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# Resisting Corruption

How Company Programs Are Changing

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## ABOUT THE REPORT

Between January 18 and April 12, 2006, The Conference Board, in collaboration with the Ethics and Compliance Officer Association (ECO), prepared a questionnaire and surveyed 1,361 companies about anti-corruption programs and practices. The 165 multinational companies responding to our survey (12 percent) maintain extensive operations throughout the world. The median company in the sample had a major business presence in 10 to 24 countries. The median FY 2004 sales worldwide were \$1 billion to less than \$5 billion in U.S. dollars.

Discussion of the survey and results was conducted at the 2006 ECOA London Conference and a Los Angeles-area Conference Board Members briefing, also held in 2006. This report includes participant discussion and polling material from The Conference Board's June 2006 Webcast on "Company Programs to Resist Corrupt Practices."

# Resisting Corruption

How Company Programs Are Changing

by Ronald E. Berenbeim

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**Ronald E. Berenbeim** is a Principal Researcher for The Conference Board and Director of its Working Group on Global Business Conduct. Formed in 1997, the Council seeks to facilitate an exchange of views between different sectors of society regarding business principles and to promote a better understanding of the practical issues in formulating and implementing global business conduct principles. Members include major corporate and non-corporate organizations and leading academics from North and South America, Europe, Africa and Asia.

An authority on business ethics and corporate governance issues, Berenbeim has written 40 Conference Board publications. His 2000 report, *Company Programs for Resisting Corrupt Practices: A Global Study*, was funded in part by a research grant from the John D. and Catherine T. MacArthur Foundation. In 2001-2003 he served as a project director for a World Bank study of private sector anti-corruption practices in East Asia, and co-authored, with Jean-François Arvis, *Fighting Corruption in East Asia—Solutions from the Private Sector* (The World Bank 2003) and has been translated into Mandarin (2004) and Vietnamese (2005). His most recent Conference Board research report was *Universal Conduct: Ethics and Benchmarking Report* (2006).

His work has also appeared in *Across the Board, Business and Society Review, Directorship* and *Nieman Reports*. His speeches have been published in *Vital Speeches* and *Executive Speeches*. Berenbeim wrote the codes of conduct section for the text *Compliance Programs* and the *Corporate Sentencing Guidelines* (Clark Boardman Callahan, 1993).

Formerly a Director of Guaranty National Corp., Berenbeim served on the National Association of Corporate Directors' Blue Ribbon Commission on the Professional Board. In 2000 he was The New Zealand Centre for Business Ethics Visiting Fellow.

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## ABOUT THE ETHICS & COMPLIANCE OFFICER ASSOCIATION

The ECOA is the world's largest membership organization for individuals responsible for their organization's ethics, compliance, and business conduct programs. The ECOA brings together people who are new to the field with those with years of experience to share. Members have access to information, benchmarking, networking, and education through conferences, forums, webcasts, newsletters, and an ethics and compliance resource library. ECOA membership includes 62 percent of the Fortune 100, and its members are based in more than 20 countries throughout the world.

## ACKNOWLEDGMENTS

The author thanks Mary Zeinieh of the ECOA and Tom Cavanagh and Amy Kao from The Conference Board for their assistance in developing the questionnaire and tabulating responses. For this and their cooperation in many previous ventures, The Conference Board thanks the Business Ethics Research Center (BERC) of Tokyo and Kuniaki Matsumoto for translating the questionnaire and distributing it to BERC members.

# Key Findings

- The Conference Board-Ethics and Compliance Officers (ECO) survey and web seminar results document that company anti-corruption practices and procedures have become significantly more widespread, detailed and sophisticated than in 2000.
- For some companies, recorded incidents of corrupt activity have actually *increased*. Rather than an increase in corrupt behavior, participants attribute this fact to better reporting systems.
- In their allocation of significant internal enforcement and detection burdens to companies, the 1997 OECD Anti-Bribery Convention and the UN Convention Against Corruption (UNCAC) incorporate key compliance elements of the 1977 U.S. Federal Corrupt Practice Act (FCPA). By the same token, there is a growing recognition among U.S. companies of the need to adopt an ethics-based approach that emphasizes adherence to broad principles rather than narrow compliance to specific rules.
- More than 40 percent of the survey respondents do business in China, Brazil, Mexico, and India, countries that are at a high risk for corrupt practices in business. According to 36 percent of the companies active in China, it is the country that poses “the greatest overall challenge to the company’s operations because of the level of corruption.”
- Significantly more respondents (two-thirds) said that their company has a formal anti-corruption program than did so in 2000 (one-half).
- Anti-corruption programs are subject to high levels of review. More than three-quarters of the respondents report or, in some cases, have dual reporting relationships to a C-Suite executive, board member or committee.
- In the 2006 survey, chief legal officers were much more likely to be involved in all phases of the program (development, implementation, monitoring) than they were in 2000. There was little difference in this regard among United States, European and Asia Pacific companies.
- Companies are more likely than was the case in 2000 to seek outside assistance in some aspect of their anti-corruption program. Nearly one-third (32 percent) used outside counsel compared to the 21 percent that did so in 2000, and 18 percent used a consultant (that question was not asked in 2000).

## Key Findings (continued)

- Companies in both surveys seldom cited a bottom-line rationale for anti-corruption programs. Instead they cite legal (this percentage was higher in 2006 due in part to Sarbanes-Oxley 404) or ethical (bribery is wrong) justifications for investing in anti-corruption initiatives.
- Company anti-corruption statements are more detailed and precise than they were in 2000. For example, descriptions and labeling of corrupt practices and discussion of structures and procedures that support the company's anti-corruption policy are much more common.
- The trend first documenting more restrictive facilitation payment policies in 2000 has continued. Twenty-seven companies in the 2006 survey said that their policy in this regard had become more restrictive within the last three years; only one company said it that it was now less so. The reason most often cited for more stringent facilitation payment policies was company involvement in some kind of global anti-corruption network (e.g., Transparency International).
- Significantly more companies now say that hotlines or helplines can be effective (40 percent compared to 18 percent in 2000) but whistleblowing programs also was the anti-corruption measure that the highest number of companies reported to be ineffective (11 companies).
- Other than Internet posting, company sharing of information regarding anti-corruption programs and disclosure of corrupt practices (even in sustainability reports) is rare.

# Cutting Off Corruption's Supply

## Confronting 30 Years of Skepticism

Upon his return from church, his wife asked Calvin Coolidge, America's most taciturn president, what the minister's sermon was about. "Sin," said Coolidge. "What did he say?" asked his wife. "He was against it," Coolidge replied.

The "offer, promise, or gift of undue pecuniary or other advantage, whether made directly or through intermediaries, to a person holding public office for that person to commit an act or refrain from acting in relation to the performance of official duties"—otherwise known as the bribery of a public official—elicits a similarly universal response to the minister's pronouncement on sin. Invariably, this "sin" is prohibited in the criminal statutes of the country in which it is committed.

Despite this consensus, in many developing countries the bribery of public officials seriously impedes development and in more advanced industrial countries it is hardly unknown. Moreover, the practice is often supported by well-articulated rationales for making corrupt payments. These arguments include the universal and eternal nature of such behavior, the need for respecting the traditional way of doing business in unfamiliar cultures, and the problem that if the bribe is not paid, a competitor with a highly inferior product and fewer scruples will get the contract.

