

Deut. 16:19

19 You shall not pervert justice. You shall not show partiality, and you shall not accept a bribe, for a bribe blinds the eyes of the wise and subverts the cause of the righteous.

MAKING BUSINESS SENSE ON INTEGRITY

Corruption, Integrity & Ethics

INTGRTY & NATIONAL WELL- BEING

- Failed states. Arab Spring uprising
 - political oppression
 - corruption
 - unemployment
- Eurozone crisis
 - economic mismanagement
 - corruption
- Financial crisis 2008
 - Lack of regulatory oversight
 - Corruption (greed)

Ecclesiastes 7:7

**⁷ Surely oppression drives the wise into madness,
and a bribe corrupts the heart**

CORRUPTION PERCEPTION INDEX 2011 (Top Ten)

RANK	COUNTRY	PER CAPITAL (US \$)
1	Denmark	59,928
2	Finland	49,350
2	New Zealand	36,648
4	Sweden	56,956
5	Canada	50,436
5	Netherlands	50,355
5	Norway	97,255
5	Singapore	49,271
5	Switzerland	81,161
10	Australia	65,477
10	Iceland	43,088
10	Luxembourg	113,533

HAS CAPITALISM FAILED?

- In trouble: USA, Eurozone
- Not in trouble: Scandinavian countries
 - High tax regime with efficient social support
 - Easy access to information
 - High intolerance of corruption
 - Inclusive government (democratic space)
 - Trusted institutions

Proverbs 13:11

*¹¹ Wealth gained hastily will dwindle,
but whoever gathers little by little will increase it.*

Corruption: abuse of entrusted power for personal gain

STATE CAPTURE

- **Businesses, politicians (& civil servants) in collaboration.**
- **To shape and manipulate laws, policies, regulations and administrative processes to their own (political supporters, relatives and proxies) benefit.**

Proverbs 17:23

²³ The wicked accepts a bribe in secret to pervert the ways of justice.

Corruption Undermines Economic Development

- Market distortion – leading to less than optimum outcome
- Creates a underground economy (illegal & undesirable sectors)
- Undermines or destroy institutional capacity (independence, professionalism)
- Increase investment risks (uncertainty)
- Obstruct sound economic reforms
- Depletion of national wealth
- Distrust by the civil society

Consequences

- Increase cost of living (doing business) – inflation
- Funneling of scarce public resources to uneconomic high profile project of questionable economic value
- Conversion of public wealth to private personal property
- Increase illicit flow of fund out of the country
- Imbalance economic development (marginalizing the poor)
- Weakening work ethics & professionalism (create apathy)
- Hindrance to health & competitive market structure (inefficient monopolies)

INTEGRITY

- ❑ **Steadfast commitment in righteousness regards of circumstances**
 - **When there is no one watching**
 - **Even at a personal cost**
- ❑ **Characteristics:**
 - **Not corrupt**
 - **Uphold social justice (fair & equitable)**
 - **Truthful**
 - **Consistency, without fear or favour,**
 - **No double standards. Walk the talk**
 - **Accountable (compliance to boundaries)**

Proverbs 2:6-8 *For the LORD gives wisdom; from his mouth come knowledge and understanding; he stores up sound wisdom for the upright; he is a shield to those who walk in integrity, guarding the paths of justice and watching over the way of his saints.*

ETHICS

- Truth vs. relativism
- Moral principles – Codes, standards
- Good conscience

Proverbs 21:21

²¹ Whoever pursues righteousness and kindness will find life, righteousness, and honour.

Combating Corruption Update

- **Strengthening Anti bribery laws (US, UK, OECD, UNCAC)**
- **Strengthening enforcement institutions**
- **Name & Shame List**
- **18 special courts**
- **Whistleblowers' act**
- **Custodian sentences**
- **More open tender**
- **Special oversight on mega projects**
- **Integrity officers**
- **Anti-money laundering investigation**

Some Cases

- GlaxoSmithKline fined US\$3 bil in US
- Alstom fined RM 133 million by Swiss Court for bribery. MACC tells MRT Corp to reject Alstom bid
- Alcatel-Lucent paid \$137 million fine in lieu bribe probes
- Siemens fined Euro 1.3 bill (RM 6 billion)
- Ex-Sime Darby senior GM gets 27 years for corruption. Fined RM 900K

Proverbs 22:1 (NLT)

*22 Choose a good reputation over great riches;
being held in high esteem is better than silver or gold.*

Does it pay?

- Mitigate risks for prosecution
- Builds trust
- Reduce fraud
- Motivates staff in right direction

Proverbs 22:5

⁵ Thorns and snares are in the way of the crooked; whoever guards his soul will keep far from them.