

The FCPA Blog

News and commentary about white-collar crime, enforcement, and compliance

From Maersk, AEC, and Shell, inspiring stories about changing corporate behavior

- [Mark Pyman](#)
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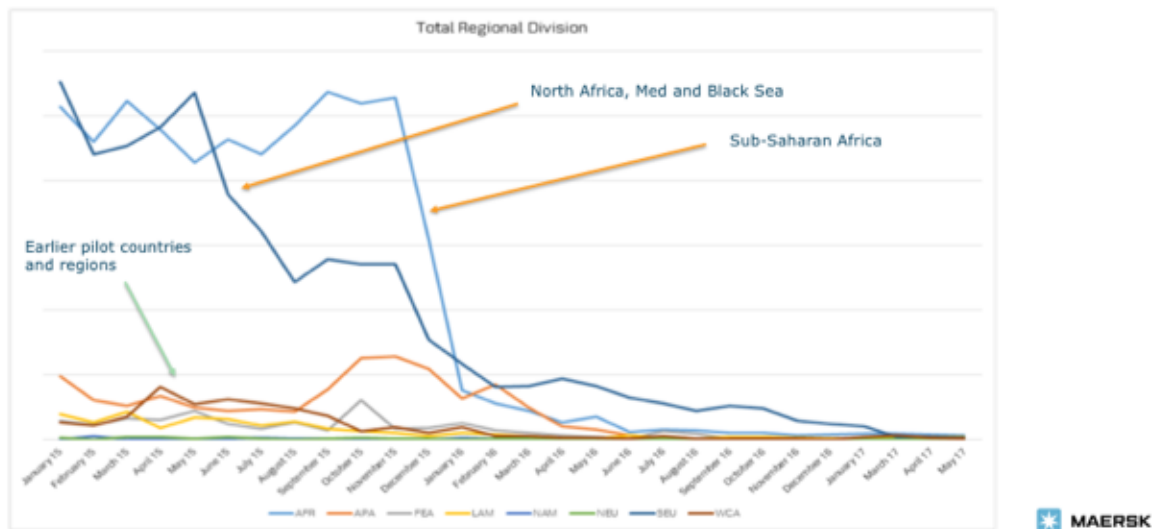
If you Google “corruption,” you get 344 million hits. A large number, yes, but dwarfed by “change management” with 4.1 billion hits. This is even more than “leadership,” usually the perennial front-runner in such corporate search exercises, with 3.53 billion hits.

This huge volume of advice is a reminder that changing corporate behavior is hard to do. Yet within the anti-corruption, compliance and legal communities, guidance on how to change the behavior of organizations continues to be narrated simplistically, through such tropes as “tone from the top” and “response to shareholder pressures.” Urging full implementation of compliance programs is of course relevant in shaping organization culture but, because such programs are essentially defensive in nature, aimed at reducing risk, they rarely inspire change.

Cultures are more effectively changed by business leaders who believe that better business comes from actually reducing the corruption in their sector, not just by limiting their exposure to it. Every now and again we see great examples of this, business leaders determined actually to grow the whole industry by curbing corruption in their sector: leadership that shift the whole environment. The same can equally be true of forward-thinking regulatory and authority heads, seeking changes and mechanisms to reduce the incentives for corruption within the regulatory regime for which they are responsible.

Here is a powerful example from the giant Danish shipping company Maersk.

In December 2015 we reached a tipping point – our strategy worked



(Click to enlarge)

The graph shows the results of a Maersk initiative to address the petty bribery that captains have to engage in for their ships to enter and leave port in a timely manner. The horizontal axis is time, and the vertical axis is the number of gifts given out each month as the ships entered ports around the world.

Maersk developed an active strategy for how to curb this. It included technology — a global IT application for recording on the bridge of each ship what gifts were being asked for and given from each ship at each port; and stakeholder engagement — working with each of the port authorities to gain their support. Above all, the initiative was centred on training and culture change — to alter the thinking of their captains. It was much easier for the Captains to hand over some small gifts to ensure swift passage through the port than to run any risk of delay, which is disproportionately more expensive.

The Captains were the key authority group within the company who needed to see the possibilities and the benefits of a change. The change was enabled through training: educating the captains in how they could refuse such requests without giving offense. As a result, the number of cartons of cigarettes and bottles of whiskey that captains have to give out has plummeted. The outcome is better business as well as a

stronger corporate culture for Maersk, better reputations for these ports, and a global reputational gain for Maersk.

Here is a second equally inspiring example, this time from Saudi Arabia. The Saudi defense company **AEC**, turnover \$500 million, was determined to show the country and its international partners that Saudi companies can work successfully without corruption. They had the usual Saudi problem that hiring decisions were often influenced by the princely relatives of applicants pulling strings with the Royal family.

Their solution was in two parts. First, they set up a training academy, in which applicants learnt maths, English and business management. Applicants knew from the beginning that the final course exams would be entirely meritocratic, and that most applicants would not get through. Second, the chief executive spoke with the King, to gain his advance agreement that special pleading from royal relatives of applicants would not be accepted. Once Saudi society realised that this company would work only on a meritocratic basis, the princely complaints stopped. Corporate morale and business performance rose, and international customers were convinced.

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These examples offer three lessons. First, there are whole domains of companies where curbing corruption could be an active and profitable part of improving business performance. Business leaders are likely to be more convinced to action by active measures than by risk limitation arguments. A ‘Curbing Corruption Programme’ could be the next phase for all corporates who have already implemented good compliance programmes.

Second, “reputation enhancement” as a result of such actions does help companies in their dealings with Governments. At the 17th IBA anti-corruption **conference** in Paris last month, I was discussing this topic in a panel and offered an example from my own experience. In the 1990s I was the Chief Financial Officer in China for the oil company Shell International. Shell had just won a large contract to build a petrochemical complex in Southern China, worth about \$5 billion. Shell later met with members of the Chinese senior leadership in Beijing. The formidable Chinese

Minister for Foreign Trade and later Vice Premier, **Madame Wu Yi**, said something unexpected: Shell had come out ahead in this competition in part because the Chinese leadership believed that Shell was serious about tackling corruption. They had confidence that the company would be influential in improving the endemic corruption climate in Southern China. Governments recognising the anti-corruption credentials of businesses can be a potent competitive advantage.

Third, these sorts of business examples are rarely published; indeed, hardly written up even within the company. We all know that culture change becomes embedded through the spreading of stories, so there is a real need to get such stories out and about; at least within the company, and even better as external markers of confidence and progress. Do you have such stories circulating within your organisation? Do you seek them out? I encourage you all to set up mechanisms for searching out such examples in your company systematically.

*Dr. Mark Pyman (pictured above) is the founder of **CurbingCorruption**. He previously served as Commissioner of the Afghanistan Joint Independent Anti-Corruption Monitoring and Evaluation Committee 2015-2017 and was the founder of the Transparency International Defense & Security program 2004-2015.*