These defenses raise an important point. To what extent, if at all, can a company adhere to principles that its competition does not accept? It is a question that company representatives have been asking for at least 30 years. In 1976, for example, one year before the 1977 passage of the Foreign Corrupt Practices Act, The Conference Board asked a panel of 73 senior international executives to describe what types of situations their companies had encountered involving unusual payments. Three-quarters of the respondents said that their companies had encountered situations "involving unusual payments abroad to government officials or others." Companies that avoided corrupt payments were engaged in a variety of pursuits (many were consumer product businesses), but enterprises that were "not apt to have government agencies as their sole or major customers" stood the best chance of avoiding the problem.

Spokespeople for the companies that did report some kind of “unusual payment” defended the practice on grounds of necessity. They argued that Western European and Japanese competitors had no scruples about bribe paying. Refusing to engage in the practice would accomplish nothing, and the business would be lost. Speaking for this group, one respondent said:

“All of us involved in international business are aware that certain payments to government officials are quite common and an accepted method of doing business in many parts of the world. Whatever your moral viewpoint may be, the fact is that if you are going to do business in those countries and remain competitive, some such payments must be made.”<sup>1</sup>

The passage of the Foreign Corrupt Practices Act in 1977 (FCPA) confronted U.S. companies with the challenge of remaining competitive without making corrupt payments. It shifted the focus of combating corruption from bribery’s demand (civil service improvements, better local law enforcement, governmental and multi-sectored initiatives) to supply side. It took the simple approach that if companies refused to pay bribes, demands for them would become less frequent. The 1991 promulgation of the U.S. Organizational Sentencing Guidelines and its 2004 revision mandated the establishment of internal systems that would reinforce no-bribery policies and minimize the likelihood that irregular payments would be made. Further, the Guidelines offered the company an opportunity to play an important role in the governmental investigation of suspected irregularities. The incentives for company Guidelines compliance and investigatory cooperation were that fines could be significantly reduced and the government might even elect not to prosecute.

Outside of the United States, critics of the FCPA and the Guidelines have argued that they rely excessively on a compliance and rule-based mentality. It would be better, they argue, to have systems that articulate broad general principles instead of using checklists. They point to Enron—a company that ticked off all the boxes but failed to undergird the compliance program structure with the necessary commitment to values that is critical to program success.

Even within the United States, compliance system proponents confronted skepticism or worse in their efforts at implementation outside the United States. Until recently, these doubts were widely shared. Both U.S. and non-U.S. participants in a 2000 Conference Board Working Group on Company Programs for Resisting Corrupt Practices agreed that these reservations were rooted in three then-prevalent notions about global business practice:

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<sup>1</sup> James R. Basche, Jr., *Unusual Foreign Payments: A Survey of the Policies and Practices of U.S. Companies*, The Conference Board, Research Report 682, 1976, p. 2.

Companies are under no illusions that anti-corruption programs will produce a quick and significant decline in corrupt behavior.

- When operating in different cultures, business practitioners need to be tolerant of local customs and practices. In many countries, lavish gifts and fees for the performance of certain governmental duties are practices that are deeply rooted in the national culture and sometimes necessary to do business
- U.S. company compliance-driven systems, instituted in response to the FCPA and the Organizational Sentencing Guidelines, have not been effective outside the United States and will not work outside the United States or with non-U.S. companies
- There is serious stigma attached to being an “informer.” For this reason, outside of the United States, whistleblowing systems or hotlines are doomed to failure<sup>2</sup>

Although these attitudes persist, there is growing acceptance outside the United States of compliance program elements such as whistleblowing and, within the United States, there is acknowledgement of the need for principle-based or, as some prefer, values-based (as opposed to rules-based) ethics programs.<sup>3</sup>

In fact, the last six years have been characterized by a convergence of methods between the compliance and principle-based systems. Most practitioners, both inside and outside the United States, are now willing to give at least two cheers for the compliance program approach to attacking corruption. What reservations they still have are based on the belief that practices or policies designed to eliminate persistent forms of behavior enjoy limited success.

For example, three-quarters of the respondents to a 2006 Conference Board Webcast poll said that the U.S. FCPA compliance model is “generally effective in deterring the bribery of public officials.” Only 15 percent said that the failure of the FCPA compliance model in certain circumstances was due to the inability to bridge the cultural gaps essential for employee buy-in. Instead, 84 percent said, much as The Conference Board predecessor panel said 30 years ago, in some countries the necessity of inappropriate payments for doing business was the more likely explanation for why the FCPA has in some cases failed to deter bribery.<sup>4</sup>

<sup>2</sup> Ronald E. Berenbeim, *Company Programs for Resisting Corrupt Practices: A Global Study*, The Conference Board, Research Report 1279, 2000, p. 8.

<sup>3</sup> The Commission is “not opposed to whistleblower procedures as a matter of principle.” Guideline document adopted by the Commission nationale de l’informatique et des libertés (CNIL), November 2005, for the implementation of whistleblowing systems in compliance with the French Data Protection Act of 6 January 1978, as amended August 2004, relating to information technology, data filing systems and liberties. In the United States, the 2004 Revised Organizational Sentencing Guidelines mandating that the company instill an ethical culture within the company is likely to move ethics programs away from the compliance rule-based approach to an effort to articulate general principles for which the company stands.

<sup>4</sup> “Company Programs for Resisting Corrupt Practices,” The Conference Board Webcast, June 7, 2006. The 20 responding participants included household-name U.S. and European global companies.

The countries in which most of the potential bribe payers were domiciled launched a major initiative to cut off bribery's supply side.

In fact, most of the Webcast group said that recorded incidents of corruption had actually increased since the implementation of their company's anti-corruption program, but they attributed this rise to an improvement in their company's reporting system rather than to a more corrupt business environment. These responses suggest that companies are under no illusions that anti-corruption programs will produce a quick and significant decline in corrupt behavior. Instead, the short-term value of such systems is that they enable a company to pinpoint risk areas and, over time, achieve measurable improvement.<sup>5</sup>

### Something Must Be Done: A Developing Global Consensus

Much of this convergence between the United States and the rest of the world in the choice of company anti-corruption methods is due to the fact that the FCPA established the utility of the extra-territoriality principle. Although bribery is illegal everywhere, FCPA experience demonstrated that home-country prohibitions of bribery in other countries were more effective than local laws because the company response to home country laws was to institute effective compliance systems throughout the organization.

By 1997 other countries began to acknowledge that the FCPA's focus on bribery's supply side through the extra-territorial criminalization of bribery could be highly effective in reducing corruption. Through a combination of incentives (the potential mitigation of sentences due to having an effective compliance system in place) and sanctions (the criminalization of extra-territorial behavior) companies could be induced to adopt and enforce through internal systems, including codes of conduct, training, and whistleblowing systems, a zero-tolerance anti-bribery policy.

In 1997, the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention formally adopted the FCPA rationale that whether they occur inside or outside of the company's home country, corrupt practices are illegal. Thus far, the accord has been initialed by ministers from 36 countries—including non-OECD members such as Argentina, Brazil, Chile, Bulgaria, and the Slovak Republic. (Singapore, though not a party to the OECD Convention, has also enacted FCPA-type legislation.) The Convention signatories account for 80 percent of developing-country and transitional economy imports. According to The World Bank, in principle, the extension of the Convention to major Asian exporters (China, India, Malaysia, and Taiwan) will raise this proportion to 90 percent.<sup>6</sup>

<sup>5</sup> Ibid.

