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Anti-corruption practices in Norwegian MNCs

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Oppgavetekst

This master thesis looks at the corporate governance tools that are used for implementing anti-corruption programmes, and which of these that are best suited for reducing the risk of corruption in Norwegian MNCs. More specifically, this thesis studies the following research questions (RQs):

- RQ1: What constitutes a 'good' anti-corruption programme?*
- RQ2: What are the crucial factors in ensuring efficient implementation of, and compliance with anti-corruption programmes in Norwegian MNCs?*
- RQ3: How do employee perspectives on Norwegian MNCs' anti-corruption efforts align with that of top management?*

Preface

This document is a master's diploma thesis written as the concluding part of a Master of Science in Industrial Economics and Technology Management with a specialisation within the field of Strategy and International Business Development at the Norwegian University of Science and Technology (NTNU). The research has taken place during the spring semester of 2015 and is a more practical approach to the implications of a pre-diploma literature review conducted in the fall of 2014.

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Abstract

This master thesis looks at how Norwegian multinational companies (MNCs) may choose to structure their implementation processes and compliance function to fight corruption. It seeks to bring to the forefront the key factors that need to be in place in order to secure that a company is efficient and successful with regards to their anti-corruption programmes. The thesis is structured around the cross-level analysis of national, company and employee perception and following its implications to the success of the compliance function in Norwegian companies. The main focus lies however within the company level and how corporate management may design their programmes as to ensure successful implementation at an operational level. The research is based on a series of interviews of national corruption experts as well as in-depth interviews with Compliance Officers from 13 Norwegian MNCs. Furthermore, the officers have ranked a list of factors with regards to the efficiency of implementing anti-corruption programmes, and the authors have conducted an employee survey within two of these companies. The findings highlight the inextricability of factors, however nine key factors are highlighted and henceforth provide the foundation of the adoption of a new '*compliance function lifecycle*' model. This model hopes to aid practitioners and scholars alike in the quest to better understand the mechanisms behind creating a system which adequately addresses the *design-reality gap* and warrant wanted behaviours, and by extension ensures the successful implementation of anti-corruption programmes.

Sammendrag

Denne masteroppgaven ser på hvordan norske multinasjonale selskaper kan bekjempe korrupsjon ved å strukturere sine implementeringsprosesser og compliance-funksjoner på en hensiktsmessig måte. Målet med oppgaven er å se på hvilke faktorer som leder frem til et effektivt og velfungerende antikorrupsjonsprogram. For å komme frem til disse, foretas et tverrstudie av tre nivåer: lands-, selskaps- og medarbeidernivå. Utgangspunktet er å kartlegge de ulike oppfatningene av bedriftenes antikorrupsjonsinitiativer og hvordan disse påvirker hvorvidt compliance-fuksjonen i norske selskaper lykkes i sin oppgave. Masteroppgavens hovedfokus er på selskapsnivået og hvordan selskapsledelsen bør designe programmene på en måte som sikrer implementering på operasjonelt nivå. Forskningen baseres på en rekke intervjuer av nasjonale korrupsjonsekspert, samt på dybdeintervjuer av compliance-offiserer i 13 norske selskaper. Videre rangerer offiserene en liste med faktorer basert på hvor stor påvirkning hver av disse har på effektiviteten av implementeringsprosessene, og det er også foretatt en spørreundersøkelse av hvordan disse programmene oppfattes av de ansatte i to av bedriftene. Funnene peker på hvordan faktorenes bør anses som nærmest uatskillelige, og ni faktorer trekkes frem som de viktigste å ha på plass som et grunnlag for å ta i bruk den introduserte 'compliance function lifecycle'-modellen. Denne modellen skal fungere som et nyttig verktøy for både utøvere og teoretikere som ønsker å forstå mekanismene bak hvordan man utvikler et system som adresserer gapet mellom design og virkelighet, fremmer ønsket oppførsel, og dermed sikrer vellykket implementering av antikorrupsjonsprogrammer.

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1 Introduction

When Transparency International Norway asked 600 Norwegian business managers in 2014, 69% of them did not see the issue of corruption as pertinent to their operations (Transparency International Norway, 2014). Simultaneously, the national media reports on Norwegian companies being involved in corruption scandals of unprecedented magnitudes. If we are to adhere to the global trends in which a corruption sentence may result in the company being barred from the world's largest stock exchanges or from global tenders, we may in coming years see the Norwegian business environment in a frantic panic wishing to revise their previous statements of corruption being a concept only relating to others.

When abroad, Norwegian multinational corporations (MNCs) undisputedly have to navigate in a business environment with significantly higher levels of corruption and risk than what they experience at home. Systematic corruption in the form of public official kickbacks, and an at times rather opaque local business structure may make it hard to adequately assess said risks. Rapid globalisation has led to increased levels of transparency which in turn have given society insight into the overarching effects of global corruption - resulting in outcries from the socially aware consumer (Blowfield and Murray, 2011). Globalisation has also made it increasingly difficult to draw distinct lines between the private and public sector and so forth the perceived responsibilities of global corporations have greatly changed. Increased global awareness of the implications of corruption is 'forcing organizations to open up their decision-making structures and processes for perusal and participation' (Benn and Dunphy, 2007, p. 10). Corrupt practices threaten 'shareholder confidence, brand reputation, production stability, employee trust, and other corporate assets, both tangible and intangible' (Blowfield og Murray, 2011, p. 6). As a result, external auditing has increasingly been seen as a key factor for acquiring legitimacy and a 'license to operate' from the sceptical consumer base (Sullivan, 2009; Benn and Dunphy, 2007). Consequently, many MNCs are suffering a crisis of credibility and governments have become increasingly interested in preventing future corruption scandals. The increased awareness of the problem of corruption related to private companies is reflected in academic literature and it has resulted in a 'sharp focus on corporate governance issues' (Mallin, 2013, p. 7).

When faced with this issue of corruption however, Norwegian companies are to a large extent left to develop their own ethics programmes (Bjerknes, 2014). This presents numerous challenges, as the work of fully understanding the implications of private corruption in Norway is itself at its nascent stages of exploration. The ramifications of this are claimed to be evident in the lack of national awareness and competency within the business community.

Legislation on corruption, which is often seen as the baseline of what companies and employees should adhere to, is notoriously ambiguous and presents itself as a multitudinous maze for companies operating globally. However, Norwegian legislation, which since 2004 and the

Statoil-Horton case has been stacking up on its legal precedent (Andresen & Borgen, 2014), has shown how companies are held accountable for their actions even prior to legislation was put in place. Moreover, if the evolution of Norwegian juridical system is to mirror that of the American and British, whom may be seen at the forefront of private corruption legislation, merely having a good anti-corruption programme will not be sufficient to shield companies from the risks of prosecution. Experts claim that one is likely to see a stricter policy that ties into the implementation and compliance of said programmes (Søreide, 2015). This then opens a whole other proverbial can of worms as Norwegian MNCs are expected to ensure that their programme meet the infamously difficult criteria of being ‘good enough’ when there seems to be a lack of globally recognised frameworks that guide companies to understand what ‘good enough’ entails. They also need to ensure that their programme is engrained in company culture by securing an efficient process of implementation and employee compliance, both globally and within each local subsidiary.

Aim of the study

The aim of this study is to look at the factors that drive the efficiency of implementation and compliance of anti-corruption programmes in Norwegian MNCs. By conferring with corruption experts we aim to get a thorough overview of the current national landscape with regards to anti-corruption efforts and how these shape the present-day mode of business for Norwegian MNCs. In extension, we wish to examine some of the largest companies in Norway to map out how they approach the process of integrating an anti-corruption programme into their organisation, with particular emphasis on how they secure the implementation and compliance efforts. By mapping how the different Compliance Officers rank various factors relating to implementation and compliance of their programmes we wish to present a more practically applicable study, in line with the call for more empirical research on the effectiveness of anti-corruption programmes (Kaptein, 2014). This may highlight some of the pitfalls of current compliance programmes, as well as alleviate some of the resource constraints by presenting a guide to more efficient resource spending. Lastly we wish to gain a better understanding of how employees interact with these programmes, both in Norway and abroad. The aspect of employee-interaction has been largely ignored in current academic literature and we consider including this perspective in the debate to be of vital importance, seeing how ‘the only way companies can be ethical, is for people to be ethical’ (Arjoon, 2005, p. 345).

Research questions

In order to achieve the aim outline above the research of this thesis is rooted in the three research questions (RQ's) presented below:

- RQ1: What constitutes a 'good' anti-corruption programme?*
- RQ2: What are the crucial factors in ensuring efficient implementation of, and compliance with anti-corruption programmes in Norwegian MNCs?*
- RQ3: How do employee perspectives on Norwegian MNCs' anti-corruption efforts align with that of top management?*

The first RQ aims to provide a backdrop for the current status quo of the work done in Norway today with regards to compliance programmes and private corruption. This will be answered mainly through the empirical findings from expert interviews and relevant theoretical and regulatory documents. The findings from this process then goes into the design of a research framework in which we scope our investigations within each of the 13 companies in order to be able to separate on a case-by-case basis but also examine any overarching general trends on the issue. These empirical findings will also be used to design an employee-survey to help answer RQ3 relating to the employees. This is meant to provide a new understanding of the employee level dynamics as well as a much needed aspect to current theory, which to a certain extent have neglected the influence of this interaction in their examination of at anti-corruption programmes.

Scope of the study

The scope of this study is limited to Norwegian MNC's that operate in high-risk countries and have already formulated a strategic anti-corruption programme, which they have implemented or are in the process of implementing. We initially look at the development of such strategies from a national business environment level in order to understand how corrupt practices develop and anti-corruption strategies are formed. Subsequently, we turn to our primary focus that lies within the organisations internal efforts at the company level, and examine the internal interaction between corporate management, local line managers and employees as we see them as an instrumental part in the implementation and compliance process. With regards to implementation and compliance we have chosen to focus on which factors may have the largest effect on the efficiency of such processes. This ties to the need for a greater understanding of the mechanisms behind what constitutes a successfully implemented programme, which in turn will provide the greatest value for future Norwegian businesses and better equip them in the fight against corruption.

Structure of the study

This thesis follows a linear-analytical structure as outlined by Yin (2009), as shown in Figure 1. First we provide a theoretical overview of the relevant literature and present a theoretical framework. Further, the methodological research process of the research is discussed in detail as to ensure the reader has a good understanding of the methods used as to ensure any future replicability. Chapter 4 then goes on to present the findings on the basis of the theoretical framework introduced in chapter 2. This includes findings from the in-depth interviews of experts and Compliance Officers, the ranking of factors thought to affect the efficiency of implementation, and, lastly, the results from the employee-survey. These findings will then be discussed in detail under nine main topics with regards to how they relate to the presented theory, and we introduce recommendations for practitioners based on the implications of the findings. Subsequently in Chapter 6, we introduce a new model to help more explicitly illustrate how the nine topics interact, called the Compliance function lifecycle. The thesis afterwards contains a discussion of the implications for theory, limitations of the results and future research, before it ends with concluding remarks tied to the research questions in Chapter 8.

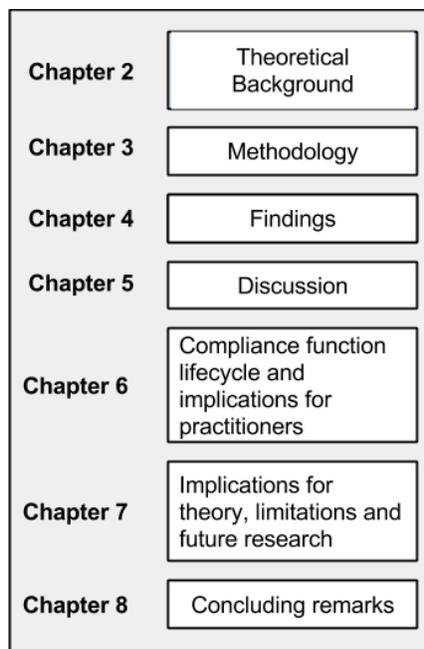


Figure 1: Structure of the study

2 Theoretical Background

The literature on anti-corruption programmes is, as mentioned, in many aspects in its nascent stages. The literature is divided into three levels; national or external level, company level and employee level as displayed in figure X. The national or external level was to a large extent presented in chapter 1, which highlights the historical development of anti-corruption frameworks and how they shape the current business environment. This chapter will therefore predominantly focus on the company and subsequent employee level, as they are the primary focus of this thesis and its empirical research. The chapter is structured on an analysis of three levels as shown in Figure 2.

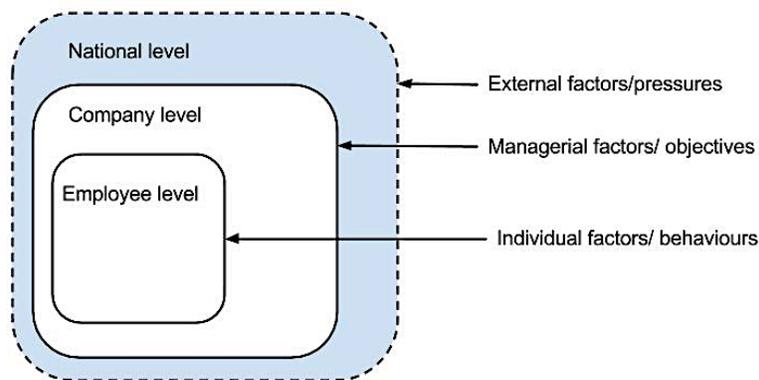


Figure 2: Three levels underlying the thesis' structure

Selection of literature

The literature selection is based on a previously performed literature review (Andresen & Borgen, 2014) as well as additional research on the practical implications of corporate ethics and compliance programmes. Such a multilevel and cross-disciplinary approach is deemed necessary given the scope of this thesis, as well as the limited amount of relevant research available, warrant the need for a greater understanding of the various factors that may influence the external and internal dynamics of an anti-corruption programme.

Until now, much of the work tied to the practical aspects of anti-corruption programmes has been left to non-academic institutions and management consultants. The field of business ethics, corporate governance and codes of ethics however has gained some academic notice and so this thesis works on extending this logic to be applicable to the issue of anti-corruption.

Structure of literature

As mentioned above this chapter is primarily concerned with the theoretical landscape as it applies to company and employee level. To ensure the reader's understanding of the general

aspects of how anti-corruption programmes fit in with wider aspects of corporate governance this chapter first sets out to give a thorough account of the role, and development, of such programmes. We then go on to talk more on the particularities of anti-corruption and how the design of such programmes may be successful. In addition, this section seeks to provide some understanding for why certain process fail or exhibit negative traits with regards to implementation effectiveness. Relevant theories include aspects such as the notion of the ‘design-reality gap’ and the role of culture. Furthermore, this chapter attempts to provide a thorough account of the current academic research with regards to what characterizes a ‘good’ anti-corruption initiative.

2.1 Conceptual Background and External Environment

This preliminary section is presented as to introduce the reader to the concept of corruption, and how it relates to the world of business. Furthermore, it seeks to increase the understanding of the external pressures and motivations that govern the environment in which Norwegian MNCs operate. These issues lay somewhat outside the immediate scope of this thesis, and are tackled more as an attempt to provide a framework and contextual setting that envelops the more company specific research focus.

2.1.1 Concept of Corruption

The concept of corruption can be ‘traced back to early history and is almost as old as humanity’ (Hirsch and Watson, 2010, p. 13). Nonetheless it may be seen as a shadowy, changing phenomenon and finding a definition is always a hazardous exercise (Argandoña, 2001). Until recently, research on corruption was limited to the scope of interaction between public institutions and private entities. It has, however, become evident that one can no longer neglect the issue of private-to-private corruption due to the global influence and power of private actors.

Barro (1996) identified that corruption leads to suboptimal economic growth while Kwok and Tadesse (2006) claimed that corruption distorts efficient resource allocation and rewards unproductive behaviour by channelling unmerited contracts to companies in exchange for bribes, at the expense of innovative firms. Furthermore corruption is seen to result in a decrease in the level of trust or social capital by citizens (Knack and Keefer, 1997). Corruption is also deemed a criminal activity, but as it hinges on the consent of both parties, much of corruption is concealed and such the risk may seem less explicit (Ryan, 2000). Pair this with the opaque nature of corruption and one may see why it is seemingly so hard to quantify the level of corruption, and thereby implement adequate measures to remove incentives for engaging in corrupt activities.

Proposing a definition of corruption

In this thesis we use Transparency International's definition of corruption ('What is corruption', n.d.): 'the abuse of entrusted power for private gain'. This definition stretches to include abuse of power in public, private and civil sector. Moreover, it is important to note that corruption may take several forms such as bribes, gift-giving and extortion, making it important to outline the different preconditions that characterize such activities:

- Misuse or abuse of power may entail 'the non-performance of a duty, mandate, law, regulation, rule, contract or commitment to act in accordance with the interests of the public office or company in which the person renders his services' (Argandoña, 2001). This may include the misuse of company assets or resources, but it may also be the misuse of people's trust or the authority of a person's role in the company or societal standing.
- Private gain includes both financial gain as well as the obtainment of unfair advantage. Examples include 'bribery for the purpose of obtaining or retaining "business or other improper advantage in the conduct of international business" [...] it is an offence irrespective of "the value of the advantage, its results, perceptions of local custom, the tolerance of such payments by local authorities, or the alleged necessity of the payment"' (OECD, n.d.)

2.1.2 Pressures and motivations behind the development of anti-corruption programmes

Private companies face increasing demands for having solid anti-corruption programmes in place to show their willingness and dedication to counteract the rising number of corruption scandals, and the infiltration of the problem into multinational companies. Various external pressures, exerted for instance through governmental regulation, has pushed firms to adopt new features to their expanding ethics and compliance programs (Michael 2006). There thus exists an understanding amongst researchers that 'organizational ethics and compliance programs may be driven, or at least significantly influenced, by the external environment' (Weber & Walieski, 2013, p. 622)

With a bird's eye view, Bass and Heeks (2011, p.1) claims that 'anti-corruption reforms are part of a more general global flow – of knowledge and ideas, of skills and techniques, of technologies and tools'. This aligns with the view of Persson, Rothstein and Teorell (2010, p. 7) who propose that the contemporary global anti-corruption agenda 'involves a large number of structural reforms aimed at reducing the opportunities and incentives for corruption in line with the logic of the principal-agent framework'. Globally, it seems that governments, organisations and individuals in some way or another are entangled in an overarching web united in the fight against corruption. For instance, a recent trend is the increased emphasis on corporate citizenship rankings for enhancing organizational reputation, which has increased the importance of corporate ethics and compliance programs (Logsdon and Wood, 2005). Both growing legal

demands worldwide and stock exchanges have been pressurising companies that are present in the international market to act. Strict international legislation, such as the Sarbanes-Oxley Act and the Foreign Corrupt Practices Act (FCPA) add to this pressure by calling for the introduction of various measures, such as compliance programmes, business ethics, training courses, whistle-blowing systems and compliance reviewing (Bussmann & Matschke, 2008).

Corporations are thus forced to react to general trends and external pressures, often introduced by governments and international organisations. Such external pressures from a wide range of stakeholders pushes companies to look beyond the somewhat stark and unpleasant realities of global competition toward what ought to be, and which measures might be taken to improve the current situation (Waddock, 2004). Weber and Wasieleski (2013) surveyed 61 organisations that belonged to the Ethics and Compliance Officers Association on their ethics and compliance initiatives and identified six main pressures to develop an ethics and compliance program. These are ranked below, according to perceived importance (Weber and Wasieleski, 2013, p. 614):

- Maintain legal compliance
- Reflect company leader's values
- Encouragement from employees
- From the marketplace, competitors
- Economic incentives, 'it pays'
- From community, non-profit groups

Much has been said about fitting the external anti-corruption reforms to specific country settings according to the local environment that companies face through their operation. To respond to the need for local adaptation, firms may be tempted to resort to ad hoc initiatives, e.g. by targeting observed corruption. In this way the companies may successfully put effort into anti-corruption activities that, if implemented in a suitable way will take care of the problem at hand. However, this rather common approach to fight corruption often fails to realise that 'simultaneous with the cessation of the old corruption, a new manifestation of corruption will be observed' (Coonjohn & Lodin, 2012, p. 1). If this deductive reasoning is applied whenever corruption is observed, one runs a risk of entering a cycle that will continue indefinitely without getting closer to addressing the actual roots of the problem. Arguably, such ad hoc responses fall short of more holistic approaches (Coonjohn & Lodin, 2012).

