If you do business abroad, you must be prepared to encounter corruption. It is common in many countries to expect bribes, gifts or favours in exchange for a contract or business deal. Businesses must prepare themselves to meet these challenges.

Corruption committed abroad by Norwegian enterprises and Norwegian nationals is punishable both in Norway and in many other countries. It can nevertheless be difficult to refuse when the stakes are high. When Norwegian enterprises are prosecuted for corruption abroad, the impression is often given that bribes, gifts and favours are both common and necessary in order to win a contract or an assignment. ‘Corruption is part of the culture.’ This is not a valid excuse, neither legally nor morally. Businesses are obliged to combat corruption, and it is also in the businesses’ own interest to do so.

What is corruption?
Transparency International defines corruption as ‘the abuse of entrusted power for private gain’. Corruption can be anything from out-and-out bribery to the greasing of palms and favouring friends or relatives, and it often takes place in connection with embezzlement, fraud or blackmail. The Norwegian General Civil Penal Code defines corruption as to ‘request or receive an improper advantage or accept an offer thereof in connection with a position, office or assignment, or give or offer any person an improper advantage in connection with a position, office or assignment’. If you are engaged in business abroad, you must have a clear attitude to corruption, both on the supply side and the demand side.

Grey areas
Out-and-out bribery in the form of cash is easy to spot, but corruption can also be camouflaged as consultancy or lobbying services. In some countries, you might find that public servants demand facilitation payments just to have a case or application considered, even though you are entitled to receive this service free of charge. Such fees must therefore also be regarded as corruption. The same may apply to return commission (kickbacks), gifts, restaurant meals, travel and hotel stays or tickets for special events.

Why is corruption harmful?
Corruption is harmful to society as well as to enterprises. Corruption undermines the rule of law and national legislation, threatens democracy and human rights, distorts competition and hinders economic development. For businesses, corruption can lead to a loss of reputation and trust, financial losses and prosecution. In Norway, the penalties for corruption are fines or imprisonment for up to three years. For gross corruption, the maximum sentence is ten years’ imprisonment. Penalties in other countries vary. More and more countries are introducing and implementing stricter legislation. Being sentenced in one country can affect an enterprise’s business in other countries.
Where is corruption most widespread?
Corruption occurs in all countries and markets, but it is more widespread in certain parts of the world than in others. Nor are the attitudes expressed always mirrored in actual behaviour. Transparency International's surveys show that business people in Western countries usually distance themselves officially from corruption. In practice, however, it turns out that very many enterprises that engage in cross-border trade or have operations in other countries are willing to use bribery to gain advantages. This is particularly true of enterprises that trade in and with developing countries.

Are some industries worse than others?
Corruption is found in all industries and sectors. It is somewhat more common, however, in public works and energy contracts, the building and construction industry in general, the arms and defence industry and in telecommunications. Corruption also occurs in the banking and finance sector.

What can you do?
Norwegian businesses with operations abroad must be prepared to encounter corruption. Leaving it up to individual employees to use their own moral compass is not recommended, since people are too different in terms of their attitudes and ability to exercise good judgement. It is important to familiarise oneself with the risks and the laws and regulations, as well as enforcement, relating to corruption in the country and sector where you do business. It can be necessary and useful to seek external legal advice or to contact other actors with good reputations in the area. Innovation Norway is a member of Transparency International. Transparency International recommends that all enterprises adopt guidelines for how employees should deal with corruption. Well-thought-out and well-established anti-corruption guidelines reduce the risk of incidents, and will reduce the corporate penalty should corruption nevertheless occur. It is best to have as clear, strict and consistent an attitude to corruption as possible. Make sure that everyone is aware of the principles that apply and the consequences of breaking them.

Transparency International has prepared an anti-corruption guide that can be downloaded from its website (see below).

What can Innovation Norway offer?
Innovation Norway has offices and advisers in many countries and markets. They know the countries’ culture and business practices, and can be important discussion partners for enterprises that are uncertain about the conditions in a new country. Innovation Norway’s advisers can also help you to find good legal advisers.

More information (links)
Web portal with corruption risk country profiles
Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime (ØKOKRIM) about corruption

Useful tools (links)
Transparency International Norway’s anti-corruption guide
E-learning with dilemma training
Dilemma training 2

Contact
Trude Andersen
Telefon (+47) 48 29 80 26
csr@innovationnorway.no
Twitter: @CSRlerka