<sup>6</sup> Jean-Francois Arvis and Ronald E. Berenbeim, *Fighting Corruption in East Asia – Solutions from the Private Sector*, The World Bank, 2003, pp. 44-45.

The OECD Convention obligates its signatories to adopt legislation that gives the Convention's principles full force and effect in their respective countries. Of course, total uniformity is impossible because the same laws would have to be incorporated within the existing legal frameworks of individual countries. But the OECD's peer review process, which periodically assesses the effectiveness of local laws and enforcement, should generate momentum toward significant harmonization.

With the adoption of the OECD Convention, the countries in which most of the potential bribe payers were domiciled launched a major initiative to cut off bribery's supply side. With the proposal of the UN Compact 10<sup>th</sup> Principle<sup>7</sup> that "business should work against corruption in all its forms, including extortion and bribery, as part of the movement of corporate social responsibility," the countries where much of the demand was concentrated began a process of endorsement, in-country ratification, enforcement and monitoring.<sup>8</sup> The initial endorsement phase has been very successful. As of December 14, 2005, 133 countries had endorsed the UN's Convention Against Corruption (UNCAC) and 30 UN member countries had ratified it.<sup>9</sup>

As experience with earlier accords such as the OECD Anti-Corruption Convention attests, success will depend in large measure on an effective monitoring program staffed by "a capable Secretariat with adequate and dependable funding." It is vital that the UNCAC monitoring effort have sufficient political support. To that end, monitoring in developing countries may need to be supported by technical assistance and in those countries that already have monitoring of anti-corruption initiatives, UNCAC's oversight should be coordinated with those anti-corruption programs that are already in place.<sup>10</sup>

### Non-Governmental Pressures: The FTSE4Good Initiative

FTSE is a creator and manager of stock indices that is owned jointly by The Financial Times and the London Stock Exchange. FTSE4Good, one of FTSE's index series, is designed to measure the performance of companies that meet globally recognized corporate responsibility standards. On February 21, 2006 FTSE4Good announced a new set of Index criteria for company efforts to counter bribery. In its launch, the Index adopted the Transparency International definition of bribery as "an offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust in the enterprise's business."<sup>11</sup>

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<sup>7</sup> UN Compact Leaders Summit, June 24, 2004.

<sup>8</sup> For information on The Global Compact, see <http://www.unglobalcompact.org>

<sup>9</sup> Dimitri Vlassis, "The United Nations Convention against Corruption," in *Business against Corruption*, The Global Compact, 2006, p. 12. [www.globalcompact.org/docs/issues\\_doc/7.7/BACbookFINAL.pdf](http://www.globalcompact.org/docs/issues_doc/7.7/BACbookFINAL.pdf)

<sup>10</sup> Fritz Heimann, "Making the United Nations Convention against Corruption Work," in *Business against Corruption*, The Global Compact, 2006, pp. 17-18

<sup>11</sup> Source: Transparency International Business Principles for Countering Bribery and Guidance.

The proscription of behavior that may or may not be “illegal” but is “dishonest” or a “breach of trust” at least implies that in addition to the bribery of public officials, companies need to develop systems that will deter such business-to-business practices as extortion and lavish gifts.

Even for companies that do not aspire to be on the FTSE4Good list, the protocols can be useful in assessing risk exposure and developing a timetable for implementing risk assessment and management strategies, practices, and policies.

The index identifies the companies in its current list that have the highest levels of risk of engaging in bribery. (Companies not currently in the index will have to meet the FTSE anti-bribery requirements as a condition of inclusion.) At-risk companies are divided into Phase I (e.g., extraction) and Phase II (e.g., pharmaceuticals) categories with the latter group subject to a somewhat less stringent timetable (the deadlines for Phase II implementation are six months later) for achieving full compliance with FTSE’s anti-bribery criteria. All at-risk companies must have the necessary policy, management, and reporting program components in place by January 1, 2008.

Three “filters” are used to determine whether a company is high risk (all three filters must apply to a high-risk company):

1. Sector—includes business sectors that are considered more likely to have the highest levels of exposure to the risk of engaging in bribery. These industries are extraction, pharmaceuticals, utilities, construction, aerospace and defense.
2. Countries—that score four or less on the Transparency International Corruptions Perceptions Index or countries that score zero or less (negative) on the World Bank Governance Indicators List. The country list will be reviewed annually. Currently, Brazil, China, India, Indonesia, Kazakhstan, Mexico and Russia—to cite a few key countries—are on both the Transparency and World Bank lists.

Regardless of the company’s nationality, the percentage of the 165 Conference Board-ECO A survey respondents that have major business operations in at-risk countries is very high (58 percent are active in China). As a consequence, many, if not all, may already have FTSE program elements in place.

Within this group of at-risk countries, China is a special case. Thirty-four of the 95 participating companies that do business in China (36 percent) said that during the last three years, it was the country that had posed “the greatest overall challenge to the company’s operations because of the level of corruption.” Fifteen of these companies said that during the last three years, China was the country that had the greatest increase in corruption. Two respondents, notwithstanding the fact that, for the sample, China remains the greatest overall challenge in this regard, said that corruption had decreased more in China than anywhere else.

Table 1

At-risk countries in which survey participants have major business operations (N=165)

<i>Country</i>	<i>Percent</i>
China . . . . .	58%
Brazil . . . . .	50
Mexico . . . . .	44
India . . . . .	41
Argentina . . . . .	26
Philippines . . . . .	23
Indonesia . . . . .	21
Russia . . . . .	18
Vietnam . . . . .	10
Nigeria . . . . .	9
Ukraine . . . . .	8
Kazakhstan . . . . .	5

3. **Public Contracts**—is not limited to countries that have governmental contracts. It also includes situations where a government license is critical to business operations (e.g., public utilities).

By January 1, 2008 all listed at-risk companies (and those that want to be added to the list) must have an anti-bribery program with certain policy, management, and reporting components:

**Policy**—must prohibit giving or receiving bribes, obeying relevant laws, restricting and controlling facilitation payments and the giving and receiving of gifts.

Policy statements on these subjects must be available

**Management**—must communicate the policy to the workforce and train relevant employees. Compliance mechanisms such as audits and board reports and secure communication channels for employees to seek advice and voice concerns in a confidential and protected manner need to be in place. Procedures for remedying non-compliance (including, where applicable, supplier, contractor, or agent bribery) must be instituted

**Reporting**—both the policy and reporting mechanisms are publicly disclosed

The survey participants would likely agree that the FTSE4Good criteria are essential components in a plan for resisting corrupt practices. They would also say that it would be possible to meet all of the FTSE requirements and still have limited or no success in resisting corrupt practices. Much depends, as the next chapter documents, on how the programs are designed, implemented and monitored for effectiveness.

# Steps Toward Anti-Corruption Systems That Work

**A**lthough the FTSE guidelines articulate the essential elements of an effective anti-corruption effort, success depends on the details of formulation, implementation, and monitoring for effectiveness. Good anti-corruption measures have a high degree of senior management commitment, detailed statements of policies and operating procedures, effective training and discussion, whistle-blowing and advice channels, investigation and follow-up, and reporting and disclosure at regular intervals.