Firms' need for guidance on how to handle their corrupt environments has spurred the rapid emergence of a myriad of standards, principles, reporting initiatives, and codes that companies are advised to adopt internally. In Europe, the fight against corruption has become a major industry in recent years, involving international organizations such as the World Bank (WB), the International Monetary Fund (IMF), Transparency International (TI), World Trade Organization (WTO) European Union (EU), European Bank for Reconstruction and Development (EBRD), the United Nations (UN), and the Organization of Economic Cooperation and Development

(OECD) (Persson, Rothstein & Teorell, 2010). These all have come up with their own sets of principles for anti-corruption frameworks, or have co-operated to develop such. As a consequence, the trend has been for firms to use the toolkits of ideas provided by the international community in line with the logic of a ‘one fits all’ approach (Persson, Rothstein & Teorell, 2010, p. 6). With no agreed upon international standard, companies find themselves with a myriad of possible interventions to implement without any reference points or clear ‘best practice’ peers to follow (Andresen & Borgen, 2014).

2.2 Anti-corruption initiatives in practice

The presented pressures motivate companies to develop ethics or compliance programmes, which can be described as the formal organizational control system designed to impede unethical behaviour (Kaptein 2009; Weaver et al. 1999). Such programmes are implemented in a rapid pace, as portrayed by the findings of a German study: a total of 52% of large companies reported having a compliance programme that generally also contained measures to fight corruption in 2011, a fraction that only two years later had grown to 72% (Busmann, 2015). Having an effective programme in place functions as a tool for companies to practice corporate self-governance and thus gives the freedom to ‘manage its own affairs without extraordinary outside intervention’ (Copeland, 2000, p. 347).

In this section, we will look at the concept of corporate governance in relation to anti-corruption work, and introduce an integrated model for determining efficiency of codes of conduct that also is applicable to anti-corruption programmes.

2.2.1 Corporate governance, compliance and anti-corruption programmes

To adequately understand the intended function of an anti-corruption programme it is crucial to understand how the function relates to the overall business operation. Anti-corruption programmes are usually part of the larger umbrella term of compliance, which in turn may be seen as the branch of corporate governance concerned with a more ethical perspective of doing business.

Arjoon (2005, p. 344) defines corporate governance as ‘the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions in corporate affairs. By doing this, it also provides the structure through which the company objectives are set and the means of attaining those objectives and monitoring performance’. He further highlights that within this definition one has certain key points of interests such as transparency, accountability, appropriate risk management measures,

information flow, legal and regulatory environment, as well as the responsibility of senior management and the board of directors. Instrumental in his view on ethical corporate governance is the concern with trust building, both inside and outside of the organisation in order to ensure an ethical culture based on *freedom for excellence* rather than *freedom of indifference*. Pinckaers (2001) sees freedom of indifference as the source of ethics of obligation, i.e. an external constraint imposed on the agent. Freedom for excellence, on the other hand, inspires an ethics of happiness and virtue, which in turn governs the dynamism and development of a person's faculties of action.

Anti-corruption programmes may be classified as a rather new addition to the corporate governance function. Nonetheless, Sullivan (2009, p. 2) promotes a clear link as to how corporate governance prevents corruption on all levels of the company: 'on the day-to-day transaction level it makes bribes harder to give and harder to conceal. At the decision-making level, it injects transparency and accountability, so that it is very clear how decisions are made and why'. Due to its more recent development there exists a substantial lack of theory relating solely to anti-corruption initiatives. It may therefore be fruitful to extend the scope to include theoretical work on so-called business codes, as anti-corruption programmes exhibit close ties to companies' code of conduct in terms of function and development process.

2.2.2 The integrated model for determining code efficiency

Kaptein and Schwartz (2007, p. 16) define business codes as 'instruments to steer the conduct of management and employees and by doing so to have favourable consequences for the company, its stakeholders, and society in general. The extent to which a business code steers the conduct of management and employees depends on the process of developing the code, the content of the code itself, and the implementation of the code. The implementation of the code has to affect the individual characteristics of management and employees and the internal organisational context before it can affect their conduct.' The two authors developed an integrated model for determining the efficiency of a business code, which carries a logic that may be applied to the process of determining the efficiency of an anti-corruption programme. Figure 3 shows an adapted version of their model (Kaptein & Schwartz, 2007, p. 118)

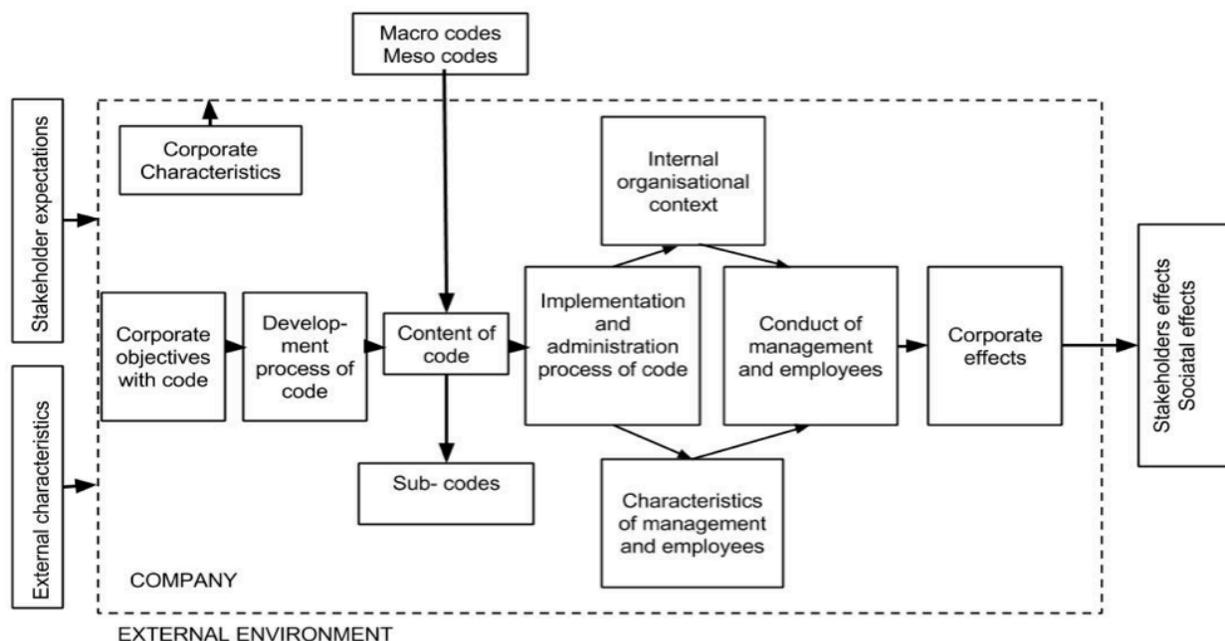


Figure 3: Integrated model for determining programme efficiency

What becomes clear through this graphical representation of the process of developing corporate codes of conduct, which is also projectable onto the development of anti-corruption frameworks, is that overall efficiency hinges not only on one, but several stages of the process.

Firstly the expectations of the external environment need to be addressed in an appropriate manner as they will have a direct impact on the company characteristics. Different stakeholders raise different concerns and so it is important to take note of any conflicting interests. Stevens et al. (2005) found that certain companies were more likely to include their business codes into their strategic decisions if pressured by an external environment, which may be seen in close correlation to the development of anti-corruption programmes as described in this chapter.

Furthermore, instrumental in assuring a code's effectiveness is to make sure that its content aligns with existing company objectives. This point ties with Trevino et al. (1999) findings that key to the success or failure of a programme was how the employees viewed management's motivation for establishing such a programme. The development process may be crucial when it comes to ensuring improved awareness of the issue within the company and thereby simulating a sense of ownership (Kaptein & Schwartz, 2007). Moreover Weller (1988) noted that there is a relationship between the effectiveness of codes and the frequency of revisions or adaptation of the code. With regards to the content of such codes or programmes, scholars do not seem to agree on the importance of wording, but rather emphasise the mere presence of such a programme. Here it may be more significant to speak of the importance of sub-codes as these may have a greater local applicability.

The efficiency of implementation of business codes is an area that lacks significant empirical studies, however Weber & Wasieleski (2013) note that it is not sufficient to only distribute codes to employees. To ensure compliance, top management also needs to ensure adequate supporting mechanisms such as training, and clearly assign ethical responsibilities within the organisation. This then ties in with the issue of employee characteristics, as studies show that employees are more likely to act in accordance with corporate codes of conduct when they are aligned with their own personal view (Trevino et al, 1999). Internal context is often predetermined by the inner workings of an organisation, which is often seen as a mixture between the layout of an administrative system and company culture. Both a company's informal culture and its corporate structures may equate to internal pressures, which in turn shape employee behaviour. To ensure that a code is efficient it is therefore crucial that one does not neglect this aspect of the process, since doing so may result in mere 'paper compliance' with anti-corruption programmes (Donaldson, 2003).

Lastly, the effectiveness of conduct, and its consequences, may be divided into three different levels; micro, meso and macro. According to Kaptein & Schwartz (2007, p. 120) 'micro-effectiveness refers to the degree of convergence between the objectives the company has with its code and the consequences for the company. Meso-effectiveness refers to the degree of convergence between what stakeholders expect and the extent to which their expectations are realized. And macro-effectiveness refers to the degree of convergence between meso and macro codes and the social effects. When determining the effectiveness of a business code, these different levels should be taken into account'.

2.3 Corporate Objectives

This section seeks to explain the theoretical backdrop for the different steps of the integrated model in greater detail, as relating to corporate objectives developed at the meso-level and subsequently received by the operational employees (micro-level). More specifically, we will now look at how corporate objectives may have a direct influence on the effectiveness of anti-corruption programmes. As previously established, external pressures are pushing corporations to develop ethics and compliance initiatives to rid their own ranks of corruption. The response of firms has been to steer away from rather ad hoc responses to the problem, towards the processes of developing and implementing more extensive and all-encompassing anti-corruption programmes that affect all three levels. Throughout this thesis, the three levels will be addressed as the national, company or employee/operational level.

The top three motivations for having an ethics and compliance programme, and subsequently an anti-corruption programme in place are: to do the right thing, to comply with government laws and to guide employees' behaviour (Weber and Wasieleski, 2013). Central corporate objectives

are thus normative or ethical motivations, legal compliance and benefits to the organization. By ‘doing the right thing’ in the eyes of society, corporations tap into one of the benefits, i.e. to have a good reputation. Reputation may be classified as an intangible asset that generates a sustained competitive advantage. Corporate reputation is thereby linked directly to social responsibility, and appearing socially responsible help MNC’s gain customers trust and therein a fruitful customer-business relationship (Strike et al., 2006). In this respect, ethics compliance programs may function as risk management tools that help companies become responsible corporate citizens, and to achieve their broader goals of profitability and enhanced shareholder value.

These motives are closely linked to the benefits of fighting corruption, but also the costs of it, which may incur if employees fail to adhere to local or international law (Andresen & Borgen, 2014). Consequently, having a successful ethics program in place aligns with corporate objectives as it promotes ethical behaviour while simultaneously impeding unethical behaviour (Kaptein, 2014). Doh et al. (2003) identifies both direct and indirect costs, including monetary and non-monetary losses to the firm that negatively affect the company’s ability to do business; hence increasing the shareholders’ risk of losing profit. However, Donaldson (2003) argues that a ‘ticking-of-boxes’ approach concerned primarily with meeting legal requirements would leave companies inordinately preoccupied with fulfilling legal obligations and as a result lose the innovative freedom which present day and ethically sound business cultures require. Addressing governance failures is said to be a key characteristic of successful anti-corruption programmes, and is ensured if the programmes targets a country’s existing quality of governance (Huther & Shah, 2000). Hence, the overall objective of legal compliance hinges on how the programme is developed, as will be discussed in the next section.

2.4 Development process

Problems relating to the implementation process are often blamed for the failure of anti-corruption initiatives. However, as Heeks and Mathisen (2012, p. 540) argues, ‘part of the problem has often begun well before implementation; inscribed into the design of these initiatives’. Researchers have therefore recently engaged in the discussion on how these programmes should be designed to sufficiently balance general international principles and vital company-specific tweaks.

Practitioners and academics alike stress the importance of having a well-thought out and comprehensive strategic plan for fighting corruption, which may translate into being conscious as to how the anti-corruption programmes are developed (Coonjohn & Lodin, 2012, p. 4). This is key to avoiding the issues that come with ad hoc ‘quick-and-easy’ solutions. Firms are particularly urged to avoid blindly using the externally developed toolkits as ‘it is precisely this form of oversimplification and one-size-fits-all approach that lead interventions off track’ (Heeks

& Mathisen, 2012, p. 533). A main concern is that some of the tools that are adopted by companies lack normative reflection (Schwartz, 2005).

Without a normative meaning behind interventions such as codes and training programs, they become too generic, fail to consider moral values and face the risk of being ineffective in practice, as they are not backed by a culture that supports the underlying values (Weber & Wasieleski, 2013).

2.4.1 Addressing the design-reality gap in the development process

To ensure a good development process, firms have to address what some scholars have called the ‘design-reality gap’, which to a large degree explains the failure of anti-corruption programmes. These mechanisms are shown in Figure 4 below (Heeks & Mathisen, 2012, p. 541):

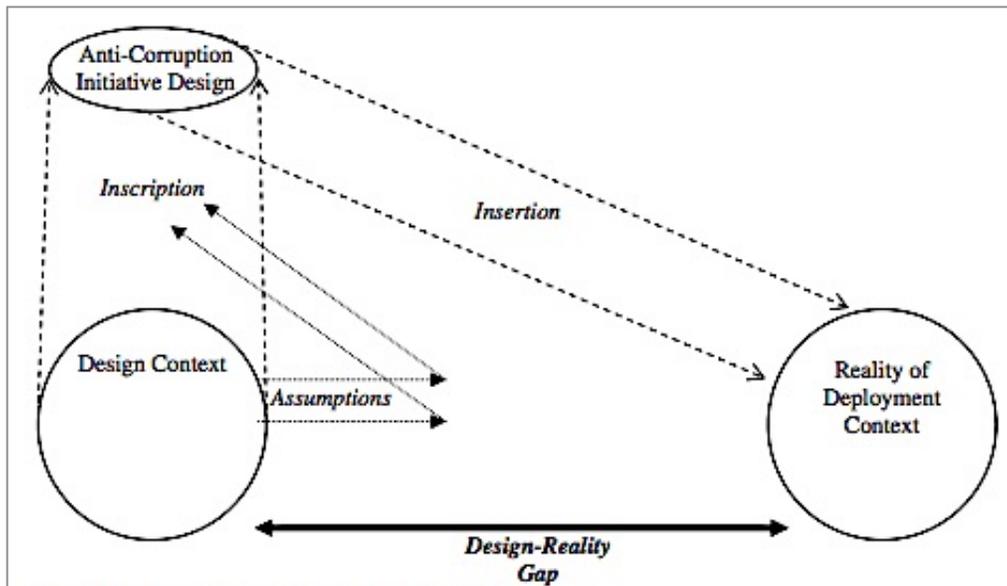


Figure 4: Design-reality gaps in anti-corruption initiatives

Such design-reality gaps develop when there are mismatches between the expectations built into the design of anti-corruption programmes, as compared to on-the-ground realities in the context of their implementation (Heeks & Mathisen, 2012, p. 533). This results in implementation problems that cause overall failure of anti-corruption reforms (Fjeldstad & Isaksen 2008; Svensson, 2005). In companies with limited amounts of resources available for developing a programme, components should therefore be adopted in a sequence that ensures the highest possible effectiveness, i.e. in a way that minimises the design-reality gap (Kaptein, 2014).

Heeks and Mathisen (2012) propose that having effective design and implementation processes in place will ensure a minimisation of the design-reality gap. Relating to the development process, Bass and Heeks (2011) suggest that one of the main weaknesses of available programmes and interventions are rooted in the fact that the designers are, to some extent external to the contexts of deployment and use. Sources of such externality are typically country separation or language barriers. As a result, practitioners do not gain ownership of reforms and programmes and are thus not willing to act as principals in the fight against corruption. Specific ways of overcoming this is to include designers previously employed by the user agency, or users with experience of consulting on and implementing anti-corruption systems in other organisations (Bass and Heeks, 2011). One may also use soft systems methodologies (e.g. *rich pictures*), embedding and participation to increase designers understanding of the local context. The design-reality gap may also be straddled by having ethics officers constantly revising and updating ethics programs with input from leaders, employees, and managers in other functional areas (Joseph, 2001).

2.5 Content of programme

The next stage of the integrated model is concerned with the content of ethics and compliance programmes, and subsequently anti-corruption programmes. This section addresses the various principle and characteristics that are fundamental for such programmes to incorporate, according to literature. Further, we introduce the elements composing these programmes, as well as the few results of researchers relating to the effectiveness of.

2.5.1 Fundamental principles and characteristics of anti-corruption programmes

Companies may use check-lists developed by externals when choosing which elements to include in their anti-corruption programmes, and thus avoid spending resources on ‘reinventing the wheel’. To counter the threat of confusion and continued lack of implementation, however, various actors have recently called for the development of a common set of principles that may lay a foundation upon which companies may build their own programme. Such ‘foundation principles’ would in case provide ‘a baseline below which it does not make ethical sense to go’ (Waddock, 2004, p. 315). Principles of this kind must necessarily be fundamental enough to obtain global recognition and create a level playing field for the companies adhering to them. Schwartz (2002) proposes a set of universal moral standards that may compose such a fundament for further developing codes and principles: trustworthiness, respect, responsibility, fairness, caring, and citizenship. There are few such foundation principles within the specific field of anti-corruption, but the core principles of Transparency International are argued to have broad applicability: participation, decentralization, diversity, accountability, and transparency. They ‘form the foundation of possible baseline principles with respect to the interactions of business

and government, as well as providing some guidance for business transactions and reporting’ (Waddock, 2004, p. 320).

Various actors have also come up with lists of characteristics that ethics and compliance programmes should have in place to be effective, as shown in Table 1.

Table 1: Functions of effective anti-corruption, or ethics and compliance programmes

Kaptein (2014, p. 2)	Copeland (2000, p. 335-344)	Dunfee & Hess (2000, p. 618)
1. Offer Clarity to Employees Regarding (Un)ethical Behavior	1. Establish compliance standards and procedures for employees and other agents that are reasonably capable of reducing the prospect of criminal conduct.	1. Emphasize transparency
2. Demonstrate Role-Model Behavior by Management	2. Assign the overall responsibility to oversee compliance to specific high-level officers or executives of the organization.	2. Provide guidance concerning specific practices associated with paying bribes
3. Provide The Necessary Resources to Employees to Behave Ethically	3. Use due care not to delegate discretionary authority to individuals whom the organization knows, or should know, might engage in illegal activities.	3. Be relevant to organizational environments
4. Foster a Commitment to Ethical Behavior Among Employees	4. Take steps to effectively communicate the standards and procedures to all employees and other agents, through training programs and publications.	4. Identify itself with and be supported by an independent entity such as a non-governmental organization or an academic center
5. Enhance Transparency Surrounding (Un)ethical Behavior of Employees	5. Take reasonable steps to achieve compliance with the above standards through, inter alia, monitoring, auditing, and reporting systems that allow employees to disclose criminal activities without fear of retribution.	5. Be capable of monitoring and assessment by external, independent entities, such as social and financial auditors
6. Create Openness in the Discussion of Ethical Issues	6. Enforce the organization’s standards through appropriate disciplinary mechanisms.	
7. Reinforce Ethical Employee Behavior	7. Take all reasonable steps, following detection of an offense, to respond appropriately to the offense and to prevent further similar offenses.	

Dunfee and Hess (2000, p. 618) present five qualities which anti-corruption principles should have to impact the practice of corruption. Copeland (2000, p. 335-344) takes a more specific approach, giving a list of seven characteristics that form the ‘minimum’ of an effective program. The most comprehensive study on ethics compliance programme elements to date was performed by Muel Kaptein in 2014. He examined the impact of ethics programmes on unethical behaviour using a scale of unethical behaviours consisting of 37 items, and a dataset of 5,065 respondents from different organizations in the US. The effectiveness of ethics programs was studied with reference to scope, composition and sequence of adopted components, and he introduces seven functions of ethics and compliance programmes.

