of an initiative such that it achieves political buy-in from the necessary actors – such as corporations wary of ever-increasing obligations – while at the same time allowing flexibility for the initiative to reach its full potential as it learns from its mistakes and successes.

Overall, there must be greater consideration of the role of governments in initiating and steering such initiatives. For instance, it is important to remember that Prime Minister Tony Blair and the UK government played a key role in launching the EITI, and the EITI governance structure includes government representatives. An example of a focused initiative that governments could help initiate and steer would be one directed at the use of local agents. A common problem in combating corruption is that the use of local agents and consultants is necessary to conduct operations in another country, but those individuals or organizations may accomplish their assigned tasks through the use of wrongful payments (Bray, 2006). Clearly, many corporations hire agents on their willingness to employ corrupt practices if needed to achieve their goals, but corporations that are committed to combating corruption need assistance in hiring ethical agents. These corporations can, and should, conduct their own due diligence (Price, 2006), but collective action involving all sectors of society will be more effective than reliance on an individual corporation's efforts. Thus, there is the potential for national governments to sponsor a multi-stakeholder initiative focused on vetting intermediaries and ensuring they operate in a corruption-free manner.

Conclusion

The C^2 Principles have two basic goals: (1) to ensure that corporations are committed to combating corruption by making the necessary internal changes, such as continuously monitoring and improving their compliance and ethics programs (including managing the corporate culture) and ensuring the dedication of all levels of management to ending wrongful payments; and (2) to ensure that corporations are disclosing information sufficient for relevant stakeholders to hold corporations accountable and to support the sharing of knowledge on anti-corruption strategies. A corporate principles approach is not purely a private sector initiative, however. The public sector needs to explore the ways it can influence the adoption and implementation of corporate principles to truly catalyze corporate commitment to combating corruption. This article briefly explores some of the ways the public sector can achieve that goal.

Notes

[1] These principles are online on Transparency International's Web site at http://www.transparency.org/global_priorities/private_sector/business_principles. To implement the principles, Transparency International provides a detailed *Six Step Implementation Process* document, which is also available at that Web site.

[2] The PACI and its signatories are online on the World Economic Forum's Web site at http://www.weforum.org/en/initiatives/paci/index.htm.

[3] Wood (2002–2003, p. 131) indentifies eight different categories, which he describes as: *steering* (influencing the development, use or content of voluntary initiatives through official policy pronouncements, participation in standards development or creation of legal "ground rules" or "backstops" for voluntary initiatives), *self-discipline* (applying voluntary initiatives to government operations or agreeing to international trade rules that turn voluntary standards into constraints on regulatory authority), *knowledge production* (generating and disseminating ideas, information and expertise about the design, use or value of voluntary initiatives), *reward* (providing material incentives for adherence to voluntary initiatives through regulatory relief programs, financial incentives or "green" government procurement policies), *command* (issuing legally binding requirements to adhere to voluntary initiatives through court orders or legislation), *benchmarking* (using voluntary initiatives as benchmarks for determining legal liability), *challenge* (challenging firms or other organizations to adhere to voluntary initiatives) and *borrowing* (incorporating voluntary initiatives into legal instruments such as statutes and regulations).

[4] See the World Bank's VDP Web site at www.worldbank.org/vdp.

[5] The *Countering Bribery Criteria* can be found online at http://www.ftse.com/Indices/FTSE4Good_Index_Series/Downloads/FTSE4Good_Countering_Bribery_Criteria.pdf.

[6] A general overview of the EITI can be found on the initiative's Web site at http://eitransparency.org.

Acknowledgments

This article is dedicated to the memory of Thomas Dunfee as part of this special issue that honors his life and his work. I was lucky enough to have met Tom early in my academic career and to have worked closely with him, as I learned about the fields of business ethics and legal studies in business. As a doctoral student at the Wharton School, we collaborated on multiple articles and co-presented many of these papers at various conferences. These were all invaluable learning experiences for me, and were due both to Tom's generosity with his time and his passion for scholarship. As seen in this article, these early papers with Tom continue to heavily influence my research today. In addition to his unflagging support on academic endeavors for me and many other similarly situated junior scholars, Tom also was a role model for finding the right balance of family and work. I am honored to be asked to contribute a article to this special issue as his memory continues to provide inspiration and guidance in life and scholarship for myself and many other members of the Academy of Legal Studies in Business and the Society for Business Ethics.

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