There are both differences and similarities, in this regard, between the 2006 and the 2000 surveys. Two-thirds of the 2006 respondents had a program compared to 50 percent of 2000 respondents.

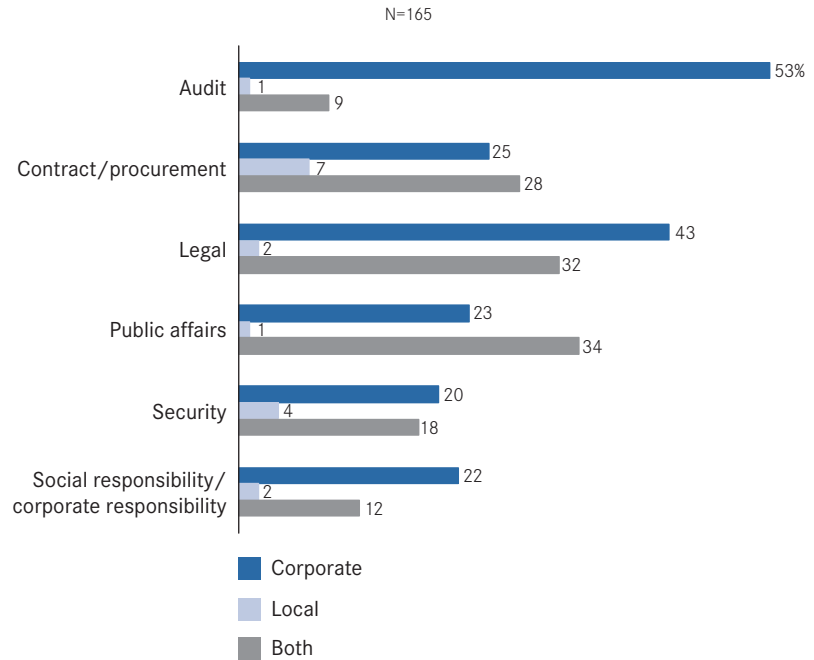
Although in 2006 there was little difference between program and non-program companies with respect to senior management involvement, structure, resources used, and policy, there was greater program company institutionalization of the anti-corruption effort throughout the company. Companies with formal programs were more likely to have senior executives from auditing, contract and procurement, legal, public affairs, security, and social responsibility/citizenship at both the corporate and local levels, rather than just the corporate office. Such high-level commitment is one of the first steps toward anti-corruption systems that work.

## Step One: High-Level Commitment—Who Is Involved, and Why

Law and audit are the corporate departments most often involved in company anti-corruption efforts, while lawyers are most likely to have the information about program specifics. Fifty-eight percent of the company respondents (including 11 chief legal officers) had legal or compliance functions. There are, however, indications that the participating companies are seeking perspectives within the organization well beyond those of executives conversant with narrowly defined legal compliance requirements. In addition, results also indicate that anti-corruption initiative oversight occurs in very high levels within the company.

The first such indication of a widening scope is the appearance of “ethics” in the respondent’s title suggests an effort to broaden the scope of anti-corruption initiatives beyond simply complying with legal norms. Eleven respondents were chief ethics officers and 42 others had the word “ethics” in their title. While some of this group had a legal or compliance function as well, the use of the word “ethics” in the title—particularly chief ethics officer—suggests that this executive has responsibility for developing programs and policies and coordinating efforts that go beyond routine compliance oversight.

Chart 1  
Which departments are part of your company's overall anti-corruption strategy?



Second, while legal and audit are the dominant corporate players in the formulation of the company's overall anti-corruption strategy, they are assisted in significant measure by the company's public affairs and social responsibility departments (see Chart 1). The involvement of public affairs may signify that many companies implicitly or explicitly accept the UN 10<sup>th</sup> Principle rationale that, fundamentally, anti-corruption is a corporate citizenship responsibility.

Table 2

Which executive(s) do you report to in your company? (N=165)

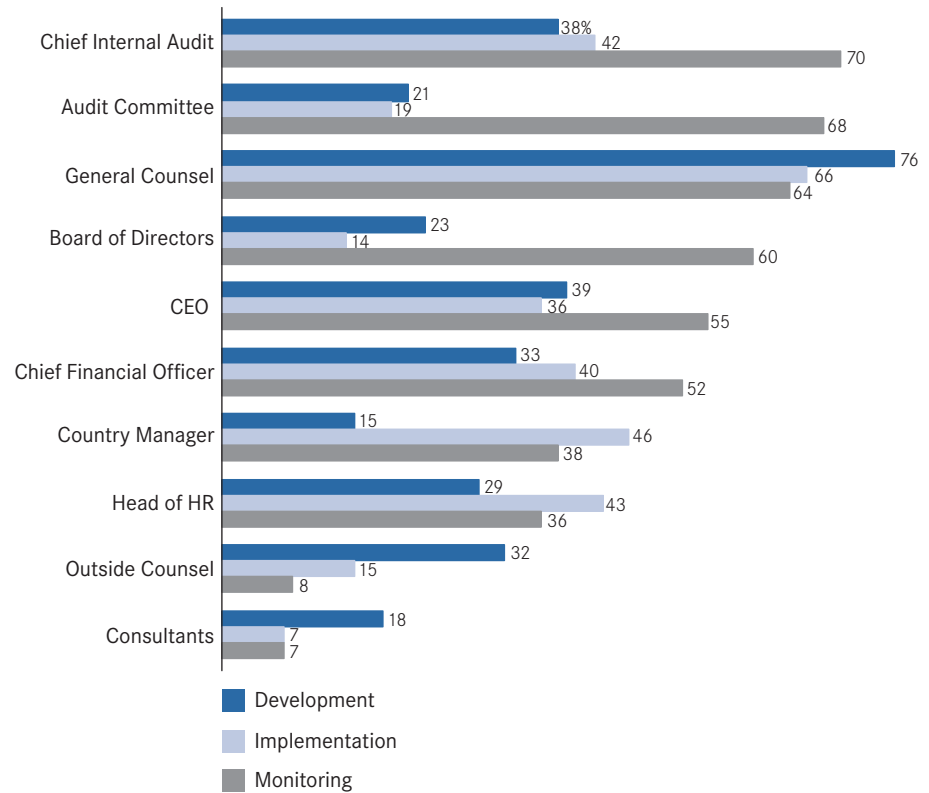
Executive	Percent
CLO	32%
CEO	22
Board member/committee	10
CFO	8
COO	4

Third, most anti-corruption programs are subject to very high levels of review. More than three-quarters of the respondents (76 percent) report to a C-suite executive, board member and/or committee (see Table 2).

Beyond reporting relationships, high-level executives from all departments play significant roles in each step of the program (see Chart 2 on page 16). The major difference between the 2000 and the 2006 survey findings is the much more likely involvement of the chief legal officer in all phases of the program—development rose from 47 to 76 percent, implementation was up from 55 to 66 percent and monitoring and oversight increased from 42 to 64 percent. Nearly one-third (32 percent) of the 2006 survey participants were also seeking advice from outside counsel compared to slightly more than one-fifth (21 percent) in 2000.