2.5.2 Components of the programme

Today, many organisations have some sort of anti-corruption/ethics and compliance programme in place, consisting of a range of components such as a code of ethics, ethics training, an ethics officer, and pre-employment integrity screening (Santosuosso, 2013; Singh, 2011). As discovered by Majluf and Navarrete (2011) when studying 54 Chilean companies, the number of components of such programmes is positively related to a consistency in values observed, and negatively related to the number of ethical conflicts in the firm. Kapteins (2014) data collection took place in 2008, and gave grounds for researching the existence of nine various components

of ethics and compliance programmes, arguably the most exhaustive set identified thus far. Two years later, Weber and Wasieleski (2013) did an extensive study on American organisations' ethics and compliance initiatives. The results of both studies are shown in Table 2, with the most common components listed first.

Table 2: The most common components of organisations' ethics and compliance initiatives

Weber and Wasieleski (2013, p. 613)	Kaptein (2014, p. 9)
<ol style="list-style-type: none"> 1. Ethics and Compliance Officer 2. Code of policy on ethics 3. Ethics training program for employees 4. Internal ethics reporting mechanisms 5. Mission/vision statement 6. Employee performance appraisal 7. Public statements by senior management 8. Risk assessment analysis 9. Ethics committee 	<ol style="list-style-type: none"> 1. Code of ethics 2. Training and communication 3. Accountability policies 4. Investigation, corrective policies 5. Pre-employment screening 6. Ethics report line 7. Ethics office(r) 8. Monitoring and auditing 9. Incentive program

While Weber and Wasieleski (2013) merely gave a report on the status quo, Kaptein (2014) also evaluated the effect of each studied component on employees' unethical behaviour. The study found that components 1, 2, 3, 4 and 8 have a direct negative relationship with unethical behaviour, components 6, 7 and 9 have an indirect negative relationship, while the component 5 has no relationship at all. Despite the wide adoption of anti-corruption programmes, little academic research has been performed to investigate the actual effectiveness of the various components, and which of these should compose a programme so that it may hold the above-presented characteristics.

Sub codes and local adaptation

Establishing 'sub codes' as shown in the integrated model introduced previously may be a good way to ensure dynamic and contextually adapted anti-corruption programmes. These codes should complement the overall programmes by guiding local behaviour, so that the programme is rooted in and adapted to local traditions (Dunfee & Hess, 2001). This aligns with how Weber and Wasieleski (2013) suggest to incorporate standards and best practice elements into the programmes, while simultaneously ensuring that the design first and foremost is shaped by the unique context in which each profession or industry operates so as to minimise the design-reality gap. They argue that new organisational ethics and compliance standards must be 'dynamic enough to encompass a greater understanding of human behaviour, and address individuals' tendencies in a normatively meaningful manner' to be effective (Weber & Wasieleski, 2013, p. 625). Focusing more on comprehensive ethics programs which are adapted to the contexts of deployment, rather than strict compliance is in line with maintaining effectiveness as organisational priorities shift by (Joseph, 2001).

2.6 Implementation and administration process of programme

Limited empirical evidence exists on the effectiveness of ethics programmes and the implementation of these within business organisations (Kaptein, 2014). Figure 5 is adopted by Schwartz (2001, p. 251) and explains the relationship between the designed programme, the implementation process, and the subsequent behaviour of employees.

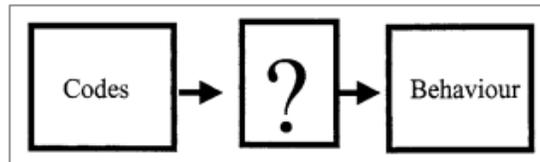


Figure 5: The ‘Black Box’ between codes and behaviour

The implementation process is a ‘Black Box’ determining the success of deploying the designed code in the actual context of deployment. This illustrates the lack of insight into what constitutes the implementation process, which is the case in relation to anti-corruption programmes as well; ‘there is little actual focus on the ‘missing middle’: the interventions themselves and how they can be made to work better’ (Heeks & Mathisen, 2012, p. 533). As with design, effective implementation processes ensures a minimisation of the design-reality gap, which further enhances the success of implementing a programme that proactively guides the behaviour of corporate employees, preventing improper payments in practice (Dunfee & Hess, 2000; Heeks & Mathisen, 2012). The gap may also be minimised by ensuring that all employees understand the ramifications of corruption on a personal level; the survival of any norm ultimately depends upon its effective implementation (Andresen & Borgen, 2014; McCoy & Heckel, 2001).

2.6.1 The ITPOSMO checklist

Trevino et al. (1999) found that what was most detrimental to the successful implementation of compliance programmes was an unquestioning obedience to authority, an emphasis on self-interest and the perception within the organisation that the overarching goal of the programme was to protect management from prosecution. Bass and Heeks (2011) adds to this in relation to the field of e-government-for-development projects by introducing a checklist of seven dimensions that should be addressed in the implementation stage, called the ‘ITPOSMO’ checklist. The checklist covers the key features of anti-corruption initiatives (Bass and Heeks, 2011, p. 1-2):

- ‘Information (both formal and informal)
- Technology (mainly information technology)
- Processes (from individual tasks to broader business processes)

- Objectives and values (covering formal strategies and personal goals, and the influence of informal institutional forces)
- Staffing and skills (the quantitative and qualitative aspects of competencies)
- Management systems and structures (the formal aspects of organisation)
- Other resources (especially time and money)

All of these dimensions are said to be important when trying to close the design-reality gap, and may prove valuable for any implementation process if placing less focus on the *technology*-part of the dimensions. By emphasising six of these - ITPSMO - gaps that are sufficiently small or can be sufficiently closed, will enable the successful implementation of anti-corruption initiatives. However, Bass and Heeks (2011) argue that *Objectives and values* is the most important dimension as it is the only one that will drive the initiative to succeed. It encompasses both politics and culture, and focuses e.g. on influencing powerful stakeholders to ‘want corruption to be reduced and have the personal impetus and political will to make that happen’ (Bass & Heeks, 2011, p. 3). This aligns with the established importance of overall objectives and values.

2.6.2 Implementation in relation to overall objectives and values

Schwartz and Davis (1981, p. 48) draw a direct line between strategic plans and the implementation process when stating that ‘strategic plan reviews should include an explicit assessment of the implementation problems likely to be encountered and a discussion of the options to be considered for their management’. Weber and Wasieleski (2013, p. 624) argue that the challenge of committing adequate amount of resources to the organisation’s ethics and compliance programme ‘is an ongoing test faced by all organizations, including those that strenuously emphasize that ethics and compliance are at the core of their organizations’ values and culture’. Kaptein (2009) claims that the only programmes that will work to dissuade unethical behaviour are the ones consistent with a strong ethical culture within an organisation.

Through their work on Global Business Citizenship, which is linked to codes of business conduct, Logsdon and Wood (2005) introduce a process for executives to meet the demands and expectations of corporate stakeholders more effectively. Based on the previously established link between codes and anti-corruption programmes, their results may well add to the overall discussion of this thesis. To be effective, they emphasise that the code must carry an orientation toward a set of fundamental values that align with stakeholder expectations. The quality of the implementation process is considered crucial for ensuring this in practice, and they advocate four action points: ‘clear identification of specific situations that are likely to arise in this industry; guidance on what to do when the code is in question or when the culture demands adaptation; support for employee ethical development; support for structures, systems and processes that facilitate ethical decision making’ (Logsdon & Wood, 2005, p. 60).

Finally, continuous improvement is highlighted as a necessity to ensure effectiveness. Logsdon and Wood advocate the introduction of systematic learning processes to communicate the results of implementation and experiments internally and externally (Logsdon & Wood, 2005). Having the right orientation in place, implementing the code in a way that suits local conditions, and being accountable is said to enhance such processes.

2.7 The role of culture

Hansen (2004) highlighted the role of culture in ensuring a successful implementation of a company's compliance programme and avoiding that it becomes a subject of mere 'paper compliance'. Culture may be seen as 'a pattern of beliefs and expectations shared by the organization's members. These beliefs and expectations produce norms that powerfully shape the behaviour of individuals and groups in the organisation' (Schwartz & Davies, 1981, p.33). The significant aspect of shaping individual behaviour has given culture an increasingly large focus in organisational theory. Yang (2015, p. 173) found that '*good organisational culture and excellent management team* are the most important firm fundamentals, which support the successful implementation of core competences and core capabilities'. Furthermore Yang claim that strong and profiled corporate culture significantly influences several essential corporate processes as it explains corporate values, makes internal communication easier to comprehend, accelerates the decision-making process, promotes teamwork, and ensures loyalty and stability within the organisation. Furthermore Klinkhammer (2013, p. 204) claim that 'sociological systems theory gives reason to assume that corporate cultures generally mediate the legitimacy of illegal behavior, and thus even the likelihood of bribery. However strong or weak their influence, any management strategy geared towards anti-corruption has to deal with these cultures, at the group level and within specific business units'.

However, it is important to note that while culture is undoubtedly important, certain aspects to culture are more deterministic for company behaviour than others. Cultures whose beliefs and values are more widely shared and accepted have a more pervasive impact due to the large number of people whom share them. Furthermore, cultures in which beliefs and values are more clearly ordered, i.e. their relative importance is clearly communicated, have a more profound effect on behaviour as employees are more likely to know which values should prevail if there should be any conflict or ambiguity (Sathe, 1983). With regards to implementation culture may then provide 'a guiding principle that the employees can rely on when close calls are to be made without consultation' (Sathe, 1983, p.12). Moreover, culture may be used to ease the efficiency of the organisation in terms of economizing communication, enhancing cooperation and strengthen employee commitment.

Tone at the top

As previously mentioned, management's involvement in the design and implementation of anti-corruption frameworks may prove to be a decisive factors of whether a programme is successful or not. Schwartz, Dunfee and Kline (2005, p. 79) note that 'the ethical role of directors is critical. Directors have overall responsibility for the ethics and compliance programs of the corporation. The tone at the top that they set by example and action is central to the overall ethical environment of their firms'. This again ties in with Trevino et al.'s (1999) view that how an employee judges the commitment of top management will directly influence how they chose to adhere to the code. Coonjohn and Lodin (2012, p.1) go even further in their argument as they claim 'the primary cause of the failure has been a combination of two factors: a lack of knowledge of the systems and approaches to anti-corruption and lack of political will. In essence, anti-corruption initiatives will be as successful and effective as top government leaders want them to be'.

Adaptation to local cultures

Another crucial aspect when considering the design and implementation of a global company's anti-corruption framework is its ability to adapt to local cultures. Hofstede (1980) is widely acclaimed for his work on the five cultural dimensions relating to power distance, long-term orientation, uncertainty avoidance, individualism and masculinity. These five dimensions have been instrumental in shaping the current understanding of the impact of cultural differences with regards to globalisation, and how this may affect companies doing business with cultures exhibiting dissimilar characteristics. Sathe (1983) underlines that cultures may serve as a liability when shared values and beliefs deviate from the needs of the organisation. This is an important aspect with regards to the issue of sub-codes and local adaptation as it, in line with the view countering a 'one fits all approach', underlines the need for employees to have ownership of the ethical guidelines.

Organisational effectiveness and culture

Morgan (1993) highlights the importance for top management to understand, influence and even use culture to ensure an effective organisational structure. Figure 6 shows the relationship between strategic management objectives and organisational culture.

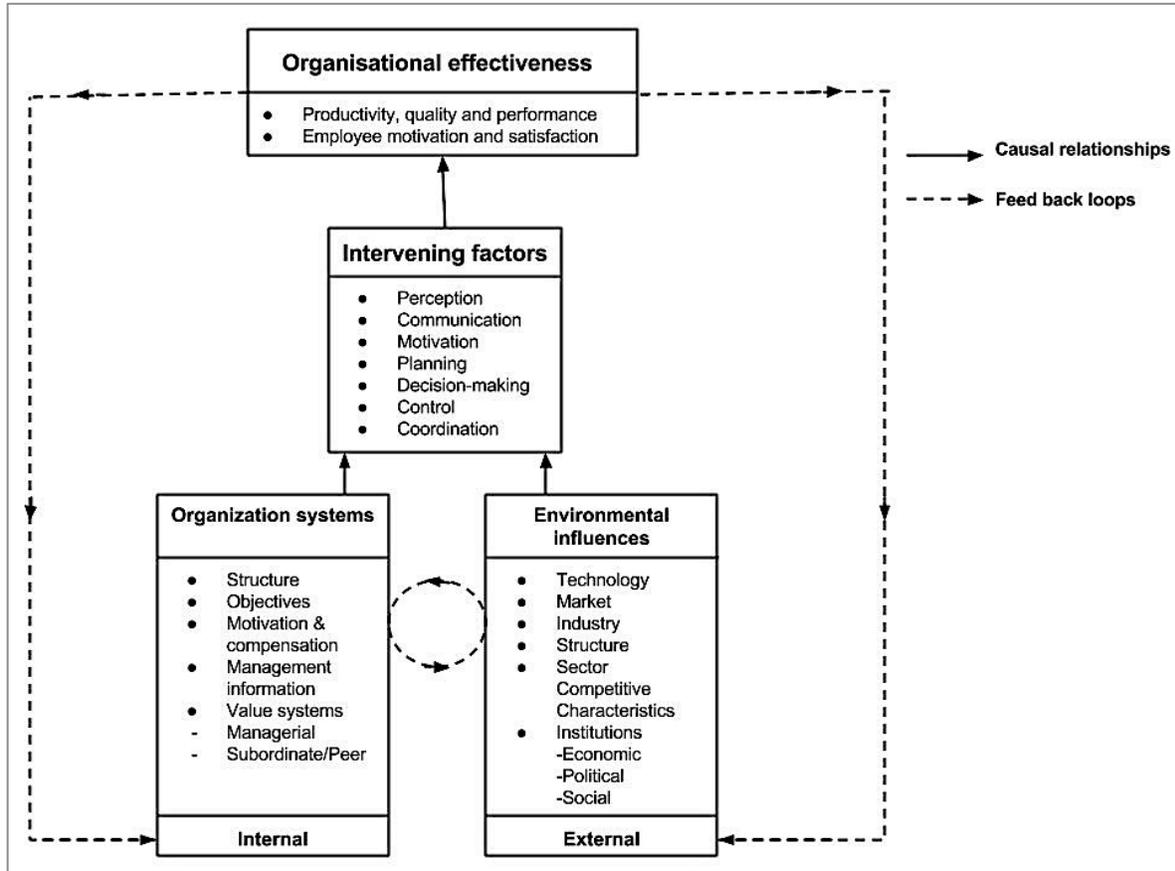


Figure 6: The relationship between strategic management objectives and organisational culture

Morgan (1993) claim that there are certain conditions in which culture will have a higher influence on organisational effectiveness such as when sub-cultures conflict, or top management seeks to make and implement critical decisions about company direction and structure. As seen from the figure there is a need for a constant feedback loop through which Morgan claim top management can assert their prerogatives through either 1) formal systems or 2) personal behaviour.

2.8 Theoretical Framework and scope of thesis

In this section, we will introduce a set of functions of an anti-corruption programme that summarise the aforementioned theory and provide a basis for tying the presented theoretical framework to the empirical findings from our research process.

Six functions are derived from the research conducted by Kaptein (2014), Copeland (2000), and Dunfee and Hess (2000) that resulted in three sets of characteristics of effective ethics and compliance programmes. These are as follows:

1. Provide guidance to employees on what is considered ethical behaviour

2. Generate involvement at the top management level
3. Facilitate ethical behaviour at the employee level
4. Ensure communication throughout the organisation
5. Ease the detection of misconduct
6. Direct organisations to respond appropriately to misconduct

These functions together compile the elements from the three sets of characteristics as shown in Table 1:

Table 3: Functions of effective anti-corruption, or ethics and compliance programmes

Function	Kaptein (2014, p. 2)	Copeland (2000, p. 335-344)	Dunfee & Hess (2000, p. 618)
1	<ul style="list-style-type: none"> • Offer Clarity to Employees Regarding (Un)ethical Behavior 	<ul style="list-style-type: none"> • Establish compliance standards and procedures for employees and other agents that are reasonably capable of reducing the prospect of criminal conduct. 	<ul style="list-style-type: none"> • Provide guidance concerning specific practices associated with paying bribes
2	<ul style="list-style-type: none"> • Demonstrate Role-Model Behavior by Management 	<ul style="list-style-type: none"> • Assign the overall responsibility to oversee compliance to specific high-level officers or executives of the organization. 	
3	<ul style="list-style-type: none"> • Provide The Necessary Resources to Employees to Behave Ethically • Foster a Commitment to Ethical Behavior Among Employees 	<ul style="list-style-type: none"> • Use due care not to delegate discretionary authority to individuals whom the organization knows, or should know, might engage in illegal activities. 	<ul style="list-style-type: none"> • Be relevant to organizational environments
4	<ul style="list-style-type: none"> • Create Openness in the Discussion of Ethical Issues 	<ul style="list-style-type: none"> • Take steps to effectively communicate the standards and procedures to all employees and other agents, through training programs and publications. Copeland 	
5	<ul style="list-style-type: none"> • Enhance Transparency Surrounding (Un)ethical Behavior of Employees 	<ul style="list-style-type: none"> • Take reasonable steps to achieve compliance with the above standards through, inter alia, monitoring, auditing, and reporting systems that allow employees to disclose criminal activities without fear of retribution. 	<ul style="list-style-type: none"> • Emphasize transparency • Be capable of monitoring and assessment by external, independent entities, such as social and financial auditors

6	<ul style="list-style-type: none"> Reinforce Ethical Employee Behavior 	<ul style="list-style-type: none"> Enforce the organization's standards through appropriate disciplinary mechanisms. Take all reasonable steps, following detection of an offense, to respond appropriately to the offense and to prevent further similar offenses. 	<ul style="list-style-type: none"> Identify itself with and be supported by an independent entity such as a non-governmental organization or an academic center
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In the subsequent parts of this thesis, the emphasis is placed on the effectiveness of implementing anti-corruption programmes; functions 2-6 mainly relates to this 'Black Box' between the programme to be implemented and the actual behaviour of employees. To some extent, functions 1-3 also relate to the stages preceding that of implementation. The distribution of the six factors across the integrated model is shown in Figure 7.

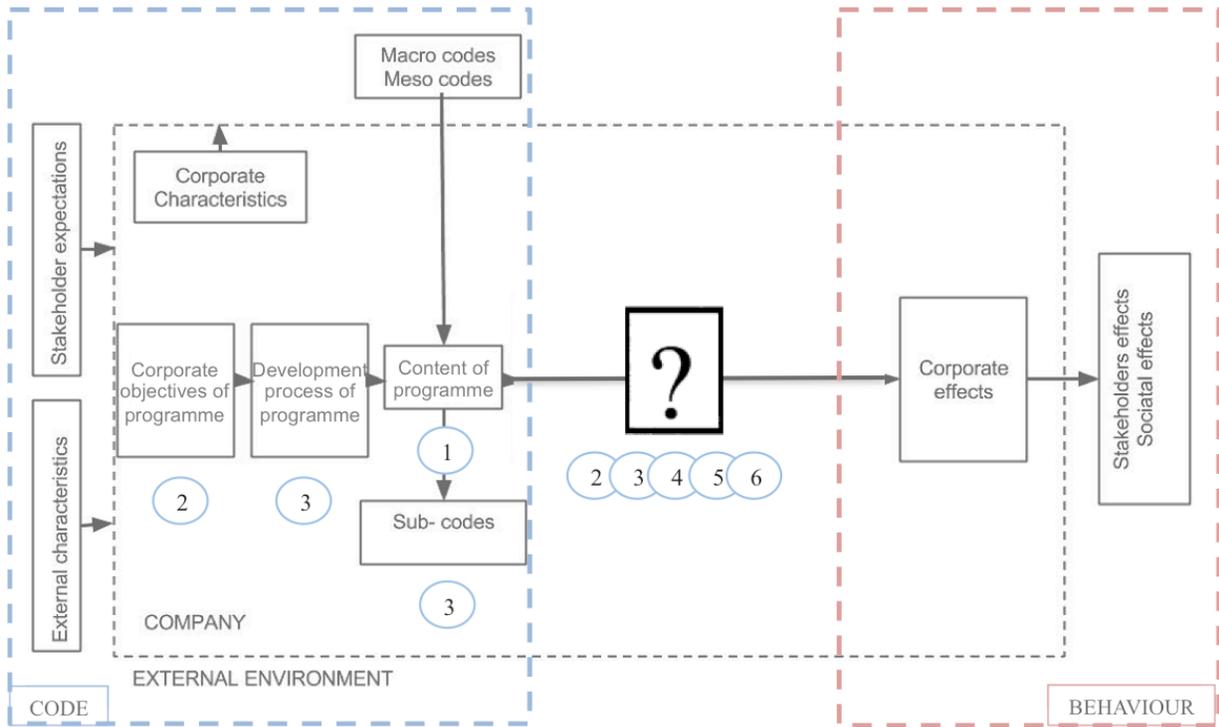


Figure 7: The focus of this thesis

3 Methodology

This chapter aims to outline the research strategy, -design and -method that are applied in our research process. Eventually, the quality of the chosen process is discussed in terms of inherent strengths and weaknesses.

