

Companies can pool their resources to fight corruption

From Mr Brook Horowitz.

Sir, The jailing of four employees of Rio Tinto in the Chinese courts highlights the challenges faced by multinational companies in emerging and developing markets where the application of law is often inconsistent ("Rio Tinto sacks four employees jailed in China for taking bribes", March 30).

With the US's Foreign Corrupt Practices Act and similar legislation in other advanced countries showing teeth outside domestic jurisdictions, companies all over the world are facing increasing pressure to take measures to eliminate the risk of corruption from their business practices.

That pressure is intensified by the fact that the very countries presenting the greatest corruption risks also represent primary growth markets. How to maximise growth and minimise risk in these markets presents one of the biggest

management challenges facing business today.

Many leading multinationals already have a sophisticated array of procedures such as internal audit, whistle-blowing and employee training. But in high-risk markets, as recent examples have shown, it is not enough. Companies need to take a more pro-active approach in order to prevent exposure. For example, companies can support each other. In China, business-led initiatives such as the China Business Leaders' Forum bring together multinationals to share compliance procedures with each other and their local counterparts. At a recent anti-corruption conference in Moscow, Hitachi, ITT and Nestlé and others shared best practices in effective employee training programmes. There is a strong case for companies pooling their resources and experience in providing compliance and management training

and third party verification for their suppliers and distributors.

In specific market sectors, companies should agree codes of conduct, thus allowing clear rules of the game to be established even in murky legislative and commercial environments. In Russia, a small number of market leaders are developing codes of conduct, which, if monitored by a neutral third party, could be a game-changer in specific industries. Companies, while protecting their own reputations, can also contribute to an environment that is less tolerant to corruption, even in markets where it has traditionally been most ingrained. Certainly accepting the status quo is no longer an option.

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