Chart 2  
Parties involved in each stage of anti-corruption programs

N=165



Although the 2006 survey had a larger percentage of U.S. participants, a factor that might be significant in the higher percentage of CLO program involvement, CLO utilization was fairly uniform in the United States, Europe, and Asia Pacific. (It was actually highest in Europe in the development and implementations phases.)

In the 2000 survey participants were not asked whether they used consultants. In 2006, nearly one-fifth of the participants (18 percent) said that they did in developing their programs.

Most of the respondents do not cite a business case as the reason for their company’s anti-corruption initiative. Instead, they believe that it is part of a larger effort to build a culture of compliance within the company—one that is rooted as much in the company’s system of values and beliefs as in the need to respond to the developing global legal and regulatory regime that is transferring much of the anti-corruption prevention, detection and enforcement burden to the companies. Much as was the case in 2000, the respondents cited “senior management convictions” and the belief

that “bribe payments are wrong” as the most important factor in the company’s decision to institute anti-corruption programs or policies. And like their 2000 counterparts, home country laws were the second most frequently cited reason for an anti-corruption effort. This time, however, a smaller percentage took the values-based rationale and a larger proportion (in part due to Sarbanes-Oxley) cited legal considerations as the key reason for developing a program.

In 2000, 61 percent of the respondents chose one of the two ethics alternatives and 17 percent said that home country laws were the key consideration. In 2006, those figures were 46 percent and 34 percent (with Sarbanes-Oxley included), respectively. The illegality of bribe payments in the host country was taken even less seriously (5 percent) in 2006 than in 2000 (8 percent). (See Table 3.)

With the growing development of a global anti-corruption legal regime, it is likely that larger percentages of future survey respondents will say that legal considerations are paramount. When web seminar participants were asked whether potential legal exposure (FCPA, OECD, Sarbanes-Oxley) or the potential for improper payments to erode the company’s ethical fabric was the more important factor in the design, implementation and monitoring of their company’s anti-corruption program for effectiveness, 18 out of 21 participants said that laws were more important.<sup>12</sup>

Table 3

**What is the single most important factor in your company’s decision to develop an anti-corruption program?** (N=165)

<i>Executive</i>	<i>Percent</i>
Senior management leadership and personal convictions . . . . .	33%
Bribe payments are illegal under home country laws . . . . .	27
Bribe payments are wrong . . . . .	13
None of the above . . . . .	8
Sarbanes-Oxley Section 404 . . . . .	7
Bribe payments are illegal under host country laws . . . . .	5
Corruption significantly increases the cost of doing business . . . . .	4
An anti-corruption stance is viewed very favorably by actual and potential customers . . . . .	2
An anti-corruption stance is viewed very favorably by the kind of person that we want to recruit . . . . .	2
Corruption adds significantly to the amount of time it takes to complete a project . . . . .	1

*Because of rounding, percentages do not add up to 100%.*

<sup>12</sup> Company Programs for Resisting Corrupt Practices, a Conference Board Webcast, June 7, 2006.

The most common reason for the institution to have more restrictive facilitation policies was the company's involvement in some kind of global anti-bribery network.

## Step Two: Detailed Statements of Policies and Operating Procedures

Regardless of whether it has a formal anti-corruption program, 88 percent of the respondents said that their company has a written anti-corruption statement that explains company policy and offers a guide to managers in day-to-day decision-making. The prevalence of statements for all participants was comparable to the percentage of 2000 respondents *with formal programs*. In that survey, there was a considerable disparity between program and non-program companies. Of the companies with formal programs, 90 percent had a statement, while only 50 percent of the non-program group had such a document.

By and large, the respondents were familiar with the statements and the documents were well-established policy and practice. Only 14 participants said they were unsure how long the statement had been in place. For those who did know, the median response was six to nine years. Another change in the last six years is that the statement is much more likely to be made public. Of 2006 survey respondents, 68 percent said that their company's anti-corruption policies and practices were available on the company's website but in 2000, only 29 percent of respondents said that the statement had been posted on the company's web site.

Another contrast between the 2000 and 2006 sample is that 97 percent of companies that have a statement use the same one (excluding translations) worldwide. In the 2000 survey, even among companies with programs, only 79 percent used the same language in all locations. Overall, the statements are notably more detailed and precise than those described by the 2000 participants—particularly with regard to the labeling of corrupt practices, which increased from 32 to 63 percent, and description of supporting structures and policies, which rose from 34 to 62 percent. (See Table 4.)

The percentage of statements that acknowledge that adherence to the company's anti-corruption policy may result in lost business opportunities has also increased since the 2000 survey. Regardless of whether the company has a formal program, 47 percent say that they have such a statement—a figure roughly comparable to the 45 percent for 2000 program companies. Such statements can make a critical difference to an employee who is wrestling with the decision of whether or not to engage in a corrupt practice to further the company's business objectives. A key factor in the employee's choice will be whether the tone of the statement categorically rejects bribery as a method of doing business or provides safe harbors in which forms of it are condoned.

Ideally, policy statements should announce unequivocally that employees who violate the no-bribery policy to achieve results will be terminated. And those who adhere to the policy will be supported even though in so doing, they fail to achieve desired business objectives. There were significant regional variations regarding

Table 4

**Anti-Corruption Statement Content** (N=146)

<b>The anti-corruption statement has:</b>	<i>Percent</i>
Precise description and labeling of corrupt practices and explanation of how they can undermine company business . . . . .	55%
Discussion of structure and procedures that support the company's anti-corruption policy . . . . .	54
Justification for universal applicability of the program . . . . .	47
Clear acknowledgment that adherence to anti-corruption policies may result in lost business opportunities . . . . .	41
Distinctions between different kinds of corruption . . . . .	40
Statement of supplier status with regard to anti-corruption policy . . . . .	32
Case study examples of specific ethics dilemmas that typically arise in global business practice . . . . .	32
Statement of joint venture partner status with regard to anti-corruption policy . . . . .	16
Canvas of global/regional anti-corruption initiatives . . . . .	12

whether or not a company was likely to have such a statement. It was most common among the European companies (60 percent). Nearly half of the U.S. respondents had such a provision (46 percent) while it was much less common in the Asia Pacific companies (27 percent).

Facilitation payments (a fee paid to an individual who performs no necessary services) may be the most vexatious anti-corruption policy issue. Sometimes called “grease money” for accelerating the performance of a contract, facilitation payments are a difficult corruption problem for which policy solutions are difficult to formulate, implement, and monitor. The facilitation payment FCPA exception is the result of a 1988 amendment to the Act. Its purpose was to permit small routine payments for services that the recipient was obligated to perform (e.g., telephone hook-up, customs clearance) but had some discretion as to when to discharge the duty.

By definition, any company, whether or not it has a formal anti-corruption program or statement, has a facilitation payment policy—even no policy is a policy of sorts. In this regard, the 2006 survey respondents were somewhat more likely to have a policy (55 percent—up from 47 percent in 2000). Within this group, two-thirds prohibit the practice—roughly the same percentage as said they did so in the 2000 survey.

Although facilitation payments had become a permitted FCPA exception after companies complained about administering the initial legislation, in recent years, the trend has been for companies to become more restrictive in the policies that allow employees to make such payments. In 2000, 19 percent of the surveyed companies said that within the last three years their policy had become more restrictive; in 2006, 27 companies moved in this direction. In contrast, only one respondent in each survey said that its policy was now *less* restrictive than it had been three years earlier.