To be able to answer the given research questions (RQs), we have chosen to apply a combination of qualitative and quantitative methods. This is done to gain an in-depth understanding of the focus and attitudes at the management level of the case companies, while simultaneously being able to evaluate the understanding and competence of the general employees. In-depth interviews are thus performed on experts, and Compliance Officers employed by the sample companies. These responses and their ranking of general factors tied to implementation of anti-corruption programmes will be analysed in relation to a survey answered by the general employees. Our empirical findings will subsequently be tied to the general theoretical concepts presented in Chapter 2 so as to generate new theory.

3.1 Business Research Strategy

A widely used distinction between business research strategy approaches in the social sciences is between quantitative and qualitative research. Each of the methods comes with inherent advantages and disadvantages (Jacobsen, 2000). These are discussed below with regards to the method chosen in this thesis.

Qualitative research emphasizes words rather than quantification when collecting and analysing data (Bryman, 2008, p. 21-23). It gives a human perspective on a situation and should be chosen when the RQ is unclear or if one wants to investigate the background for a concept or phenomenon. The approach welcomes new data during the collection process and has an inductive orientation to theory with an aim to generate new theory (Bryman and Bell, 2007). In terms of weaknesses, this method may for example result in screening bias and be very resource demanding. As established previously, our RQ is partly unclear and we are going to examine a field of which we have limited previous knowledge; a qualitative approach thus seems valuable as a research method.

A quantitative research method, on the other hand, gathers data in the form of numbers that may also convey meaning. It is suitable if the RQ is clear, generalisation is desired, one knows a lot about the research topic, or when one wants to describe the scope/frequency of a phenomenon. This is a more closed approach, with a pre-structured data collection process that aims at testing theory rather than generating it (Bryman and Bell, 2007). A disadvantage of the quantitative method is that it may be inflexible and superficial. When investigating our RQ the quantitative

method would seemingly prove valuable by enabling us to compare some of the collected data and draw more general conclusions across our samples.

Mixed methods

The conventional way of doing research is to choose one of these approaches, but recently it has become increasingly common use do a mixed method within the same study (Yin, 2014; Bryman & Bell, 2011). Mixed methods are supposed to bridge the differences between the two methods ‘in the service of addressing a research question’ (Harwell, 2011, p. 151). Combining the two approaches ensures that the strengths of the individual methods are combined while their weaknesses are coped with. They may then validate each other (Jacobsen, 2000).

For our thesis, we will firstly use a qualitative method to examine the general topic of anti-corruption work in Norwegian organisations and to generate a good understanding of the various elements relevant for the discussion around our RQs. Furthermore, a quantitative method in terms of a factor ranking and an employee survey will be introduced to test the fields of interest identified when using the qualitative method.

3.2 Research Design

A research design provides a framework for collecting and analysing data. The five most common types of research design are experimental, cross-sectional, longitudinal, case study and comparative design (Bryman & Bell, 2011). In terms of focus, a multiple-case study design emphasizes individual cases while cross-sectional design looks on the sample of cases (Bryman and Bell (2007).

One has to choose amongst these designs based on the research focus, whether one wants to perform a descriptive or explanatory study, and whether one is doing an intensive or extensive analysis. This is determined based on the type of research question to be studied. An intensive research design is an in depth study that aims at uncovering as many variables as possible when studying one or a few units. The output is often relevant and correct data, but the specificity of the results makes generalisation difficult. An intensive design should be chosen if the RQ is unclear, or if the aim of the research is to understand and explain a given situation. Extensive designs, on the other hand, take a broad approach and examine numerous units, but cover few variables and thus have lower data relevance. As opposed to intensive designs, they enable generalisation, but may give quite superficial results (Jacobsen, 2000).

3.2.1 Choice of Research Design

To be able to explore anti-corruption programmes, and the implementation of these in a way that enables generalisation, we considered it necessary to evaluate more cases than what is common

for case studies. Even though the individual cases tell us something about specific variables, focus areas and challenges, we choose an approach that enables us to draw conclusions across a sample of research subjects and that may apply to a larger population: the cross-sectional design. This design entails ‘the collection of data on more than one case (usually quite a lot more than one) and at a single point in time’ (Bryman & Bell, 2007, p 55). Within the field of leadership research, ‘the distinctive case study or multiple case study design has tended to give way to the cross-sectional design’ (Bryman, 2004, p. 762). Even though it has been used extensively for quantitative research, it is becoming increasingly common to apply it within qualitative research and it turns out that it ‘does not differ significantly from quantitative research in terms of its fundamental epistemological and ontological assumptions’ (Alvesson, 1996). In fact, employing a cross-sectional design for the collection of both quantitative and qualitative data has become a common design combination within social science (Bryman, 2006; Bryman, 2004).

This choice is backed up by the necessity of combining the strengths of intensive and extensive designs: specific and in depth results *and* generalisation. Due to resource constraints, the number of units studied is restricted, but since units are studied at only one point in time under the cross-sectional design, we were able to mobilize enough resources to study a sample of 13 companies. We could thus move beyond the intensive design in a manner considered satisfactory to allow for generalisation of findings and results. A more detailed discussion on the number of respondents is given later on. Anonymity has also been an important consideration when deciding on research design. The studied topic is of a somewhat sensitive nature, making cross-sectional observations more compatible with presenting general findings than what is done in case studies. By for instance choosing to present aggregated findings from the employee survey, the threshold is lowered for employees to be honest when completing the questionnaire.

3.2.2 Choosing interview subjects for initial mapping (expert interviews)

Due to the somewhat vague nature of our research question at this point, it was essential to consult individuals with a broad overview of, and experience with the development and implementation of anti corruption efforts in Norwegian companies. Thus, before starting the main research phase of our study we consulted several experts within the general field of private-sector anti-corruption work in Norway. The aim was to gain an understanding of which areas were underdeveloped and of particular need of empirical research. Sampling of interviewees was based on purposeful and opportunistic sampling; visibility in media, breadth in competence, convenience, and contribution to developing the field of study. Moreover, we had already initiated contact with some of the experts during our work on the pre-diploma thesis. Five subjects were chosen as shown in Appendix 1.

3.2.3 Choice of sample size and units for cross-sectional analysis

The choice of both sample size and which companies to study lay the grounds for the resulting number of conducted interviews in the qualitative part of our research process. Only one subject will be interviewed per company, but survey respondents included in the quantitative part of our process will also be chosen from the given sample companies.

Sample size

Our choice of sample size was made keeping in mind that ‘developing a strategic sample of the right size is integral to answering research questions’ (Tracy, 2013, p. 152). Sample size is critically important for researchers who need statistical power to generalize, but quality is usually more important than quantity for qualitative research (Tracy, 2013). Usually a sample survey is carried out on a group of respondents’ representative for the overall theoretical population (Jacobsen, 2000). In the main part of our thesis, we want to examine a sample of Norwegian companies that is representative for a larger population, within the restrictions of time and resources. There is no right answer to the question of sufficient sample size, but since we are combining both quantitative and qualitative research, it is necessary to identify a number of companies that would support both research methods. For the qualitative cross-section analysis we thus decided to contact a sample size of 10-15 companies. This was the largest number that is practically possible to cover.

Selection of companies

Company size is a natural starting point for identifying companies that both have broad experience with anti-corruption work and that have enough employees to enable a survey with a satisfactory number of respondents. Below are some general criteria for selecting the company sampling frame; to conserve the anonymity of participating companies, the level of detail and specificity is restricted. The respondent companies needed to be:

- Of a certain size so that overall sample size is representative for general population have production as a main activity abroad
- Operating in Norway as well as in countries exposed to high levels of corruption
- Of Norwegian origin and have formulated and tried to implement a formal anti-corruption framework

The first criterion was met by starting with a list of the 100 largest Norwegian companies as of mid 2014 (DN500). Secondly, we checked whether the head quarter of the mother company is stationed in Norway. In addition, to evaluate whether the companies are exposed to high levels of corruption, we used Transparency International’s Corruption Perceptions Index (Transparency International, 2014), considering all countries below a ranking of 50 as significantly corrupt. To avoid having an overweight of companies within the oil industry, only some of these is selected, based on the availability of contact information through Deloitte as discussed below.

This process resulted in a list containing 29 companies. To further condense this list of potential research subjects, we applied our practical constraints. This included choosing companies with headquarters located in geographical proximity so that they could be visited during the same trip. Companies within the shipping industry and maritime industry were excluded from the sample either due to the geographical location of their headquarters or the lack of developed anti-corruption programmes. As well, we preferred companies that Deloitte were in direct contact with as we assumed that these companies were more willing to participate in our study. In addition to the list at this point, two companies were added based on their involvement in recent corruption cases and because they were mentioned as particularly interesting during one or more of the expert interviews. Finally, we had a list of 15 companies to be contacted. The next question thus revolved around whom to contact within each of these.

3.2.4 Choice of interview subjects within the companies

During the expert interviews we understood that most Norwegian companies have a limited amount of people working directly with compliance and anti-corruption, and that an interview with the Compliance Officer, or person in charge of the anti-corruption programme, would be sufficient to gain an understanding of what the company does in the field. One person from each of the 15 companies is thus identified as most relevant for our study, based on existing network through Deloitte, availability and individuals identified during the work on our pre-diploma thesis. The chosen subjects typically hold positions as Compliance Officers, heads of the relevant department, or are responsible for the anti-corruption work in the company.

When contacting the potential interview subjects, two of them referred us to another employee with a more relevant background or who was more likely to be available. One company did not want to participate in our study due to resource constraints, while another was excluded from the sample due to a lack of competency on the studied topic. The resulting sample hence consists of 13 companies.

3.2.5 The use of theory and summary of the research strategy method

There are three main approaches to the relationship between research and theory: deduction and induction, or a combination of the two: iteration. In a deductive approach, theory and hypotheses form the basis for collecting data, and empirical findings are used to evaluate existing literature. The inductive approach, on the other hand starts off by gathering empirical data, which subsequently is analysed and used to generate new theory. In practice, the distinction between the two approaches is not clear-cut, and choosing an iterative approach may prove to be the best alternative at times (Bryman & Bell, 2007).

Due to the overweight of qualitative research in this study, we chose to apply a mainly inductive approach and view theory as an outcome of research; little empirical research has been conducted within this field previously and we aim to generate theory by analysing the findings in the gathered empirical data. However, the work performed in relation to the pre-diploma thesis will to some extent have influenced the research process, making it impossible to use a strictly inductive approach. We had already developed a conceptual understanding and gathered knowledge of emerging trends and focus areas. The resulting research process as shown in Figure 8 is based on Bryman's (2008) qualitative research process.

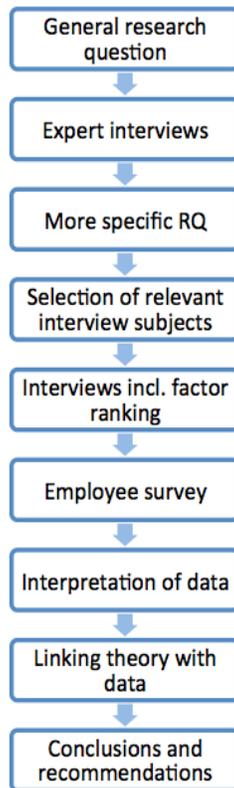


Figure 8: Research Strategy Method

3.3 Research Method

A research method is a technique for collecting data that for instance involves questionnaires and interview schedules (Bryman & Bell, 2011). The data may either be primary or secondary. Primary data is collected by the researcher and used with the sole purpose of analysing a certain topic, while secondary data is collected by others, and is often used to analyse a different topic than that which the researcher investigates. Jacobsen (2000) argues that the ideal is to use both types due to the control and validation effect. In our research process, we used primary data from in-depth interviews and questionnaires in the respective MNCs, but also studied the theoretical

background of our RQ through academic literature. The following research instruments was used to generate data for the cross-sectional analysis in this thesis:

- Unstructured in depth interviews (qualitative, external experts)
- Semi-structured in depth interviews (qualitative, top management level)
- Factor ranking (quantitative, top management level)
- Survey (quantitative, employee level)

These are outlined in the following sections before the quality and limitations of the chosen research methods are discussed.

3.3.1 Interviews

Interviews are a common data collection strategy within qualitative research; approximately 90% of all social science investigations rely on interviews (Briggs, 1986). This method enables discovery, understanding, reflection and explanation via an organic and adaptive path. Through interviews, participants can provide accounts – or rationales, explanations, and justifications for their actions and opinions (Tracy, 2013, p. 132). Interviews are characterized by e.g. whether they are structured or unstructured, of individuals or a group, or performed face-to-face or mediated (Tracy, 2013). For qualitative research strategies, particularly those using a cross-sectional design, the semi-structured interview tends to dominate (Bryman, 2006). For the purpose of the qualitative part of our research, we performed unstructured and semi-structured interviews. To ensure that the interviewees would speak freely and share as unrestricted as possible on such a sensitive topic, we chose not to record or transcribe any of the interviews.

Unstructured in depth interviews

The expert interviews were performed as unstructured interviews, which are interviews that are more flexible and organic in nature than structured ones. For unstructured interviews the interviewer has, at most, a predefined notion of topics or questions of interest (Bryman, 2008). This is suitable for our broad focus and lack of insight into which topics are more relevant than others. In this way, we ‘stimulate discussion rather than dictate it’ (Tracy, 2013, p. 139) by letting the interviewees focus on the topics which they consider to be most important when asked fairly general questions. Since the aim of these initial interviews was to specify our general research question, the topics were modified after each interview in an iterative process to confirm the relevance of some concrete focus areas.

As far as possible, we tried to conduct these interviews in a face-to-face manner to ensure a higher spontaneity of responses and to conserve the rich information in terms of nonverbal communication that is often lost if interviews are conducted over the phone (Tracy, 2013; Bryman & Bell, 2007). Due to resource constraints, two interviews were conducted over the phone. Individual interviews are also preferred so that the interviewees’ viewpoints are not

coloured by others. Two of the subjects (Guro Slettemark and Helge Kvamme) were, however, interviewed together due to convenience in conjunction with an event in Trondheim. Notes during the interviews were taken by hand.

Semi-structured interviews of Compliance Officers

A more structured form of interviews is the semi-structured one. Here, the interviewer has a more specified set of questions. Semi-structured interviews allows for an inductive approach where the interviewers can keep an open mind to what the interviews will bring about of new knowledge, so that ‘concepts and theories can emerge out of the data’ (Bryman & Bell, 2015, p. 13). As opposed to structured interviews, this interview form still opens for flexibility of response and focus (Bryman, 2008).

This interview structure was used when questioning the 13 subjects in the chosen companies. We were then able to both generate an overarching understanding of specific topics across the section of companies, while maintaining the flexibility of a conversation-like interview style. When using such a structure the subjects may share their opinions and knowledge according to the areas that they were most engaged in, or experienced with, and as interviewers, we have the latitude to ask follow-up questions if interesting topics are discovered.

The interviews with Compliance Officers provided material for developing a survey to send out to employees in the respective companies. It was therefore more important to learn how the subjects’ weigh the topics covered, rather than what they would answer if asked the same questions in the same sequence without the room for jumping back and forth between topics, according to how they view the importance of them; their subjective weighing was found to be more interesting than having the grounds for direct comparison across the interviews. The interview guide used during these interviews is shown in Appendix 2. This was only slightly altered after the initial interviews and remained approximately the same for all interviews, enhancing the value of cross-sectional analysis.

As with the expert interviews, we strove to conduct these interviews face to face as far as possible. This was both to ensure the quality of the information gathering process, but also to increase the chances of gaining goodwill from the interviewees so that they would help us distribute the survey later on. Ten of the interviews were conducted during a weeklong visit to Oslo, while three were conducted over the phone. Notes were taken both by hand and on a computer, and both authors were present, limiting differences in interview style.

Processing the interviews

The next step in our research process was to perform a cross-case analysis based on the gathered information, which includes aggregating the findings over a series of individual studies (Yin, 2009).

After the completion of all interviews, we carefully read through our notes and extracted the main themes that were included in all of the individual interviews. This was done to condense the information and to identify similarities, differences and overarching patterns across the firms, which in turn was structured according to a set of topics that intercepts all of the interviews.

The resulting set of topics is shown in Table 4. One of the topics used was a re-formulation of our research question (*).

Table 4: Main themes covered in the interviews

Objective elements	Subjective elements
<p>About the interviewee</p> <ul style="list-style-type: none"> • About the interviewee • Background • Years with the company • Position and responsibility <p>About the anti-corruption programme</p> <ul style="list-style-type: none"> • Description of the compliance function • Involvement in corruption scandals • General information about the programme • Degree of input from externals • Training • Local adjustment • Implementation • Monitoring • Risk assessment • Reporting channels • Top-down communication • Bottom-up communication 	<p>The interviewees personal perception</p> <ul style="list-style-type: none"> • Historical development • Trends or changes • Zero tolerance • Factors affecting implementation success* • Current competence of employees • Availability of resources • Future focus

For each topic, the relevant information from the individual interviews was subsequently structured according to topic and company, and summarised in a large Excel file. The cross-case analysis of the content of this file is presented in Chapter 4, and was used to create a list of factors to be ranked by the Compliance Officers. Findings from the expert interviews, factor ranking and employee survey will complement the cross-sectional analysis.

3.3.2 Factor ranking

After all the interviews were processed, we sought to collect any additional data that may support our aim to answer the RQs; the qualitative data extracted from the process was supplemented with more quantitative data. This was valuable for comparing the viewpoints of top management (Compliance Officers and the like) and the employees responding to our survey. One way of

gathering such quantitative data is to merge the various suggestions as to which factors are affecting the success of implementation of anti-corruption programmes into a list. This list was subsequently distributed to the Compliance Officers so that they may rank these based on their subjective opinion on the significance of each factor. An additional factor named ‘Other’ was added in case they had any amendments, otherwise they were asked to give this option the lowest prioritization ‘12’. The evaluation of the resulting ranking enabled us to add to the cross-sectional analysis, and functioned as a quality check of our subjective understanding of each interview since as misunderstandings were more likely to be uncovered when the subjects are asked to prioritise the condensed list of factors.

Underway in our research process, we identified 11 factors that incorporated the sum of collected opinions as shown in Table 5. Of the 13 Compliance Officers interviewed, all but the one employed in Company K submitted a ranking of the factors.

Table 5: Factors affecting the success of implementation of anti-corruption programmes

Factors affecting the success of implementation
- Top management involvement (tone at the top)
- Culture of openness and trust within the organisation
- Transparent line of communication and input from employees to management
- Willingness of top management to allocate resources
- Continuous training throughout the organisation
- Local adaptation of all compliance/anti-corruption programmes
- Practical applicability of compliance/anti-corruption programmes
- Formalised and systematic processes for internal monitoring/audit and control
- Incentive based compliance
- Understanding throughout the organisation of the importance for the company
- Competence and responsibility of line managers
- Other

3.3.3 Employee survey/questionnaire

As a part of our research, we decided to make use of a small survey. The purpose of the survey was to enable analysis across intercompany levels, as well as across companies included in the study based on quantitative data. In this way one might examine whether the answers of the employees are concurrent with the information that was obtained through the interviews of Compliance Officers, and their ranking of factors. By using a survey we would also reach a larger group of employees than by the other methods due to our limitations in time and resources.

Developing the survey

To be able to compare the survey results as directly as possible to the information gathered from the interviews of Compliance Officers and their factor ranking, it was necessary to include questions related to similar topics. Parts of the survey were worked out before the interviews took place, while it was worked out in its entirety when the factor ranking had been sent out to the Compliance Officers. In terms of questionnaire design it was important for us to operationalise our survey, which means that we as surveyor needed to formulate concrete and easily quantifiable questions (Jacobsen, 2000). This is particularly important when research taps into more abstract issues such as corruption. As stressed previously, ensuring anonymity is also important for the research quality of our thesis, henceforth it was crucial that we implemented the measures in our questionnaire design that places a high importance on anonymity. See Appendix 3 for an overview of the survey questions.

Testing

Before the survey was sent out, it was tested on individuals that are employed in relevant companies in terms of industry, company size and geographical location. In this way, both time spent on the survey, difficult questions, problematic formulations and other information was identified, enabling us to modify the survey accordingly. Our supervisors did also look through the test survey and commented on it based on their experience and academic background.

The respondents were chosen based on convenience as they were acquaintances or previous colleagues of the researchers, but those who were asked comprised a broad sample in terms of position, years of work life experience, industry and experience with working abroad. A significant change made after the responses from the test was to exclude a factor ranking from the employee survey and rather ask questions that tapped into similar topics.

Choice of respondents

Our initial aim concerning the respondents to the employee survey was to target some departments and groups, making the sample a mix of both random and targeted selection. The selection of respondents within each of the chosen employee groups was to be done at random. Due to time constraints of the Compliance Officers there was uttered a reluctance to receiving extensive sample characteristics, as this would require more work for them when sending out the survey. The resulting sample constraints to be applied were thus:

- Respondents should both be employees primarily based in Norway and employees primarily stationed abroad
- Respondents should be both regular employees and managers

Within each company we desire to have a total survey sample of approximately 100 employees to ensure a satisfactory response rate. If all of the studied companies participate in the survey, our final set of responses would consist of 1300 responses. Ensuring an adequate response rate is

also vital so that we can confidently draw general conclusions from the sample. Academic literature does not agree on what constitutes a minimum response rate, but arguably places the accepted minimum somewhere between 60-75% (Robson, 2011). In order to ensure a high rate of response the survey was sent out by the Compliance Officer so as to instil the importance of the survey to the respondents.

Data collection process

We decided to use an Internet based survey sent out through a survey system delivered by Select Survey. Travelling to the various geographical locations would prove exhausting on our limited financial resources, and the time required to conduct such online-based surveys, including sending them out and reminding respondents to finalise it, barely lie within the scope of our research period. Robson (2011) argues that a realistic minimum for conducting small-scale surveys is 3-4 months. Face-to-face interviews of all the surveyed employees would require significant amounts of time. The survey programme also ensures anonymity, which is considered important considering the sensitivity of the researched topic. The survey was distributed by the Compliance Officers in e-mails containing a link to the actual survey, and a reminder was sent out after approximately one month.

During the research process, only two of the companies agreed to participate in the survey. This was mostly due to the fear of burdening the employees with more surveys than those already distributed internally. Table 6 shows the resulting characteristics of the final sample after the survey was sent out to 100 employees in each of the two companies.

Table 6: Characteristics of sample responding to employee survey

	Company D	Company G	Total
Total no. of respondents	36	78	114
Response rate	36%	78%	57%
Faction of managers/regular employees	17/19	32/46	49/67
Faction stationed abroad/in Norway	28/8	15/63	44/72
No. of years with the company	0-2 years: 4 2-5 years: 9 5-10 years: 10 10-20 years: 8 20+ years: 5	0-2 years: 23 2-5 years: 12 5-10 years: 22 10-20 years: 15 20+ years: 6	0-2 years: 27 2-5 years: 21 5-10 years: 32 10-20 years: 23 20+ years: 11

The total response rate fell a bit below Robson's (2011) recommendation, and the number of respondents did not balance between the two companies. Even so, the balance between managers and regular employees, and those stationed abroad and those stationed in Norway was considered satisfactory. Due to the rather low response rate and few companies participating, the findings from this part of our study will be used to a limited extent, considering the findings to be merely indications rather than high quality data that should be assessed by quantitative analysis tools.

3.3.4 Documentation

Documentary information is likely to be relevant to almost all case study topics (Yin, 2009). This study will make use of documentary data from different sources in an ad hoc manner. For example, annual reports and material tied to anti-corruption and ethics within each of the companies was studied when preparing for the interviews of Compliance Officers. Some data was also extracted from the company web pages in the cases where objective information was not gathered during the interview process, e.g. due to limited time available when conducting the interviews, making us choose to focus on gathering more subjective information.

3.4 Research quality and evaluation of methodology

In this section, the presented research method will be discussed in terms of scientific quality. An outline of the concepts of validity and reliability will form the backdrop for the subsequent discussion of weaknesses and measures introduced to minimise the negative effects of these. This is based on the recommendation by Yin (2009) to evaluate the quality of empirical research by applying tests related to four main indicators: construct validity, internal validity, external validity, and reliability. Validity is in general concerned with the integrity and accuracy of conclusions that are generated in a study, while reliability is demonstrated if the operations of a study can be repeated, with the same results (Bryman, 2012).

3.4.1 Construct validity

Construct validity is the test that evaluates whether the applied research method is 'identifying correct operational measures for the concepts being studied' (Yin, 2009, p. 40).

In an interview setting, an essential part of achieving this type of validity is to ensure that the interviewer and interviewee have the same understanding of the concepts being discussed. This also relates to whether the interviewer interprets the shared information in a correct way based on what the respondent is trying to say. Since this thesis to a large extent builds on empirical data from non- and semi-structured interviews, we considered it of high importance to ensure construct validity. During the interviews, concepts thought to be potentially vulnerable to ambiguity were those related to *compliance* and *zero tolerance*. An additional challenge to the

validity of our thesis in this respect is the use of both Norwegian and English language. 12 out of 13 interviews are conducted in Norwegian, while the thesis is written in English; information may be lost in the process of translating the interviews.

To some extent, construct validity was ensured by the fact that we had generated a basic understanding of the concepts in questions during the work on our pre-diploma thesis. Nonetheless, we assumed that we still lacked insight into the researched concepts, and thus ran the risk of misinterpreting the information and opinions communicated to us. To close this gap in our understanding we tried to avoid asking questions that built upon the concepts that could be subjected to ambiguity. Instead we asked questions directly relating to the interviewees' own understanding of those concepts. In this way, we explored the topics instead of assuming an established common ground, both during the expert interviews and the sessions of questioning Compliance Officers. If the interviewees' views of how the concepts should be understood were differing, this was considered a finding rather than a potential source to reduced validity.

Another way of achieving construct validity is to focus on *face validity*, which is concerned with how the researcher determines that a measure has a very good chance of tapping into the underlying idea by asking others to check the items that make up the measure (Becker, Bryman and Ferguson, 2012, p. 214). To induce this in our thesis, we distributed the interview guides to our supervisors to uncover obvious sources of ambiguity and unfamiliar items. Moreover, the questions asked in the employee survey, and the factors to be ranked by Compliance Officers were initially distributed to a test group so as to uncover any obvious ambiguities or language barriers.

The developed list of factors deducted from the interviews was also sent back to the Compliance Officers to be ranked. The items on the list were placed in random order to avoid guiding the ranking, and the respondents were given the opportunity to name other factors that they considered important. Two of the responses did include additional points as 'Other', thus improving the validity of our findings by adding to our results based on the interviewees understanding. In the employee survey, respondents were also given the opportunity to give additional comments in case they felt that the given questions did not collect their viewpoints in a satisfactory manner. This way, we would be certain of receiving a high quality set of main factors that concurred with the view of the interviewees. Having key informants review a draft of the case study report, or as in this case a condensed list of factors, is in line with one of Yin's (2009) tactics to improve construct validity.

Furthermore, the risk tied to writing our thesis in English while responses were mainly given in Norwegian was also addressed. Since the Norwegian-speaking Compliance Officers had to rank the factors in English, and the Employee survey was distributed in English we assumed that any misunderstandings would have been detected when they were given the opportunity to comment

on the list of factors. None of the respondents asked questions tied to the language used or seemed to have problems with the meaning of any of the factors. The interview conducted in English also provided a means for comparing the expressions used in Norwegian and English when asked the same questions.

Using multiples sources of evidence is also introduced as a tactic to achieve high construct validity (Yin, 2009). This is somewhat achieved in our research process since 13 companies are studied and we thus collect viewpoints and data from various industries and types of firms. However, only one representative is interviewed from each company during the Compliance Officer interviews, making the gathered information subject to personal interpretation. To minimise this potential source of bias, the questions were grouped into two sections - one covering objective information and the other covering subjective viewpoints (Figure 4). A subsidiary goal of our thesis was to uncover such subjective viewpoints to be compared and contrasted across the firms, while having some objective data to compare the companies. Other main source of data were also included in the study i.e. the expert interviews and the employee survey. Even though the latter was only conducted in two of the companies, the extracted information helped to broaden the perspective on the researched topics. Being able to generalise the data was prioritised when answering our research questions, to some extent at the expense of construct validity.

3.4.2 Internal validity

The second test of research quality, also relating to validity, is the one of internal validity ‘seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships’ (Yin, 2009). To ensure this type of validity it is necessary to make sure that the assumed interrelationship between two conditions is not in reality dependant on a third one. Internal validity is typically weak in cross-sectional research designs since the researcher is not able to control the environment (Bryman, 2012). This makes it difficult to establish the causal direction from the resulting data and may be a source of ambiguity (Muijs, 2011, p. 39).

The causal relationship most evident in this study is the ones between various company specific factors and the success of implementation of anti-corruption programmes. Tactics suggested by Yin (2009) to help in the process of improving internal validity are *pattern matching*, *explanation building*, *logic models*, and *addressing of rival explanations*. In our study, the expert interviews and relevant theory is used as a foundation for building logical models to be tested. Pattern matching was done for instance when comparing elements composing an anti-corruption programme as abstracted from theory with the empirical observations in interviews. Overall, the study was characterised by the obtained knowledge from the literature review, conducted during

the work on our pre-diploma thesis, and the initial study of theory relating to the research questions of this thesis.

A potential pitfall of our research design would be if we apply too much freedom in interpreting causal relationships, as opposed to causal relationships being described directly by the interviewees. This is a relevant concern both in the expert interviews and the interviews of Compliance Officers. To avoid this, the data was collected as unbiased as possible, and initial questions were asked in a rather open ended manner so that the interviewers would not guide the interviewees' responses. The subsequent follow-up questions would thus have a greater chance of being based on an increased understanding of the discussed topics. During the interviews, rival explanations also surfaced either between Compliance Officers or between combinations of experts, employees and Compliance Officers. These are addressed in Chapter 5.

3.4.3 External validity

External validity is the final element related to validity, and it refers to defining the extent to, and conditions under which the findings of our research can be generalised (Yin, 2009). Yin (2009) outlines how studies may rely on analytical or statistical generalisation, which are two different approaches resulting in different abilities to generalise the findings.

Our research design lies close to that of analytical generalisation in the sense that we strive to apply a particular set of results to some broader theory by identifying, generating and investigating theoretical insight and relationships. Due to the lack of existing theory on the topic, we simultaneously aim at gathering findings from a sample that can be generalised to a larger population, which is of a size larger than what is common for analytical generalisation. However, the sample size is still too small, due to our resource constraints, to lay the basis for statistical generalisation. Furthermore, neither the choice of companies to be studied or the employees to respond to the survey entail random sampling, as is common for cross-sectional designs. This implies that the representativeness of the results for statistical generalisation may be questioned (Bryman, 2004). The resulting combined approach aims at studying the companies more in depth than what has been done by researchers previously, while covering a rather large number of companies, so that some of our findings may prove applicable to the general population of MNCs that are implementing anti-corruption programmes. Nonetheless, the fact that all of the studied companies are Norwegian restricts the validity of applying the findings directly to MNCs in other countries. Therefore, we do not claim that the findings and recommendations of our thesis should directly be projected on to any MNC.

One way in which external validity is improved is by including experts in the initial stages of our study, so that subsequent interviews are conducted with a greater understanding of the external perspective in mind. We also consider the topic of compliance to be of high relevance regardless

of factors such as industry, products/services delivered and external environments, reducing the number of threats to external validity. As with Health, Safety and the Environment (HSE), compliance is to be paralleled with day-to-day processes and to be incorporated as ‘the way we do things’ as expressed by the Compliance Officer of Company M. Our research is thus more suited for generalisation than studies of more industry- or country specific topics. Another way of ensuring external validity is to apply replication logic. This implies that each case is carefully selected so that it either predicts similar results as theoretically assumed (a literal replication) or contrasting results, but for anticipated reasons (a theoretical replication) (Yin, 2009). The lack of existing theory decreased the option to either validate or discredit compelling theoretical assumptions. However, replication logic was used when testing the list of factors necessary for successful implementation of anti-corruption programmes across the studied companies. The interview guide used during the Compliance Officer interviews was also only slightly altered after the initial interviews, ensuring that the questions asked would remain approximately the same throughout the process. Using the same structure across the companies in this way enhances comparability of the findings across companies (Bryman & Bell, 2007).

3.4.4 Reliability

The concept of reliability is based on the idea that if the same procedure is followed, the same conclusions should be reached (Yin, 2009; Bryman, 2012). The aim is to minimise errors and biases in the study and to present the applied research method so that others can perform an identical study. Reliability differs from replication in that it is concerned with how doing the same case over again should produce the same results, not on replicating the results of one study by doing another one (Yin, 2009).

One of the ways reliability is ensured is through inter-observer consistency so that the level of subjective judgement when gathering information, or recording observations is minimised (Bryman, 2012). For this mostly qualitative study, it was essential to ensure an as unbiased extraction of information as possible. Measures taken to improve reliability were to be two interviewers during all interviews. In this way, the subjectivity of resulting findings would be challenged, as both interviewers would assess the recorded observations. When sending out the factor ranking which is based on the cross-section of observations from the 13 companies, our own understanding of the information communicated during the interviews would also have to pass the ‘test’ of the Compliance Officers.

As presented by Yin (2009), reliability is ensured if the applied research method is thoroughly presented. Throughout this chapter we have methodically outlined all the generic steps of the research process which have led to the findings of our study, e.g. the initial generation of understanding through the pre-diploma thesis and expert interviews, selection of companies to study, collection of data through preparing and conducting interviews of Compliance Officers,

the review of interviews and cross-sectional analysis with the subsequent development of the factor ranking, the further development of an employee survey, and the discussion of our results. The only gap in documentation is tied to the need for conserving anonymity of the studied companies, i.e. it may prove difficult for external researchers to identify the exact same companies. However, we include information about the industries in which these operate, their size and the interview guide in an attempt to improve reliability. Another measure taken is to develop a case study database containing all the collected data in a structured and systematic manner, as recommended by Yin (2009). This ensured that external factors were not introduced to the original observations, affecting the objectivity of the data.

To conclude on the assessment of the strength of the methodology of the study, the features investigated regarding validity and reliability are found to contribute to increased quality. This implies that the quality of the methodology is sufficient to provide a credible interpretation of reality after the various tactics have been applied throughout the research process.

3.5 , of the applied research methods

Undoubtedly it is important to be aware of any limitation of the findings; qualitative research strategies have been criticized for being too subjective, making replication difficult, generalizing on too poor grounds, and for having low transparency (Bryman & Bell, 2007). This section contains an outline of some of the most significant limitations of this thesis, rooted in the choice of research design and practicalities.

3.5.1 Limitations due to the choice of research design

Subjectivity

Subjectivity may be understood as how ‘your own background, values, and beliefs fundamentally shape the way you approach and conduct research’ (Tracy, 2013, p. 3). In our research process, subjectivity may be a limitation as it may have affected the way information was gathered during the interviews; when taking personal notes instead of transcribing the interviews we may unconsciously have screened data based on our own interpretation of it. The closeness to the researched unit possibly undermined the critical reflection of their answers as well. Since the study relies heavily on interviews, and thus our ability to correctly assess the causal relationships discussed, limitations may also be tied to misinterpretation of e.g. the effect of various causes for inefficient implementation. Follow-up questions were also based on our subjective understanding of the topic as is common for semi-structured interviews. This reduced consistency in questions asked may have reduced the quality of pattern matching and generalisation. Finally, subjectivity was also present during the data analysis when tying the available information to the discussed topics.

Little directly applicable theory available

Due to the lack of directly applicable theory, the foundation for the research process was not as sound as it could have been. There was a lack of rival explanations challenging the conclusions reached, and explanation building was only to a limited extent based on relevant logic models developed by other researchers. This damaged the internal validity of this study.

Lack of transparency

Even though the research method is thoroughly outlined previously in this chapter, limitations are tied to the lack of transparency and subsequent difficulty for externals to establish what we actually did to arrive at our conclusions. This is a common concern of qualitative researchers (Brymann & Bell, 2009). A possible root cause for reduced transparency are the inherent subjective evaluations underlying our chain of evidence; the conclusions derived from theory and findings throughout our thesis may to some extent be difficult for an external observer to follow.

Replication issues

If researchers follow an unstructured approach and make decisions or draw conclusions that depend on their own ingenuity it is almost impossible to conduct true replication (Brymann & Bell, 2009). Based on the subjectivity and lack of transparency inherent in our research method, there may not be sufficient information about our research procedures for other researchers to conduct a re-study. For example, the final list of studied companies is not given, and the development of factors to be ranked by Compliance Officers is somewhat based on our interpretation of the information shared during the interviews.

Instability

Bryman (2012) assesses the level of reliability on factors such as stability, i.e. if conclusions are stable over time. When applying this logic to our thesis, stability is achieved if the responses to surveys and interview questions remain stable over time. Since the gathered data include opinions related to a field that is rapidly developing, the stability of our research is challenged, as it may be altered by interviewees' day-to-day experiences and external trends. This is tied to how data is collected at a single point in time in cross-sectional research designs.

Challenges with generalisation

Even though this study aim at generating conclusions that apply to more companies than those that are researched, it contains several limitations related to generalizability, such as the limited number of companies and the lack of a strictly random selection of firms and respondents. There is a high uncertainty in representativeness of our findings, especially those extracted from the employee survey due to the low number of attending companies. This low number of firms opens up for limitations related to misjudging the representativeness of a single firm, and exaggeration of data that in reality varies significantly. Aggregated comparative errors may also have

developed during the cross-section analysis if we have made wrong generalisations on the companies' behaviour.

3.5.2 Limitations due to practicalities

Language and cultural barriers

The use of Norwegian language during most interviews when the thesis is written in English may result in limitations if content is lost in the translation process. However, the greatest limitation in this respect is tied to the employee survey, which is formulated in English, but distributed to employees at various geographical locations where English is not the national language. Due to reduced language proficiency respondents may misunderstand what is being asked. This also ties to the lack of knowledge of the local culture reducing our ability to ensure that questions are asked in a way that carries the desired meaning to the employees.

Limited access to research subjects

The quality of the cross-sectional analysis in this thesis is reduced by the limited access to research subjects. Contact with the Compliance Officers was established through Deloitte or the switchboard of the respective companies, reducing our ability to critically assess who would be the most relevant person to interview. For the employee survey all correspondence had to go through the Compliance Officers. Further, only two companies allowed us to distribute the survey, and these desired to select whom to send it to themselves, thus removing the option of random sampling. Hence, the resulting sample may be misrepresentative for the overall population, and we risk omitting relevant factors and perspectives. Another limitation that is rooted in the lack of direct lines of communication emerged as the survey enabled respondents to tick off for numerous alternatives when answering questions that were meant to have only one response. Since this could not be communicated, a small fraction of the responses ticked off for more than one alternative and thus undermined the quality of our results.

4 Findings

This chapter presents the findings from our empirical research depicted previously. It will be presented in the manner portrayed in Figure 9.