During the last three years, 30 percent of the participants said, company policies on facilitation payments to outside contractors or specialist advisors have become more restrictive. Such payments are often made to expedite or arrange services more quickly or efficiently than might otherwise have been possible.

The most common reason given for the institution of more restrictive facilitation policies was the company's involvement in some kind of global anti-bribery network such as Transparency International or the International Chamber of Commerce (14 companies cited a networking rationale). Eight companies said that facilitation payments did not accomplish their intended purpose, and another eight attributed the move away from payments to changes in domestic law. Some individual comments suggested that the institutionalization of a compliance program had changed people's views about what constitutes permissible activity.

As was the case in 2000, roughly 80 percent of the companies distribute the code to all employees (81 percent in 2006, 78 percent in 2000) and few give it to external actors (6 percent in 2006, 8 percent in 2000)—though widespread Internet posting may render hard copy public sector distribution unnecessary. Other than the Internet, the major distributional change is the greater circulation to joint venture partners (27 percent—up from 19 in 2000) and vendors/suppliers—36 percent—an increase of 16 percent over the 2000 figure.<sup>13</sup>

In the 2006 survey, respondents were also asked if joint venture partners must adhere to the company's anti-corruption guidelines and, in roughly half of the companies, joint venture partners (46 percent) and vendors/suppliers (53 percent) are expected to do so.

Finally, 2006 survey participants were asked whether or not the company requires periodic local certification of compliance with the company's business principles, to which 72 percent of the participants responded that they have such a procedure. Fifteen percent go further and use external certification methods.

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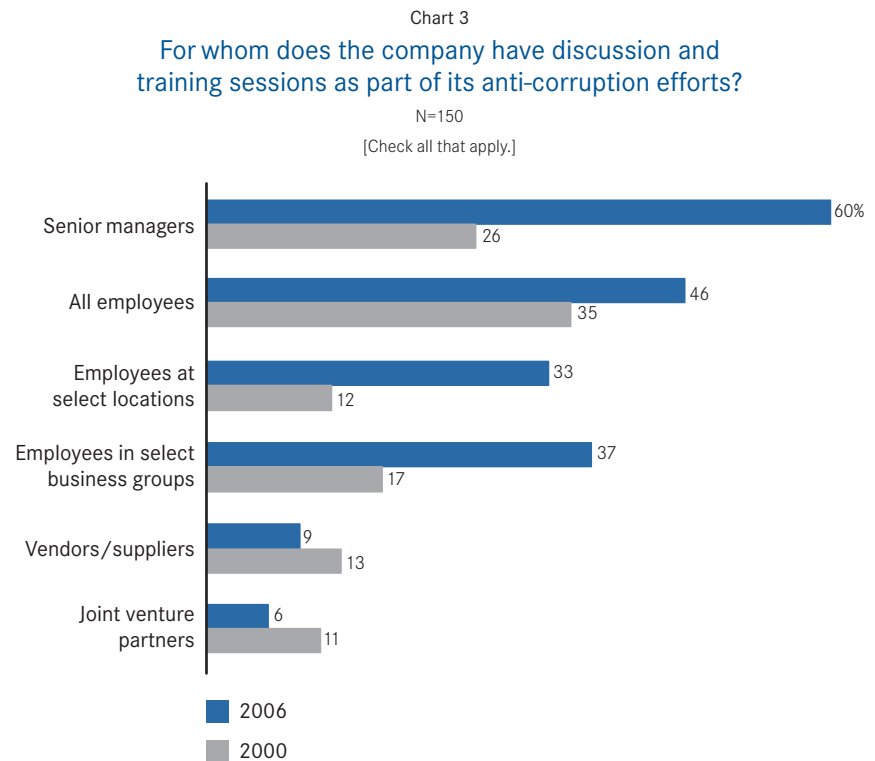
<sup>13</sup> For a discussion of issues arising from joint venture adherence to a company's business conduct principles, see Ronald E. Berenbeim, "Minimizing Risk and Maintaining Ethics in Asia Pacific," The Conference Board, Executive Action 141, 2005.

### Step Three: Training and Discussion

The 2004 U.S. Organizational Sentencing Guidelines revisions raise the ethics program standards set in 1991 to a requirement to encourage *ethical* employee conduct as well as full compliance with the law. Companies are now expected to establish a *culture* of compliance. Compliance and ethics training throughout the company is a key element in the new Guidelines.

Perhaps in response to the Guidelines, discussion and training within 2006 surveyed companies are more likely than they were in 2000 to be part of the company's anti-corruption effort. Even so, discussion and training is still not universal (8 percent of the responding companies do not use them at all) and a slightly lower percentage of the 2006 respondents have them for employees of vendors/ suppliers and joint venture partners. (See Chart 3.)

The format and content of these discussions can be critical. Serious face-to-face conversations about situations that employees in a particular office or region confront are an essential element in effective training. Sometimes it can even be helpful to talk about a problem that is outside an employee's competence.



Such case study discussion can educate employees about the complexity of certain problems and help to establish an environment of trust in which they will seek advice before making bad decisions. As one experienced health care business practices officer put it:

“Training needs to be as interactive as possible. In teaching employees how to respond to difficult workplace situations, substantial role playing is beneficial. . . We want employees to feel empowered to make the right decision, but we also want them to understand that there are situations in which they don’t know the best choice. In those cases the question is, ‘Do I know where to go for help?’ ”<sup>14</sup>

Substantially more than half of the 2006 responding companies believe that this kind of face-to-face case study interchange can be useful. And 27 percent agree that group sessions in which actual or potential corruption situations are discussed can be “highly effective,” while nearly one-third (32 percent) said they were “effective.” Others may disagree; more than one-fifth of the participants (22 percent) do not even have these kinds of sessions.

#### Step Four: Hotlines and Helplines

Company skepticism regarding the value of hotlines or, as they are sometimes called, help lines has diminished significantly from the 2000 level, but whistleblowing systems, particularly in Western Europe, continue to be a harder sell than other kinds of anti-corruption program elements.

Of the responding companies, 39 percent said such systems could be effective or highly effective—a significant increase from the 18 percent that had that view in 2000. Still, whistleblowing programs had the highest number of negative “ineffective” responses (11) and the lowest total of “highly effective” or “effective” responses (64) of any key anti-corruption program components. The measure of a whistleblowing system’s effectiveness is how often it is used. In the 2000 survey participants attributed employee underutilization (particularly in Western Europe) to cultural resistance to “informer” systems.

No helpline will be effective if it can’t be implemented. According to a 2005-2006 survey, opposition to whistleblowing programs has come from governmental agencies such as the French data protection authority (Commission nationale de l’informatique et des libertés (CNIL)) and the German Works Council.<sup>15</sup> While each of these incidents

<sup>14</sup> Jean-Francois Arvis and Ronald E. Berenbeim, *Fighting Corruption in East Asia – Solutions from the Private Sector* (2003), The World Bank (2003), pp. 55-56.