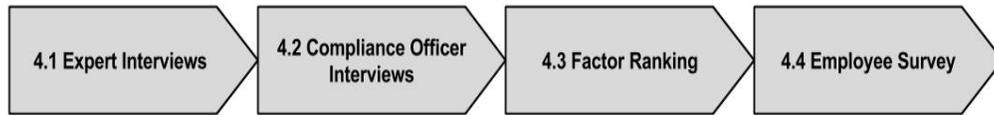


Figure 9: Structure of Findings

Following the previously presented structure the expert interviews are meant to address the national context, the compliance interviews and factor ranking the company context, whilst the employee level will be covered by the findings from the employee survey. The implications of said findings will be discussed in greater detail, in relation to the companies’ internal procedures in Chapter 5.

4.1 Expert Interviews

The expert interviews were carried out over a period of one and a half months and the respondents included a sample of Norwegian corruption experts from a wide range of backgrounds. The primary aim of these interviews was to get an in-depth view of the current standing of the Norwegian business environment based on their experiences from working within the field of anti-corruption and compliance. Furthermore, we sought to gain insight into what future trends that we might expect, and henceforth what the future developments of said field may entail. This section reflects this focus and is divided into two parts; status quo of Norwegian anti-corruption efforts, and future trends.

In order to increase the readability of the findings the key elements are presented in the table below before they are outlined in the subsequent sections (Table 7).

Table 7: Key findings expert interviews

Key findings Expert Interviews	
Status Quo	Future Trends
Majority of Norwegian companies underestimate the risk of corruption and henceforth fail to implement adequate risk mitigating measures. <ul style="list-style-type: none"> • Top management naïve to the extent that 	National legislation will most likely be altered to mirror the global development and henceforth include regulation that hold companies responsible for ensuring adequate implementation and compliance of

<p>corruption poses a risk for their company and thereby fail to put focus on the issue and communicate this to their employees.</p> <ul style="list-style-type: none"> • Norwegian companies underestimate the extent of the law and its practical applicability. • Several good frameworks have been made available by global institutions (see appendix), however Norwegian companies fail to appropriately adapt them to a local context. • Little competence on anti-corruption and how to implement anti-corruption frameworks in Norwegian companies today. • Managers have made little effort to identify where they are most exposed to risk as well as they have neglected to identify actual internal capabilities. • Employees are generally unaware of personal risk and responsibility when faced with corruption. One of the key areas in which Norwegian companies fail to assess their corruption risk is when dealing with agents and other third parties. 	<p>anti-corruption frameworks.</p> <ul style="list-style-type: none"> • Increased focus and henceforth a more rapid development of capabilities in industries most exposed to external pressures such as banking and petroleum. • Norwegian prosecution will become more concerned with the private sector resulting in an increased in the number of corruption sentences, which will make the jurisprudence of the law much clearer. · See a shift in compliance function to become more risk related. • Increase in size of compliance departments as companies become more aware of their risk exposure.
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4.1.1 Status quo of Norwegian anti-corruption efforts

All experts concurred in their understanding that most Norwegian companies may be seen as immature in their perception of corruption risk, and as an extension, their efforts are on a rather infantile stage of development. This is, however, not to say that some companies and industries have ignored the issue of corporate corruption, and several of the most prominent companies in Norway have started to show significant improvement. Industries such as banking & finance and petroleum are considered to be the industries that have responded most extensively to global pressure to implement anti-corruption measures into their current corporate governance framework. The general perception still remains that top management continues to underestimate the necessity for such efforts and by extension fails to establish any precedent for employees to take note of. Some of the experts put forward the argument that one has seen an historical tendency where top management has tried to cover up cases of corruption, which in turn has a rather strong signalling effect on the issue of non-disclosure. Moreover, top management may often be involved in corruption themselves, which further decreases the likelihood of a strong signalling effect towards anti-corruption (Kvamme and Slettemark, 2015). In such cases it is important that the board understand their responsibility and henceforth apply pressure to establish appropriate safeguards.

There are several lessons to be learned from other companies' misfortune. Several of the companies whom are seen as pioneers within the development of anti-corruption frameworks, such as Siemens, are companies whom have in fact been exposed to corruption scandals previously. Another key aspect to this is the fact that most corruption cases today are disclosed by external investigations from agencies such as Økokrim, the World Bank, consultants and the media. This is important to note as it highlights the companies' incompetence with regards to assessing their internal situation, which further weakens the company's ability to respond in a manner that warrants minimal damage to their reputation (Kvamme and Slettemark, 2015).

Wolders (2015) moreover highlighted the need for companies to have local Compliance Officers in areas with higher exposures to risk. He further claimed that the Norwegian culture is in fact quite suited for anti-corruption work as employees often act in a trustworthy and ethical manner. Nonetheless, such a cultural tradition may prove to be a double-edged sword in the sense that corruption then becomes an issue of cultural relativism which allows for arguments such as 'that's just how they do it over there'. The issue then becomes how to guarantee that employees have the appropriate knowledge and training, so that they are able to adequately identify and deter corruption. All experts agree that there is insufficient competence on this in Norway, however one has seen an increase in the number of companies initiating employee training on corruption. They also concur that there are several good and comprehensive frameworks, which have been made available from global institutions such as the World Bank and OECD. However, these fail to provide adequate guidelines with regards to implementation. This then results in a gap between global recommendations and how these are actually translated and implemented into each company in practice.

Angell, Kvamme, Slettemark and Wolders (2015) underlined the need for practical training such as 'dilemma-training' to ease the communication of the practical value of anti-corruption measures to employees. This is in order to alleviate the effects of 'bureaucratic fatigue' in the sense that employees see their training as something that they merely have to complete, but which does not add any real value to their day-to-day operations. One inherent impediment of corruption is that it is a criminal act that does not present an obvious victim; hence, it may be hard to communicate its ramifications to employees in order to deter their engagement in such activities.

Paired with the current low risk of corruption being discovered it may be hard to communicate to companies what their actual exposure is, and so forth motivate them to allocate appropriate amount of resources to respond to the challenges. Third party contracts and integrity due diligence is seen as one of the key areas in which many Norwegian companies fail to adequately assess their risk exposure. This may furthermore be showcased by some of the more recent corruption cases, such as Telenor and Vimplecom (Baksaas, 2015). However, legislation stipulates, in rather ambiguous terms, that one may be held responsible for corruption carried out

by an agent or contracted third party, which makes it even more paramount to ensure an efficient implementation as one also needs to look beyond the immediate organisational structure.

This aspect is further complicated by the lack of cooperation with companies, regulatory and legislative agents. The lack of communication between the various actors has made it hard to track changes in a transparent and explicit manner. Agencies such as Økokrim have within recent years partly shifted their investigation focus from public corruption to that of the private business sector (Angell, 2015). Such changes have arguably not been communicated very well towards the Norwegian MNCs, and as such they often fail to adequately understand the extent and practical applicability of the law. Some experts highlighted the paradox that the government encourages Norwegian companies to operate in high-risk countries while simultaneously failing to provide transparent guidance as to what they expect of the companies in terms of corruption (Kvamme and Slettemark, 2015). Consequently, they argue that governmentally owned companies should take the lead in the development of anti-corruption practices, and ensure a strengthening in the capabilities of the Norwegian business community as a whole.

There is a distinct need for transparency and communication on this issue, both amongst industry-peers, but also on a national cross-institutional level. Concepts such as *zero-tolerance* may muddy the waters, in the sense that some might understand it as a zero-tolerance for the existence of corruption rather than a zero-tolerance for not acting on corruption. Experts highlight that the solution lies in Norwegian MNCs being more aware of what operating in high-risk countries entails, rather than avoiding placing operations in such countries. Governments and non-governmental agencies must also demonstrate the same understanding and help Norwegian companies be better equipped to respond to the challenges, instead of leaving it to the global community in its entirety.

4.1.2 Future trends

All experts highlighted that we most likely will see an increase in the number of Norwegian MNCs establishing an anti-corruption framework and compliance department. This is partly due to the increase in external pressure from global and national actors such as legislators and industry peers. One is also likely to see an increase in the focus on anti-corruption as more Norwegian companies are expected to expand their operations to high-risk countries. At the same time, the experts expect there to be an increase in the number of corruption scandals as the national prosecution agency Økokrim has become more perceptive to private corruption. As a result, the number of scandals may increase in the media so that the negative value of corruption becomes more apparent. This may create a greater external pressure, and so forth internal motivation, both for governmental agencies but also small and medium size companies to introduce anti-corruption frameworks. This development is in line with global trend, and Søreide (2015) argues that we may expect legislation to change in the sense that it will mirror the global

frontrunners such as the US (FCPA and SOX) and the UK (UK Bribery Act). If so, one is likely to see legislation that places greater importance on the need for an anti-corruption framework, but also that demands companies to ensure they have the appropriate systems in place to warrant efficient implementation and compliance.

Furthermore, one may expect a more vigilant financial sector, which will increase the risk of engaging in corruption as banks and other financial institutions become more aware of the mechanisms of corruption, and henceforth start to cover up the loopholes. The developments within this sector is likely to provide an example of how other industries may mobilize in order to respond to corruption. As a result, we may expect to see compliance departments increasing in size. One is also likely to see an increased global awareness and a further strengthening of the investigative functions of institutions such as the World Bank. An increase in external investigations is in turn likely to impact the motivation of systematising internal investigations within the companies themselves. Another prospected trend is the compliance function becoming more risk responsive in its resource-deployment, which in turn may result in an increase in the number of local Compliance Officers.

4.2 Compliance Officer Interviews

Here, the companies studied in this thesis are introduced before the role and function of the Compliance Officer is briefly presented. Subsequent sections deal with the various responsibilities and mechanisms behind the different companies' compliance programmes in greater detail. Each section contains both a tabulated portrayal of the results, as well as a relating evaluation of the findings. Where we did not obtain sufficient information from the interviews the corresponding cell in the table is left blank.

4.2.1 Company Overview

In order to ensure the anonymity of the responding companies we have chosen to present the data in intervals according to topics, rather than providing very detailed data on each company as this may allow the reader to identify some of them. As previously outlined, 13 companies were chosen based on a set of selection criteria; Table 8 provides a short overview of the companies as well as their anti-corruption efforts.

Table 8: Company Overview

Company	Been subjected to investigation	Been convicted	Operates in high-risk countries	Years since establishing code	Number of employees	Permanent staff outside Norway
A	Yes	No	Yes	> 2 years	> 15 000	Yes
B	No	No	Yes	> 10 years	> 15 000	Yes
C	Yes	No	No	> 2 years	> 20 000	Yes
D	Yes	No	Yes	> 10 years	> 5000	Yes
E	Yes	No	Yes	> 10 years	> 5000	Yes
F	Yes	No	Yes	> 2 years	> 2000	Yes
G	Yes	No	No	> 2 years	< 2000	Yes
H	Yes	No	No	> 2 years	> 2000	Yes
I	No	No	Yes	> 5 years	> 25 000	Yes
J	No	No	Yes	> 5 years	> 2000	Yes
K	No	No	Yes	> 10 years	> 2000	Yes
L	Yes	Yes	Yes	> 10 years	> 20 000	Yes
M	Yes	Yes	Yes	> 5 years	> 10 000	Yes

As the table highlights, all companies have permanent staff stationed outside of Norway. This is important as it shows that all 13 companies face the issue of implementing a framework in a culture that is distinctly different from the one at home. Even though all of them have operations abroad, only 10 of the companies identify their foreign involvement as a substantial contributor to total revenue. As the Compliance Officer at (Company H) noted: ‘very little of our operations are based abroad, however it is in these areas in which we are most exposed to risk’. This underlines the delicate balance between having to deploy resources where they are needed, and allocating resources primarily on the basis of where one has the largest amount of operations. The sample also shows a wide range in terms of number of employees. A company with over 20 000 employees may need to structure their training and resource expenditure differently from a company with a total staff of around 2 000. However, as will be portrayed later in this thesis, the variations in how the compliance function is structured are not necessarily tied directly to company size.

What is interesting to note is that 9 out of 13 companies had registered cases of corruption, which had been exposed mainly by external agents such as media, the World Bank and Økokrim. Even though several of these had gone to trial, only two of the companies had been convicted. Others are currently under investigation and as such the real number of companies whose future

is uncertain extends beyond these two. The reason why this data is important ties in with the motivation of the company to initiate an anti-corruption programme. Several of the respondents highlighted the fact that their internal focus on the issue was a direct result of investigations. Moreover the majority of the companies made references to the Statoil-Horton case of 2004, as this was one of the first times that a Norwegian MNC was tried for corruption in Norway. It duly received large national and global media coverage, and several Compliance Officers pointed to this case as being one of the first times the negative effects of corruption, and the risk it posed to Norwegian companies operating abroad, was portrayed nationally. A surprisingly little reference was made to the 2003 changes in legislation, which may indicate a lack of communication and interaction between the relevant actors.

The visibility of the effects of corruption was in turn one of the main motivations for all companies to create codes of conducts and compliance documents that include direct mention of anti-corruption. Still, five of the companies have adopted such measures rather recently in comparison to the others. What is interesting to note is that most respondents highlighted top management and the board as those whom have initiated the focus on anti-corruption, even though their increased efforts were mainly due to top managements reaction to external pressures (from either industry-peers or broader global society).

4.2.2 Compliance Officer Overview

This section briefly presents an overview of the role and function of the Compliance Officer, based on the information presented in Table 9.

Table 9: Compliance Office(r) Overview

Company	Background	Previous compliance experience	% position	Years with compliance experience	Size of compliance department	Primary workplace	Local Compliance Officers
A	Legal	Yes	100%	< 2	< 5	Norway	No
B	HR	No	< 100%	> 10	< 5	Norway	No
C	Internal audit	No	100%	> 10	< 5	Norway	Yes
D	Legal	No	< 100%	> 10	< 5	Norway	No
E	Internal audit	Yes	100%	> 5	> 5	Norway	Yes
F	Engineering	Yes	100%	> 2	< 5	Norway	No
G	Business Administration	Yes	100%	> 2	< 5	Norway	No
H	Political Science	Yes	< 100%	> 2	< 5	Norway	No
I	Legal	No	< 100%	> 5	< 5	Norway	No

J	Internal audit	Yes	< 100%	> 2	< 5	Norway	No
K	Development Management	Yes	100%	< 2	< 5	Norway	No
L	Legal	Yes	100%	> 5	> 15	Norway/ London	Yes
M	Legal	Yes	100%	> 2	> 15	Norway	Yes

Table 9 cont.

Company	Responsibility, as stated by Compliance Officer
A	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Screening of projects and assessing status quo
B	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Compliance system (coordinating roles, responsibility) • Monitoring implementation at line manager level
C	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Compliance system (coordinating roles, responsibility)
D	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Conduct workshops in various locations
E	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Compliance system (coordinating roles, responsibility) • Monitoring implementation
F	<ul style="list-style-type: none"> • Annual Corporate Responsibility Reporting (incl. investigation) • Business Integrity Programme (governing documents, reporting mechanism, training, risk assessment)
G	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, training, reporting mechanism, risk assessment) • Compliance system (coordinating roles, responsibility) • Monitoring implementation
H	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, training, reporting mechanism) • Conduct workshops
I	<ul style="list-style-type: none"> • Professional responsibility of anti-corruption • Anti-corruption programme (governing documents)
J	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Compliance system (coordinating roles, responsibility) • Monitoring of implementation
K	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training) • Compliance system (coordinating roles, responsibility)
L	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training, risk assessment) • Compliance system (coordinating roles, responsibility)

	<ul style="list-style-type: none"> • Monitoring implementation • Counselling top management
M	<ul style="list-style-type: none"> • Anti-corruption programme (governing documents, reporting mechanism, training, risk assessment) • Compliance system (coordinating roles, responsibility) • Monitoring implementation

As the table portrays the Compliance Officer function proved to be quite diverse across the 13 companies. Firstly, this was evident in their various backgrounds, ranging from political science and business administration to engineering. Nonetheless, it may be beneficial to note that the majority of officers had a background from internal audit or legal departments. This ties in with the broader structuring of the company's programme as several of the respondents said they had been in charge of development of the programme, and as such their background and capabilities may have influenced how they chose to structure their efforts. Which departments the Compliance Officer had been recruited from also seem to influence the location of the compliance function within the company (Company I). In the companies where the Compliance Officer's position was lower 100%, this was especially evident. In situations where the respondent had a split position with compliance, they were split between the Compliance Officer and positions in supporting departments such as internal auditing, HR or legal.

Furthermore, there seems to be two primary trends as to the recruitment of the Compliance Officers. Three out of four of them, whom had no prior experience from the field of anti-corruption, had been with the company for over 10 years. The recruitment of the remaining nine officers may then be seen in direct correlation with the initiation or intensification of the company's anti-corruption efforts. Several of the officers also had prior investigative experience from either being priory employed in consultant agencies or they have been part of internal investigations in current or previous companies. The capabilities of the Compliance Officers are arguably a crucial part of the compliance function as they are seemingly instrumental in the development and day-to-day operations of the programme, which will be discussed in subsequent parts of this thesis.

All but one of the respondents had their head of compliance based in Norway, and worked from the company headquarters. The majority of these were also members of a Compliance Officer Network in which they meet regularly to discuss recent trends and share experiences. Several of the respondents referred to this network as highly valuable since they often felt somewhat isolated within their own companies, as they often bore the sole responsibility of compliance. All Compliance Officers report directly to the corporate management or board. This is important as it safeguards the independent investigative function of the role, and also increases its credibility with regards to employees, so as to increase the transparency and trust of reporting mechanisms, such as for instance whistle-blowing.

With regards to the size of the compliance department only three companies had departments with more than 5 full-time employees. The largest departments could be found in Company L and Company M, which in turn are the only two companies whom currently have been convicted for corruption. They are also some of the companies with the largest amount of employees in total. In the interviews, it is suggested that the amount of resources made available for compliance is directly correlated to the corruption sentences. This may to some extent point to the fact that these companies has have experiences the potential detrimental value of corruption, and so forth are more tractable to allocate a larger pool of resources towards compliance.

4.2.3 Providing guidance to employees on what is considered ethical behaviour

The most central component of all of the companies’ policies is the code of conduct, which provides information about the fundamental ethical standards and attitudes that employees are expected to have, and which they have all have to sign as a prerequisite for their employment. Building on this underlying code, the companies make available various guiding principles such as corporate anti-corruption policies, governance documents, ethics guidelines, handbooks, anti-corruption manuals and routines related to receiving gifts. In addition to the internal guidelines, some of the companies also have to sign and adhere to the code of conduct of their customers to be allowed to do business with them (Company J). Most of the studied companies provide employees with anti-corruption resources that to some extent are adapted to the legislations and local cultures faced at the operational level. However, the development of the programmes are often based on rather generic material provided by external actors such as Transparency International and the World Bank, or is done by hired consultants.

The various companies’ inspirations for development of an anti-corruption programme, and whether they have a statement of zero tolerance are shown in Table 10 below.

Table 10: Inspirations for developing the programmes and zero tolerance

Company	Inspiration for development	Statement of zero tolerance
A	<ul style="list-style-type: none"> • Compliance Officer Network • Conferences • Jurisprudence and legislation 	Yes
B	<ul style="list-style-type: none"> • Customers and partners • Transparency International • UN Global Compact 	Yes
C	<ul style="list-style-type: none"> • Compliance Officer Network • Consultants • Market trends 	Yes

D	<ul style="list-style-type: none"> • Compliance Officer Network • Existing legislation 	Yes
E	<ul style="list-style-type: none"> • Compliance Officer Network • Conferences • Consultants • International organisations (UN, OECD, TI) • International legislation and guidance (FCPA) 	Yes
F	<ul style="list-style-type: none"> • Conferences • Legislation • International organisations (TI) 	Yes
G	<ul style="list-style-type: none"> • Compliance Officer Network • Conferences • International organisations (World Bank) • International legislation and guidance (FCPA, UK Bribery Act) • Market trends 	Yes
H	<ul style="list-style-type: none"> • UN Global Compact 	Yes
I	<ul style="list-style-type: none"> • Compliance Officer Network • Legislation 	Yes
J	<ul style="list-style-type: none"> • Consultants • Customers • Peers 	Yes
K	<ul style="list-style-type: none"> • Conferences • Legislation 	Yes
L	<ul style="list-style-type: none"> • International legislation and guidance (FCPA, UK Bribery Act) • Jurisprudence and legislation 	Yes
M	<ul style="list-style-type: none"> • International legislation and guidance (FCPA, UK Bribery Act) • British standards and practices (incl. Ministry of Justice, UK) 	Yes

A statement of zero tolerance

All of the companies claim to have zero tolerance for corruption applicable to the whole company. This includes facilitation payments, except in the face of danger to life. The policy is often communicated through statements by top management or in overlying anti-corruption policies, being the top-down ‘talk’ that lays the foundations for the ‘walk’ of employees.

Company L, Company B, and Company F are positive to the term because it gives clear guidelines for how employees should behave, and because it functions as the standard against which their actions are measured. A zero tolerance is claimed by some to have a positive effect on employees’ choices because they are certain of management support if they have to choose between acting ethically or ensuring the highest possible profits (Company A, Company B). Employees thus know that they are not allowed to pay facilitation payments, even though it may generate higher profits and is considered legal according to local law. Company B claims that the

term is often misunderstood as signalling zero tolerance for the *existence* of corruption within the company, while the correct understanding of it is '*zero tolerance for not learning from your mistakes*'.

On the other hand, some of the interviewees express reluctance for applying the term because of its deterring effect on employees who consider bringing up dilemmas that they face at work (Company A, Company G). Furthermore, it is thought to be difficult to practically enforce the statement due to its potentially far-reaching effects (Company C, Company D, Company J, Company M). In Company D, the occurrence of facilitation payments is accepted to some extent because of the difficulty of getting around it. In its most extreme consequence, the Compliance Officer of Company C points out that zero tolerance could imply that the company has to avoid hiring suppliers that previously have engaged in corruption. It is, however, considered unfortunate to be that strict, because companies that have been punished for being corrupt are often the safest companies to work with after a time due to the drastic improvements they make (Company F).

4.2.4 Showing involvement at the top management level

Compliance has become a prioritised focus for the top management of the studied companies due to the potential damaging effects of non-compliance on profits and reputation. There has been an increased emphasis on compliance globally, and one has seen emerging trends of increased media coverage on issues related to corruption (Company J) as well as higher demands from customers to suppliers' implementation of anti-corruption programmes (Company G). The interviews uncovered three main drivers for top management involvement: importance of tone at the top, the responsibility of top management, and necessity of top management to dedicate resources to anti-corruption work.

Tone at the top

Within the studied companies, tone at the top is one of the most frequently mentioned factors for ensuring successful implementation of an anti-corruption programme. What top management communicates on the topic of corruption and ethical behaviour is said to set the tone for the rest of the company (Company M, Company K and Company I).

To ensure a healthy tone from the top in Company M, the top managers go through four sessions where dilemmas and ways to communicate values and attitudes are discussed, and their bonuses are tied to tone at the top and company culture. Other ways of ensuring a dedicated and healthy leadership, as introduced in various of the companies, are regular reporting on status quo to keep the issue top of mind (Company H), special training of line managers to generate a sense of responsibility locally (Company E), and staying up to date on general market trends through e.g. participating in a national network for Compliance Officers (Table 10). An issue introduced by

several of the Compliance Officers is the difficulty of finding good measures for evaluating performance of top management in this respect. Company M has an established method for using KPIs to assess management behaviour, while Company C, Company L and Company K require leaders to openly discuss issues related to corruption.

Distribution of responsibility to top management

Ultimately, the responsibility of the company to behave ethically lies with the top management, i.e. the board, CEO and Compliance Officer. This includes taking the consequences if corruption scandals develop, sometimes as an individual, which effectively involves top management in the implementation of anti-corruption efforts. All of the companies had some form of compliance function located within the corporate unit (Table 9), either a Compliance Officer or a Compliance Office, in direct communication with the board and top management. The stated responsibility of this Compliance Office(r) differed from having professional responsibility to being responsible for coordinating the corporate compliance unit, developing ethics guidelines and implementing the anti-corruption programme (Table 9). In Company B, for example the Compliance Office(r) also has a broader responsibility of ensuring that the desired culture is rooted in all of the geographically dispersed departments by travelling to the various locations. In the long term, the goal of Company M is for the compliance function to be merely a coordinating function while every employee takes responsibility for implementing the anti-corruption programme in practice. This view correlates with the one of Company A where the local rooting of ethical behaviour is considered more important than a well-functioning compliance function.

Dedicating resources

The amount of resources dedicated in practice may be seen as a strong indicator of the level of top management involvement as it may determine the possibilities for preventing, detecting and responding to non-compliance. A general observation amongst the Compliance Officers was the correlation between a company being convicted as a consequence of a corruption scandal and the scope of resources dedicated to fighting corruption. In most companies, except for Company B, Company L and Company M the amount of resources dedicated was considered insufficient for developing and implementing the anti-corruption programmes (Table 11). The interviewees in Company G and Company I suggested that the experienced reluctance to dedicate resources to the work on compliance was rooted in a lack of understanding of its importance.

Table 11: Perceived resource availability

Company	Sufficient resources available	Company	Sufficient resources available
A	No	H	No
B	Yes	I	No
C	No	J	No
D	No	K	No
E	No	L	Yes
F	No	M	Yes
G	No		

4.2.5 Facilitating ethical behaviour at the employee level

For the anti-corruption programmes to be implemented successfully, the interviewed Compliance Officers highlighted the importance of generating an understanding of the status quo at the operational level and responding to this in a way that would facilitate compliance. The competence of line managers is seen as important because most of what is done to implement and assure compliance in practice is depending on the local units, with varying degrees of support from the Compliance Office(r) (Table 12). Furthermore, their perception of current employee competence, and the potential effect of incentives and culture were considered to be key elements in the discussion on implementation success.

Table 12: Responsibility of implementation, employee competence and incentives

Company	Implementation responsibility lies in the line	Level of employee competence	Use of incentives
A	Yes		No, previously used bonuses
B	Yes	<ul style="list-style-type: none"> • Difficult to evaluate competence • Good attitudes 	
C	Yes	<ul style="list-style-type: none"> • Low, concerning use of channel 	No
D	Yes	<ul style="list-style-type: none"> • Low, concerning risk understanding 	No
E	Yes	<ul style="list-style-type: none"> • Medium, improving 	Bonus tied to ethics and integrity
F	Yes	<ul style="list-style-type: none"> • Lacking at employee 	Bonus tied to knowledge of

		level	values
G	Yes	<ul style="list-style-type: none"> • Good attitudes • Difficult to evaluate competency, but has improved 	In relation to promotion, never if compromising ethical behaviour
H	Yes		Not systematic, evaluation in individual case
I	Yes		
J	Yes	<ul style="list-style-type: none"> • Differing, but with good attitudes • Low, when facing agents • Not sufficient in general 	In relation to evaluating top management performance
K	Yes	<ul style="list-style-type: none"> • Very varied competence • Low, when facing subcontractors 	No
L	Yes		In relation to promotion and performance evaluation and bonuses
M	Yes	<ul style="list-style-type: none"> • High level of competence 	In relation to performance evaluation and bonuses

Competence of employees

Most of the Compliance Officers had an opinion on the general competence of employees relating to anti-corruption that was rooted in their visits to local units, or handling of incoming concerns through the reporting channels (Table 12). A distinction was made between attitudes and competence, both being of high importance for successful implementation. The general impression was that attitudes were good, but competence and the application of attitudes in practice were insufficient. Amongst the studied companies, only Company M claimed to have employees with a ‘very mature level of understanding’.

Identified challenges regarding the competence of employees included examples of company culture (discussed below), and the *ticking-of-boxes* mentality that undermines a deeper understanding and leads to ‘paper compliance’ (Company E, Company M, Company B, Company J). Nonetheless, in Company E and Company G the employees seem to be aware of the various reporting mechanisms and policies, such as the zero tolerance statement, but the quality of reported cases reflects a lack of understanding of what is actually relevant to report. Company J experiences that the employees have good attitudes and a wish to do the right thing, which is in line with the company’s positioning as an integrity company. However, a misconception of how the communicated anti-corruption programme should be implemented in

practice was for instance revealed in a workshop with African employees who did not know how to report on the number of trainings conducted.

Suggested ways of facilitating behaviour were pre-employment screening (Company G), knowledge of backing by management in the face of dilemmas (Company B), increased local ownership to the anti-corruption programme (Company E, Company C), implementation techniques tailored to the local culture, and incentives. In some companies this was partly ensured through the zero tolerance statement, a systematic way of training employees in a way that is somewhat adapted to local risk exposure, and the introduction of incentives.

Incentives

There is a great variation in the attitudes towards using ‘positive’ incentives such as bonuses or promotions to influence employee behaviour (Table 12). Six of the companies have a form of positive incentives relating to ethical behaviour. However, in most of the companies using incentives, ethical behaviour is only a prerequisite for not activating ‘negative’ incentives in the form of punishment. Company H, on the other hand, does not have financial incentives to avoid situations where employees must choose between behaving ethically and e.g. reaching a financial milestone that releases bonuses. The Compliance Officer of Company A claimed that the use of positive incentives can diminish the quality of employees’ ethical understanding as they will behave ethically only to obtain an advantage; thus, they have no positive consequences of adhering to the anti-corruption policies, but there may be severe downsides of non-compliance. Negative incentives are discussed further in section 4.2.8.

Culture

To achieve well-implemented systems, the Compliance Officer of Company H saw a direct link between system and culture, and equated their importance: ‘we are building systems and we are building culture’. A rooted company culture opposing change and trivialising the importance of compliance is seen as a significant force that negatively affects the successful implementation of anti-corruption programmes (Company D, Company M, Company E, Company G, Company F). However, only Company M have introduced measures to systematically alter or assess culture at the employee level, mainly due to lack of resources and insight into how this could be done. The reason for this, as suggested by the Compliance Officer of Company M is that, eventually, ‘good culture is irrelevant to the question of corruption guilt’. In the face of prosecution, it is more important for companies to initiate measurable activities and mechanisms that directly prevent corruption. Company B is the company focusing the most on culture because of its indirect effects on compliance, such as ensuring that employees who surface concerns are safeguarded instead of excluding or punished by co-workers. Company culture is also tightly linked to the openness within a firm, affecting the ease of communication as will be discussed in the next section.

4.2.6 Ensuring communication throughout the organisation

Internally, spreading of information about the organisations' anti-corruption programmes is done both systematically, through training programmes and employee appraisals, and in a more ad hoc manner, through channels such as the intranet, information screens, mission/vision statements, and top management speeches. Typically, information communicated is the content of the code of conduct, applicable legislation, company-specific routines and principles, and relevant stories experienced by employees. Information about the companies relating to communication is summarised in Table 13.

Table 13: Communication and training

Company	Measures to encourage openness	Training as main impl. tool	Form of training	Some mandatory training	Testing in e-learning
A		Yes	New employees: classroom New module/programme: classroom All: e-learning	Yes	Yes
B		Yes	New employees: classroom All: e-learning Some: classroom/workshops	Yes	Yes
C	Dilemma discussions	Yes	New employees: classroom New module/programme: classroom All: e-learning	Yes	
D	Employee appraisals Workshops in local units	Yes	New employees: classroom Some: classroom, workshops and conferences All: e-learning		
E	Discuss improvement areas Employee appraisals Workshops in local units	Yes	New employees: classroom New leaders: classroom All: e-learning/classroom	Yes	Yes
F	Managers open for discussion with employees	Yes	New employees: classroom New module/programme: classroom All: e-learning	Yes	
G	No-consequence culture	Yes	New employees: classroom Some: conferences All: e-learning	No	No
H	Culture Focus in tone at the top Weaknesses = education	Yes	Some: video conferences, classroom, workshops All: e-learning	Yes	Yes
I		Yes	Some employees: classroom	Yes	Yes

			All: e-learning		
J		Yes	Some employees: classroom All: e-learning	Yes	Yes
K	Culture Dilemma discussions Focus in tone at the top	Yes	Top management: sessions All: e-learning	Yes	
L	Decisions include compliance Managers open for discussion with employees	Yes	Most employees: classroom All: e-learning	Yes	No
M	Focus on discussion arenas Managers open for discussion with employees	Yes	New employees: classroom Some: classroom All: e-learning	Yes	Yes

Table 13 cont.

Company	Frequency of refreshers	Division giving the training	Uses dilemmas in training	Basis for dilemmas	Risk based training
A	Every 2 years	Compliance Officer, HR	Yes		Yes, little per today
B			Yes	Customers Internal cases Mergers	No
C			Yes	Internal cases Peers	Yes
D			Yes	Internal cases	Yes
E	No refreshers	Compliance Office, HR	Yes	Internal cases Developed by Compliance Officer	Yes
F	Every 1,5 years Rotating modules	Compliance Officer, HR	Yes	Internal cases	Yes Little per today
G	Annually	Compliance Officer	Yes	Consultants Internal cases Developed by Compliance Officer	Yes, not structured
H	Annually		Yes	The UN Developed by Compliance Officer Board validation	No
I	Decided by management		Yes		No

J	Annually		Yes	Internal cases Peers	Yes
K			Yes		Yes, from 2015
L	Annually Rotating modules	Compliance Office, HR	Yes	Internal cases Peers	Yes
M	Every 2,5-3 years Risk dependent	Compliance Office	Yes	Internal cases	Yes

Encouraging openness to enhance communication

Most companies pursue a state of openness around the topic of anti-corruption to enhance communication, and some of the Compliance Officers mentioned specific measures that the companies take to encourage openness (Table 13). Employee appraisals, workshops and dilemma discussions are used to facilitate sharing of information and values between the managers and the employees. Through these, cultural barriers for successful communication may be uncovered (Company D), furthermore the discussion of compliance dilemmas is encouraged, which may subsequently generate increased openness between employees. Company E and Company L saw positive effects of introducing routines for discussing compliance in relation to improvements or decisions. Another way for managers and the Compliance Officers to create openness around the topic of corruption, and gaining a better understanding on improvement areas related to this is through the conduction of training.

Training

In terms of deploying the anti-corruption programmes systematically and effectively throughout the organisation, training is the most widely adopted tool (Table 13). Here, employees are given relevant information about company, and country-specific policies, applicable legislation, reporting mechanisms and the Compliance Office(r).

The most common forms of training on anti-corruption are e-learning courses, classroom training, workshops or a combination of these. In most companies, all new employees go through introductory face-to-face training that touch on issues concerning anti-corruption. Other employees are usually trained as part of a regular training or refresher, or when a new module is introduced (Table 13). The Compliance Officer or the HR department conducts the classroom training. In Company L, such training is only conducted if an employee from the Compliance Office is present, and in Company M the Compliance Officer conducts all the face-to-face training. In Company E and Company F the Compliance Officer only conducts such training of employees in management positions or who are exposed to high risk. These differences in resource spending seem to correlate with the amount of resources available to the compliance department.

In 11 companies, parts of the training are mandatory, while it is optional in Company G and Company D (Table 13). During one or more e-learning modules, seven of the companies require employees to respond correctly to a set of questions to complete the course. The other companies either do not test employees during training, or did not provide information about this in the interview (Table 13). The frequency and consistency of the training varies greatly; some firms conduct training once every year, others when the Compliance Officer finds it necessary. E-learning courses are usually conducted more frequently than the classroom ones due to resource constraints (Table 13). Managers in Company G go through refreshers annually, while the employees tend to take the refreshing modules less frequently because these are not mandatory.

A central part of the training on anti-corruption for all the companies revolves around dilemma training, where the employees are presented with hypothetical situations in which ethical behaviour is challenged (Table 13). These thought situations are often inspired by, or a direct recount of a real life experience generated based on e.g. internal case or the Compliance Officer’s personal experiences, or are developed by externals such as consultants and international organisations (Table 13).

4.2.7 Easing the detection of misconduct

Having an anti-corruption programme in place is first and foremost rooted in a wish to minimize the existence of corrupt practices within the organisation. With the possible costs of engaging in corruption in mind, the studied companies saw the monitoring and detection of misconduct as crucial. As the Compliance Officer in Company C put it: ‘we may talk about our good intentions and what we do as much as we’d like, but if Økokrim knocks on the door, it is of limited value unless we actually do it’. Table 14 shows some of the findings extracted from the Compliance Officer interviews related to monitoring and review, reporting channels and risk assessments

Table 14: Monitoring and review, reporting channels and risk assessment

Company	Monitoring and review mechanisms	Reporting channel(s)	About the channel(s)
A	<ul style="list-style-type: none"> No. of conducted trainings Self-assessment 	Whistle-blowing channel Ethics help line	External party: no Externals: Internet Internals: intranet Not transparent process
B	<ul style="list-style-type: none"> External audit No. of conducted trainings UN Global Compact reporting (GRI) 	Whistle-blowing channel Help line	External party: yes
C	<ul style="list-style-type: none"> Monitoring of facilitation payments Business area compliance reporting Reported concerns (frequency and type) 	Alert line Various lines functioning as help lines	External party: yes Somewhat transparent process

D	<ul style="list-style-type: none"> • Business review reporting • CSR reporting • Employee appraisals • No. of conducted trainings • Workshops in local departments 	Whistle-blowing channel	External party: no Not transparent process Open for guidance requests Correlation with information level
E	<ul style="list-style-type: none"> • Audit on implementation (last in 2013) • Business area reporting • Employee appraisals on ethics/compliance • No. of agents signing Code • No. of conducted trainings • Sample audits 	Alert line Help line	External party: in USA and Canada Externals: Internet Internals: intranet Somewhat transparent process
F	<ul style="list-style-type: none"> • Audits on the bribes in supply chain • External audits • No. of conducted trainings • People survey • Survey of procurement responsible • Sample audits 	Whistle-blowing channel Help line	Externals: Internet Internals: intranet Transparent process
G	<ul style="list-style-type: none"> • Audit • Employee survey • No. of conducted trainings • Sample audits (semi-annually) • Variance Reporting 	Help line/whistle-blowing channel	Internals and externals: e-mail address Transparent process
H	<ul style="list-style-type: none"> • Internal controls (large projects) • No. of conducted trainings • Reported concerns (frequency and type) • Sample audits • Signing of Code of Conduct 	Integrity reporting Ethics line	Externals: e-mail address Internals: intranet
I	<ul style="list-style-type: none"> • CSR reporting • Internal Audit • No. of conducted trainings • Signing of Code of Conduct 	Whistle-blowing channel	Internals and externals: e-mail address No helpline Transparent process
J	<ul style="list-style-type: none"> • Internal audit • No. of conducted trainings • Topic reporting: integrity, facilitation payment, charity and promotions • Sample audits 	Hotline	External party: yes Transparent process
K	<ul style="list-style-type: none"> • Conducted dilemma discussions • Employee survey • How corruption is avoided – report • No. of conducted trainings • Reported concerns (frequency and type) • Sample audits 	Whistle-blowing channel Help line	Externals: Internet Internals: intranet Transparent process
L	<ul style="list-style-type: none"> • External audit of all processes • No. of conducted trainings 	Whistle-blowing channel	Ethics webpage with Q&As External party: yes

	<ul style="list-style-type: none"> • Signing of Code (annually) • Documenting programme efficiency 	Help line	Not transparent process
M	<ul style="list-style-type: none"> • Ethics survey (annually) • Monitoring of facilitation payments • No. of conducted trainings • Reported concerns (frequency and type) • Risk assessment (updated quarterly) 	Hotline Help line	Cases are ranked as A, B or C priority Externals: Internet Internals: intranet

Company	Information about channel(s)	Handling concerns	Anonymity	Number of cases	Relevance of cases	Suggested reasons for few cases	Risk assessments, IDD _s	Basis for risk assessment	Use of risk assessment
A	Code Internet Intranet Posters Training	Compliance Officer Departments	Yes	>100 cases, increasing	> 20% on corruption /fraud No policy on scope	<ul style="list-style-type: none"> Lack of competence Management attitudes No experience with effective response No more dilemmas Low transparency of process 	Yes, IDD	CPI Company data Dow Jones Type of industry	Annual business plan Project screening SWOT analysis
B	Training	Board audit committee Ombudsman	Yes		Most sent back to HR/line	<ul style="list-style-type: none"> Lack of competence 	Yes	CPI Internal values	Corporate Integrity Profile Project screening
C	Code Internet Intranet Posters Training	Internal audit	Yes	Few cases compared to best practice	"A lot of noise"	<ul style="list-style-type: none"> Fear of consequences Lack of competence No experience with effective response 	Yes	CPI Frequency of reported concerns Internal tool	Adapted training Business plan
D	Intranet Policy Training	Compliance Officer Internal audit Departments	No	Very few cases		<ul style="list-style-type: none"> Alternative means for reporting Fear of consequences 	Yes, IDD	CPI Subjective internal assessment	Adapted training CSR report Business review
E	Governing document Training	Compliance Officers Ethics Council Ombudsman Departments	Yes, if asking	Few cases, <10 per year	Mostly relevant HR cases	<ul style="list-style-type: none"> Culture Decentralised company Fear of consequences No experience with effective response 	Yes, IDD	Subjective internal assessment	Adapted training Annual Compliance Risk Assessment CSR report
F	Training People survey	Board Compliance Office HR Investigation team Departments	Yes	Few cases, <15 per year	Many irrelevant cases	<ul style="list-style-type: none"> Alternative means for reporting Culture Fear of consequences No experienced with effective response 	Yes, IDD	CPI Subjective internal assessment Type of activity	Annual Risk Review Audit targets Trend analysis
G	Training	Compliance Officer Ethics Committee		Few cases	Personnel cases and guidance requests	<ul style="list-style-type: none"> Culture Fear of consequences Lack of competence No experience with effective response Correlated with knowledge of Compliance Officer 	Yes, IDD	CPI Dow Jones Internal document Project size and length Reputation risk	Adaption of training Audit targets Project screening

Table 14 cont.