<sup>15</sup> For a discussion of these two cases, see Ronald E. Berenbeim, “Cultural Resistance to Whistleblowing Systems – Myth or Reality,” *The Conference Board, Executive Action* 186 (2006).

did result in the blocking of the implementation of a whistleblowing system by an American company, it did so on the grounds of a potentially overbroad scope (France) or the failure to first obtain the necessary works council approval (Germany). In both countries, whistleblowing systems that meet certain procedural and substantive prerequisites remain feasible and in the case of Germany, the works council itself is a potential whistleblowing conduit. By whatever name it is called—whistleblowing, hotline, or helpline—an information system that gives employees an opportunity to raise concerns about questionable practices before such behavior actually occurs is a vital element in effective anti-corruption programs. Fortunately, regardless of the region or country, it is possible to design whistleblowing systems that accommodate the needs and differences of diverse cultural environments (see box).

### Corporate Strategies for Effective Global Whistleblowing Systems \*

**Involve international management**—Senior international managers can be skeptical of efforts to promote open communications for cultural reasons and from fear of losing control or receiving false allegations... . If left out of the development process they may become an obstacle... .

**Clarify what constitutes wrongdoing**—It can vary by culture or reason. Terry Moorehead Dworkin, Professor of Business Law at Indiana University, cautions that, “People will not become whistleblowers if they do not consider the observed activity wrongful.”

**Establish and communicate whistleblowing policies and procedures**—Employees should receive information about the company’s confidentiality and whistleblower protection in writing and they should be offered training to clarify when, why and how to report misconduct.

**Tailor the message to the culture**—Tailor communications about whistleblowing procedures to the cultures in which the company operates, clarifying company standards about whistleblowing procedures to the culture in which the company operates [and] with explanations that local employees can understand.

**Facilitate the reporting process**—Employees are more apt to raise concerns in a safe environment where they feel it is acceptable to disclose misconduct... . Demonstrating that retaliation will not be tolerated can facilitate the reporting process.

**Provide local or regional resources**—International employees often feel disconnected from employee headquarters, both geographically and culturally... . Companies can provide “regional business practice advisors,” [to be] a communications liaison between local employees and corporate headquarters.

**Review policies and establish performance measures**—Companies should regularly review their whistleblowing policies and procedures to ensure their effectiveness... . Companies should also establish performance measures for their whistleblowing initiatives, and where possible, benchmark the effectiveness of their initiatives against those of peer organizations or industry standards... .

\* Lori Tansey Martens and Amber Kelleher, “Whistleblowing: A Global Perspective on Whistleblowing,” *ethikos*, May/June and July/August 2002.

## Step Five: Investigative Follow-Up, Reporting and Disclosure

As noted in the previous section, the 2006 participating companies rank investigative follow-up second to the need for a detailed statement as an effective element in an anti-corruption system; and the 61 percent of the 165 participating companies that held this view was nearly twice as high as the 2000 figure of 32 percent.

The view that reporting and disclosure activities are important is less widely held among respondents. Forty-one percent of the 2006 respondents believed that an annual requirement that country managers must report questionable practices could be effective or highly effective. Still, this figure also represented a substantial increase from the 2000 response of 20 percent. Social audit disclosure of questionable practices (a measure that was not asked about in 2000) evoked little enthusiasm. Only 17 percent of the responding companies reported that it was effective or highly effective.

Given the trend between 2000 and 2006 there is clear momentum in favor of higher future company approval ratings for follow-up and reporting. What about disclosure? The United Nations Global Compact may spur more action in this area. Signatories are expected to issue yearly reports to stakeholders on progress in implementing the Ten Principles—the last of which is the UN Convention Against Corruption.

## Responsible Reporting

Transparency International suggests companies examine the following eight elements of any anti-corruption program:

1. **Policies:** Does the company have in place an anti-corruption policy that prohibits corruption and is published publicly?
2. **Risk assessment:** Has the company carried out an assessment of its risk profile related to corruption? There are two levels of risk assessment. First, the company will assess the risk of corruption relative to other risks. Then if countering corruption is judged important, the company will carry out a risk assessment to identify the aspects of its activities, jobs and processes and business relationships that should receive the most attention.
3. **Organization:** Has an organizational structure to implement the policy been developed? For a large company, this would include board ownership, leadership, and the role of the audit committee.
4. **Planning and implementation:** Does the company report that management systems are in place and operating? Does it give details of these?
5. **Performance:** Does the company set plans and targets? What indicators does it use? These could be reporting communication, training, numbers of violations, dismissals and employee surveys, use of hotlines, or number of whistleblowing instances.
6. **Monitoring and improvement:** Are the systems working? What are the review processes? Has the board reviewed processes? Has the board reviewed progress?
7. **Responsiveness:** Are stakeholders consulted? Does the company report publicly and, if so, clearly and accessibly on matters relevant to stakeholders?
8. **Verification:** What credibility can be attached to what the company reports? Does the company use an external independent verifier? What are the quality and depth of the verifier's report?

Source: Wilkinson, pp. 103 – 104.

Still, in recent years, there has been a proliferation of company sustainability reports but according to a 2005 KPMG survey, only 18 percent of these corporate social responsibility publications included policies for bribery or corruption; fewer still described anti-corruption practices or procedures.<sup>16</sup> Nonetheless, noteworthy companies such as Shell, BP, Co-operative Insurance Society (CIS), General Electric, Lafarge, and Titan Cement have included a discussion of some aspect of the company's anti-corruption activities in their sustainability reports. (For a discussion of key indicators for company anti-corruption disclosures, see "Indicators for Reporting Countering Corruption").<sup>17</sup>

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<sup>16</sup> Peter Wilkinson, "Reporting on countering corruption," in *Business against corruption*, The Global Compact, 2006, p. 99.

<sup>17</sup> *Ibid.*, pp. 103-104.

# Anti-Corruption Programs

## The Key Challenges

The design, implementation, and monitoring of an anti-corruption program confront companies with operational and cultural obstacles. Often there will be an overlap between these two kinds of problems. For example, hotlines in a global company raise logistical as well as cultural issues. Maintaining a 24/7 service that can be readily accessed from all locations and is staffed by people who can respond in the caller's language is an operational need. But, ultimately, whether the hotline is tailored to the distinctive requirements of the many cultures that make up a multinational company will be a critical element in employee use of the hotline.

With few exceptions, companies hesitate to engage in the kind of give-and-take social accounting that municipalities routinely do.

The contrast between the 2000 and 2006 surveys with respect to the five steps of a successful program suggests that companies are now much more comfortable with many of the operational challenges of anti-corruption program design, implementation and monitoring. Statements and policies have become more detailed, informative, precise, and available—both to employees and to the public. Training programs are more sophisticated and tailored to the individual needs of particular regions or employee groups. In contrast, because of the very significant cultural component, hotlines continue to be difficult to design, implement and successfully monitor. While investigative follow-up is a widely practiced method that respondents believe to be effective, the reporting and disclosure of corrupt practices evokes considerably less enthusiasm.

This reluctance illuminates the cultural differences between corporations and civil society. What city of a 100,000 people would hesitate to issue a report that revealed that during the last year a certain number of crimes had been committed within its borders? Such information would be regarded as a necessary part of the government's accountability to its citizens. Of course part of such an accounting would discuss improvements or declines in the state of public order and what measures were being taken to address security needs. It would not occur to the mayor or the town council that no crime had been committed this year or in the past. Yet with few exceptions, some of which were cited earlier, companies hesitate to engage in the kind of give-and-take social accounting that municipalities routinely do.

Thus, when the 2006 survey participants were asked to select the top three challenges to their company's implementation of a successful anti-corruption program (the 2000 survey did not ask this question), the consensus was that the most important challenge

Table 5

### The Top Three Challenges to Effective Global Anti-Corruption Program Implementation (N=151)

<i>Challenge</i>	<i>Percent</i>
Differing cultural views as to what kind of behavior constitutes corruption . . . . .	74%
Difficulties in monitoring agent behavior for compliance . . . . .	59
Local attitudes that behavior is justified because the “competition does it” . . . . .	42
Difficulty in distinguishing between locally sanctioned lavish gift practices and bribes . . . . .	31
Difficulties in monitoring contracting and procurement . . . . .	37
Operation(s) in a particular country . . . . .	36

by far was the difficulty of insisting on adherence to core business principles in diverse cultural environments. Nearly three-quarters of the respondents said that differing cultural views about what constitutes corruption was most frequently cited as one of the top three challenges. The next most frequently cited problem—obtaining contractor compliance with anti-corruption policies—arguably as much if not more of an operational challenge, finished a distant second (59 percent). Except for monitoring contract and procurement (37 percent) which finished far down the list, the other challenges were primarily cultural (see Table 5).

### The Most Effective Measures

The responses suggest that in the six years that have elapsed since the 2000 survey, the respondents, whether or not they have a formal program, have improved and become more comfortable with the operational methods that they use to implement anti-corruption programs. For example, 64 percent of the 2006 respondents said they believed that their company’s anti-corruption statement was effective or highly effective. One likely reason for this positive response is that during the last six years, companies have put a good deal of work into their statements. The data indicate that they are more detailed and precise. The 64 percent effective or highly effective rating for anti-corruption statements was considerably higher than the 2000 overall rating of 38 percent (for non-program companies, this figure was only 17 percent).

The endorsement was much more equivocal for program elements that confronted the company with cultural challenges as well as logistical challenges in implementation. Although the percent calling hotlines “highly” or “somewhat effective” increased significantly from 9 percent in 2000 to 39 percent in 2006, respondents were most negative about hotlines, including 11 companies that called hotlines “ineffective.” Finally, companies believe their own practices and policies to be the first line of defense against corruption. They have little confidence in cooperative or networking efforts with the government, NGOs or other companies (see Table 6).

Table 6

**Measures that respondents called either effective or highly effective** (N=165)

<i>Method</i>	<i>Percent</i>
Detailed statement of company anti-corruption policies . . . . .	64%
Required follow-up report if questionable practices have been disclosed . . . . .	61
Group sessions with local managers in which actual or potential corruption statements are discussed . . . . .	59
Requirement that employee sign statement of adherence to anti-corruption policies . . . . .	47
Annual requirement that country managers must report questionable practices . . . . .	41
Helplines offering advice . . . . .	39
Cooperative efforts with home countries to address corruption issues . . . . .	18
Social audit disclosure of action(s) taken regarding questionable practices . . . . .	17
Active involvement in governmental legislative processes and initiatives (e.g., US, OECD, OAS) . . . . .	15
Participation in NGOs or networking efforts (e.g., Transparency International) . . . . .	13
Cooperative efforts with local governments to address corruption issues . . . . .	12
Local “integrity” anti-bribery pacts with other businesses . . . . .	8

# Looking Back and Ahead

**F**our conclusions about progress thus far and in the future emerge from comparisons of the 2000 and 2006 surveys of company anti-corruption programs:

- 1. Anti-corruption is now a recognizable high-priority issue for global companies** Companies are more likely than they were in 2000 to say they have a formal anti-corruption program with board and C-Suite-level involvement. Two-thirds of the respondents in this survey said they had a program compared to one-half of the 2000 participants.

In contrast with the 2000 survey findings, most company anti-corruption efforts now have the same basic elements (codes, training, hotlines, investigation of complaints). The differences are largely a matter of degree.

For example, companies with formal programs are more likely to involve senior executives at the local as well as the corporate level. Board involvement appears to be evolving away from design and implementation and into the monitoring phase, where its participation is greater than it was six years ago. A higher percentage of companies from the 2000 survey reported their boards participating in the design and implementation phases and a smaller, though very appreciable, percentage involved in monitoring. In 2006, 60 percent reported board involvement in monitoring programs.

- 2. Companies are doing more with the same or fewer resources** Mastering the learning curve and the use of Internet postings and training may have also enabled companies to mount more ambitious and detailed programs with little or no increase in resource allocation. Twenty-seven

percent of the 2006 responding companies dedicate staff specifically to anti-corruption activities (in 2000, 35 percent of program companies and 14 percent of the non-program group did so). The median number of staff persons and funds allocated by those companies that provided the information was two and \$50,000 respectively for both surveys.

- 3. Participants in both surveys regard cultural adaptation and diversity as the most serious challenge to effective implementation of a global anti-corruption program** While the data affirm that companies are encountering somewhat less cultural resistance (a far larger percentage of respondents believe that hotlines can be an effective method), companies still believe that cultural differences pose far more formidable obstacles to the implementation of effective anti-corruption systems than any particular logistical hurdle.
- 4. Companies show little enthusiasm for cooperative or collective anti-corruption efforts—with governments, international organizations, NGOs, or other companies** The 2006 participants have developed considerable confidence in their anti-corruption practices and policies—if not to reduce or eliminate corruption at least to get a better handle on where it is happening (e.g., China) and what to do about it; but they are no more optimistic about the possibilities of collective action than the 2000 survey respondents.

## Survey Profile

The Conference Board in collaboration with the Ethics and Compliance Officer Association (ECO) prepared a questionnaire and surveyed 1,361 companies between January 18 and April 12, 2006 about anti-corruption programs and practices. The 165 multinational companies responding to the survey (12 percent) maintain extensive operations throughout the world. The median company in the sample had a major business presence in 10-24 countries. The median FY 2004 sales worldwide were \$1-\$5 billion in U.S. dollars.

<u>Respondent industries</u>	<i>Percent</i>
Manufacturing (industrial) . . . . .	22%
Other . . . . .	19
Financial services . . . . .	10
Manufacturing (consumer) . . . . .	8
Energy . . . . .	7
Business and professional services . . . . .	6
Manufacturing (computers/technology) . . . . .	5
Wholesale and Retail Trade . . . . .	4
Communications/broadcasting/publishing/software . . . . .	4
Other services . . . . .	4
Transportation and warehousing . . . . .	3
Agriculture and mining . . . . .	1
Construction . . . . .	1
Government/public administration/non-profit . . . . .	1
No answer . . . . .	5

<u>Home country/region</u>	<i>Percent</i>
United States . . . . .	73%
Europe . . . . .	13
Asia Pacific . . . . .	10
Canada . . . . .	2
Latin America/Caribbean . . . . .	1

<u>Locations in which company has major operations</u>	<i>Percent</i>
United States . . . . .	87%
Europe . . . . .	74
Asia/Pacific . . . . .	68
Latin America/Caribbean . . . . .	55
Canada . . . . .	47
Middle East . . . . .	26
Africa . . . . .	22

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