Company	Information about channel(s)	Handling concerns	Anonymity	Number of cases	Relevance of cases	Suggested reasons for few cases	Risk assessments, IDs	Basis for risk assessment	Use of risk assessment
H	Training	Compliance Officer Integrity council	Yes, if asking	No relevant cases so far	Many personnel cases		Yes, IDD	CPI FATF (OECD)	Gap analysis
I	Posters Training	Group Auditor Departments		Very few cases		<ul style="list-style-type: none"> • Culture • Decentralised company • Fear of consequences 	Yes, IDD	CPI Financial risk Supplier score Type of industry/product	Choice of compliance activities
J	Governing documents Training	Compliance & ethics board Compliance Office Departments	Yes	Few cases	Many HR cases	<ul style="list-style-type: none"> • Alternative means for reporting • Culture • Fear of consequences • No correlation with training 	Yes, IDD	CPI Project length No. of agents Public official interaction Reputation risk Type of activity	Adaption of training Project screening
K	Internal magazine and mails Intranet Training	Compliance Officer Internal audit Departments	Yes	Few cases	Low relevance HR cases	<ul style="list-style-type: none"> • Alternative means for reporting • Culture • Fear of consequences • No experience with effective response 	Yes, IDD	CPI Data from field studies	Adaption of training Benchmarking Gap analysis Management discussions Prevention plans Procurement decisions
L	Code Internal screens (campaign) Training	Compliance Office Helping committee Departments	Yes	Few cases in both channels	More questions than cases	<ul style="list-style-type: none"> • Fear of consequences 	Yes, IDD	CPI Previous experience Procedure for IDD	Adaption of training Benchmarking Choice of compliance activities
M	Country specific ways Ethics handbook Internet Posters Training	Compliance Office	Yes	30% of total through hotline - satisfactory compared to benchmark partners.	60-70 % people matters and guidance requests, some relevant, e.g. case on board member 2,5 years ago	<ul style="list-style-type: none"> • Culture • Fear of consequences • Management attitudes • No experience with effective response 	Yes, IDD	CPI Frequency of reported concerns International guidelines Risk scorecard No. of agents Reputation risk Type of activity	Action plan Adaption of training Choice of compliance activities Project screening Risk assessment

Table 14 cont.

Monitoring and review

Monitoring and review are commonly used mechanisms for gathering information about the implementation process so as to map out the status quo of the company's internal affairs and examine how well the system is performing, i.e. the extent and effectiveness of implementation. As seen in Table 14, the studied companies employ numerous mechanisms for monitoring and reviewing the status quo. None of the companies however, have established ways of measuring the effectiveness of mechanisms that are supposed to improve openness or improve company culture.

The general trend amongst the studied companies is that much of the responsibility of implementing the anti-corruption programme lies with the line managers. Decisions regarding where the Compliance Officer travels may also be determined by the desires put forward by local managers, or is done on a sample basis e.g. according to perceived risk (Company K). Nonetheless, the function of the Compliance Officer inherently ensures monitoring to some extent as information about the actual conditions at the operational level is gathered when he/she conduct training at various geographical locations (Company G, Company L and Company M).

Information is often systematically and formally gathered through risk assessments and various 'pull' reporting procedures on given topics. Furthermore, information that contributes to the overall understanding of the system's implementation may also be collected in a more ad hoc manner from 'push' reporting of concerns through the company's reporting structure, in the form of a help line, hotline or whistle-blowing channel.

'Pull' reporting

Reporting from the line managers to the corporate unit accounts for large parts of the information gathered about the realities of operations. The Compliance Office(r) has a direct line of communication for this type of information, e.g. through regular reporting to top management, Board Audit Committees or Ethics Committees (Company F, Company L and Company M). Thorough reporting on the whole organisation is often done as part of the annual business review or people survey, through employee appraisals or as part of a gap analysis based on self-assessments. The topics to be reported on are decided by the company itself, or by an external auditor making the term *pull reporting* suitable. Typical elements to be reported on are:

- Employees and agents who have read and signed the code of conduct
- Employees who have gone through certain training modules on ethics and anti-corruption
- Corporate Social Responsibility
- Occurrences of facilitation payments
- The number of concerns reported through the reporting channel
- The employees' knowledge of e.g. corporate values and reporting channels (surveys)

In employee surveys and appraisals, the focus often revolves around a given list of questions, making it difficult to ensure that all relevant information is gathered. Thus, depending on the survey questions or the line manager's skills, the quality of answers given may vary from mere ticking-of-boxes responses to honest outlines of the status quo (Company J). Audits and the Compliance Officer's subjective evaluations may therefore be important for ensuring that the final understanding of the corporate unit matches the actual state of affairs at the operational level. At present, few of the companies have structured procedures for the details and scope of pull reporting, and the evaluation of the results. In some companies, such as Company H, Company K and Company A, the Compliance Officer evaluates the incoming results based on common sense and personal experiences. This has at times led to the uncovering of misrepresentative reporting due to e.g. cultural differences and misconceptions of what the reporting aims to do.

'Push' reporting

The reporting channel is given high priority and various forms of such report structures are implemented within all of the studied companies, as required by Norwegian law; all Norwegian companies must make available a channel for reporting of misconduct that lies outside the regular lines of communications and that may even bypass the CEO (typically through the immediate supervisor). For serious matters, such as violations of the law, most of the companies have procedures for reporting these directly to the board or external parties (Company F). Typical denominations of the report channel are hotline, whistle-blowing channel and alert line (Table 14). All companies, except Company I and Company J, have introduced a complementary or substituting ethics help line where employees may receive counselling in their specific situations or dilemmas in a less deterrent manner. For the companies having such an additional channel for guidance requests, the terms integrity reporting, help line or ethics helpline are used (Table 14).

Most of the studied companies have made a reporting mechanism available for both internal and external actors, on the intranet and Internet respectively (Table 14). The complexity of these varies greatly; some have outsourced the practicalities of the channels to an external party that provides translation services, 24/7 availability, and accepts both written or verbal input (Company C, Company J, Company L, Company M, Company B), some make use of an email address (Company G, Company H, Company I), while the rest have implemented a structure lying somewhere in between the a forth mentioned ones (Company A, Company D, Company E, Company F, Company K). Employees are given information about the channel(s) in various ways in the different companies, e.g. through the intranet, when signing the code of conduct as this contains a section on reporting duties, through classroom training or e-learning, via posters at the various geographical locations, in internal magazines, ethics handbooks, e-mails, or at the publicly available company webpage (Table 14). Information is also given and checked during dilemma discussions, employee appraisals and surveys.

The reported concerns are received and handled by corporate level employees or dedicated units within the company. In most of the firms, the Compliance Office(r) receives the concerns. However, in Company C, Company F, Company I and Company K the internal audit function conducts the initial screening of reports, and potentially handles them. Across the companies, concerns of a serious or unusual nature are, if considered necessary, discussed by a composition of the Compliance Officer, internal Ombudsman, CEO, Ethics Council, group auditor, legal department, Board Audit Committee, the board, Helping Committee and the HR department (Table 14).

All the companies stress the importance of trying to solve the cases in the line. Nonetheless, a few of the companies make line managers report on the number and type of cases. This enables the corporate unit to perform quality checks and to monitor and evaluate the decisions made on how to handle the incoming concerns. In the studied companies there are differing procedures concerning how to handle the incoming reports. Generally, the Compliance Officer or line manager evaluates them according to set routines before they are discussed in a dedicated group such as an ethics counsel/committee. For very serious matters, the cases are in some companies brought directly to the board or the corporate audit function. Some of the interviewees gave an account on how the company evaluates serious or complex cases:

- In Company H, the Integrity Council that consists of the Compliance Officer, CFO, CHR and management system manager performs the quality checks
- In Company E, an Ethics Council meets twice a year to evaluate responses and compliance activities.
- The Compliance Officer of Company K has the responsibility of evaluating responses and to involve the group audit committee if changes should be made

To remain anonymous is in most cases an option for the employee wishing to bring up a concern (Table 14). The external channels ensure full anonymity, and employees may create e-mail addresses dedicated to reporting internally. Depending on the nature of the issue, e.g. if only a few people are involved in a specific case, the employee may be identifiable nonetheless (Company C). A problem with anonymity, as identified by several of the companies is the loss of a direct line of communication with the whistle-blower, making it difficult to ensure sufficient evidence for investigating the concern. The level of transparency of the process following the reporting of a concern varies greatly between the companies (Table 14); in some, the process is publically available, while it in others is not available to employees (Company A, Company D and Company K). Depending on the degree of anonymity and type of channel, the whistle-blower may know the outcome of the report. For example, in Company L the reporter is given a PIN-code to a web page where the outcome is published.

A general challenge for all the companies is that a high level of the reported cases are concerned with conflicts of interest, personnel matters and other issues which have to be sent back to the line to be handled, or to other parts of the organisation such as HR (Table 14). In Company A, irrelevant cases make up more than 80% of the total number of reports, in Company M the corresponding fraction is 70%. The Compliance Officer of Company H, could at times spend more time talking employees from reporting a concern than dealing with relevant cases. Issued tied to this, as highlighted by the interviewees, are a strain on already scarce resources, a lack of insight into the actual number of relevant cases, and a dilemma on how to change this trend without deterring employees from using the channel. As concluded by the Compliance Officer of Company G: ‘the channel must be meshed enough to capture concerns, while simultaneously being granular enough to avoid straining resources’.

In parallel to the issue with few relevant cases, nine of the companies express a concern related to the low number of concerns reported in total (Table 14). The number of reported cases varies significantly amongst the companies with Company M having 60-70 cases a year in 2013 and 2014, compared to Company E’s 5-10 in the same period. As compared to best practices and available industry benchmarks, the effect of the channel(s) for enhancing the detection of misconduct is thus questioned. However, the ‘right’ number of cases seems to be highly dependant on company-specific factors, which makes it difficult to determine an appropriate benchmark or goal. Another main challenge is the practice of solving issues in the line instead of bringing them to the Compliance Office(r) and reporting on them. Only one of the companies (Company M) was satisfied with the number of incoming cases, and none of the officers thought that the current number of reported concerns was representative for the real number of cases occurring in practice. Some of the suggested reasons for the low number of reported cases are (Table 14):

- Culture for handling issues locally, not telling on colleagues, or for resisting change
- Fear of consequences for job security or the social environment at the workplace, rooted in a scepticism of anonymity being preserved
- Lack of competence in terms of knowledge of how to report, or which cases to report
- Alternative means for reporting, such as direct communication with the Compliance Officer
- No trust in the value of reporting because the employee has not experienced effective responses previously, or know of colleagues with a bad experience

Several of the studied companies see positive correlations between the number of reported cases and training, due to the increase in competency and knowledge of how who the Compliance Officer is (Company A, Company H, Company G). The interviewee in Company M saw a correlation with the general implementation of the anti-corruption programme, while Company L experiences increases in reports when faced with irregularities and internal or external changes. Both companies see an increase in the use of the help line for guidance rather than reported

cases. Company J experience no direct correlation with training, but highlights a challenge of how the knowledge of the Compliance Officer results in an increase in the number of personal calls, rather than an enhanced use of the channel. For their part, Company B experienced that when the corporate compliance unit responded to cases concerning working conditions, they saw a rapid increase in the number of reports on similar cases. This was because the employees in the affected division saw a beneficial effect of using the whistle-blowing channel for solving everyday issues. Even though the studied companies express a wish to increase the number of reported cases, the constraints on resources makes it essential to solve most of the issues at the operational level. To avoid the unnecessary strain on corporate resources, Company E have chosen not publish information about the reporting channel on their intranet because they want the cases to be solved locally.

Audits

In parallel to the monitoring processes, audits are performed by the companies' audit functions and/or by external auditors, with results being directly reported on to the CEO and the board. Audits are additional elements that are applied to ease the detection of misconduct (Table 14). The focus of the audit function is to some extent based on the results of the monitoring activities, so that areas of the company that are particularly exposed to risk are assessed more frequently or in greater depth. For issues that are highly sensitive and potentially costly for the companies, such as corruption, the studied companies generally strive to ensure that misconduct is detected through internal, rather than external audits. Due to resource constraints, several of the companies make audit samples internally instead of performing in depth audits of the whole company. Some conduct these audits on demand from the departments, while others have stricter routines or base the decision of where to monitor on risk assessments.

Risk assessments

As part of the monitoring process, all companies perform risk assessments (Table 14). In most companies, the responsibility for conducting assessments lies with the line manager, while the corporate unit provides guidelines and support. Exceptions are Company A and Company J where the assessments are conducted by the legal department, Company K where consultants are used, and Company L where the corporate unit conducts the assessments, if the cases are of high risk.

A common starting point for the assessment of country risk that is used by all of the studied companies is Transparency International's CPI. Beyond that, company specific data is used, generated through e.g. yearly internal workshops on risk, previous experiences, in depth interviews of employees, and subjective assessments (Company A, Company B, Company E, Company F, Company L, Company D). Other elements used for risk assessments are the Dow Jones Risk & Compliance Portal, internally developed tools, frequency and type of reported cases through the reporting channel, potential effect of corruption scandals on company

reputation, and elements such as type of industry, activities, and type of employees engaged in the assessed projects or business areas (Table 14). All of the companies, except Company A and Company B, explicitly mentioned the use of Integrity Due Diligence (IDD) as an important type of risk assessment - a recent addition to the monitoring practices of several of the companies (Table 14). It is defined as an analysis of external actors such as partners, agents, or suppliers that is performed by the local departments, at times in co-operation with the Compliance Officer.

The risk assessments are mainly used for screening which projects or countries to get involved in, developing action plans, conducting gap analyses, CSR or integrity reports, for distributing resources to compliance activities, and for tailoring training. Eight companies give employees additional or adapted training based on a risk assessments (Table 14). This may include employees particularly exposed to supply of corruption, due to their geographical location, industry involvement, or role (e.g. procurement or sales), or agents, partners and suppliers with weaker ties to the organisation than regular employees. Company A and Company F only tailor training based on the level of interaction with public officials and position in the company. In addition to the elements included in regular training programmes, risk based training may contain country- or industry specific facts, dilemmas of particular importance, and information about local legislation.

The degree of impact of the risk assessment varies greatly amongst the studied companies; some base most of their anti-corruption work on the assessment's results and have the CEO approve decisions in high-risk areas, while others do not consider risk at all when e.g. distributing resources. In Company M, the former approach is taken, and the Compliance Officer claims that 'everything is based on risk'. Company K and Company L include the risk assessments in the basis for benchmarking against peers and companies exposed to similar risk. For most of the companies, risk-based distribution of resources, and more systematic use of the results from risk assessments are one of the main future focus areas for fighting corruption internally.

4.2.8 Directing organisations to respond appropriately to misconduct and continuously improve

Beyond the use of risk assessment to create plans and prioritise compliance activities, few of the companies have good routines in place for improving the anti-corruption programme and its implementation. As show in in Table 15, some of the companies have a feedback mechanism in place when conducting training, while for most companies this is a future focus.

Table 15: Feedback and improvement areas

Company	Feedback from training	Future focus areas
A	Classroom	Local ownership Risk based training Training Whistle-blowing channel
B	No	Influence on external environment Training
C		Competency of business areas abroad Continuous improvement Incentives Responsibility of line managers Whistle-blowing channel
D	Classroom	Risk based implementation Better routines for monitoring and reporting
E	No	Routines for use of results from training and assessment of ethics and compliance in employee appraisals
F	Classroom	Partners and suppliers
G	E-learning	Evaluation of cultural differences and adjusted policies applied to various parts of the organisation Establish international unit responsible for local reporting Gap analysis (by external party)
H	E-learning	
I	E-learning	Local adaptation
J	E-learning	Increase awareness
K		Risk based distribution of resources and compliance staff Overview of status at local level and improved information flow Improved quality of risk assessment and IDD Incentives
L	Classroom E-learning	Overview of all concerns reported at various levels/channels
M	Classroom E-learning	Drive beyond laws Compliance part of every employee's job, small compliance department

Training is the area in which most companies have some form of continuous improvement practice in place, by for instance adapting the cases to enhance dilemma quality or to get an impression of the status quo at the operational level (Company L). After or during training, several of the companies have mechanisms for gathering feedback from the employees (Table 15). Five of the companies gather such feedback in the form of verbal comments or a survey

during the classroom training. The personal observations of the Compliance Officer may also result in improvements and alterations.

Six companies gather and use the comments given to the e-learning course. Company L and Company M make use of data from the training process more systematically by tracking employee performance and studying the data generated when conducting e-learning more in-depth. In Company M, questions asked during classroom training may lead to investigations that further uncover improvement areas. Company A also gather information systematically from their external environment to be included in the gap analysis so as to stay on par with global developments. A general trend is the lack of procedures for utilising the available information stored after e-learning. Company D, on their hand conducts workshops in the local departments to gain an impression of the current standard, but, as with the rest of the companies, the generated information is not utilised in a structured way.

Being part of the Compliance Officer Network is said to be the most notable mechanism ensuring that the companies learn and are updated on general trends in the external environment. Some of the companies also use consultants, which to some extent introduce updated information of best practices.

'Negative' incentives

As previously outlined, the responsibility for evaluating occurrences of misconduct may lie with the Compliance Officer, a compliance committee, or the board, depending on the channel through which it is detected. In most of the companies the cases are evaluated as they surface. Some have more structured responses and procedures for taking disciplinary actions. Typical negative incentives are the loss of employment, bonus and promotion. However, Company H saw the systematic use of punishment as problematic because a 'culture of consequences' could result in reluctance amongst employees to speak openly about issues such as corruption and to challenge their leaders. Negative incentives seem to be the most prevalent mechanism for directing ethical behaviour.

Future Focus

The Compliance Officers expressed numerous improvement areas to be focused on in the future, however few identified concrete plans for how to get there (Table 15). Some of these areas highlighted during the interviews are:

- More local ownership and adaptation to improve competence locally (Company A, Company I, Company C, Company G, Company J, Company M)
- Reporting channels with more transparent processes, and restrictions to the scope of cases that are handled by the compliance unit (Company A, Company C)
- More risk based training (Company A), implementation (Company D), and resource distribution (Company K)

- More standardized training with better procedures for deciding who is conducting the training (Company A), with the use of more relevant cases used for dilemma training, and it being made mandatory (Company B)
- Better routines for gathering information from employees (e.g. through training) that is used to improve the anti-corruption programme and implementation process (Company C, Company E, Company D)
- Increased insight into the status quo at the operational level and better reporting routines to the corporate unit (Company K, Company L)
- Expanded scope of monitoring activities to include partners, agents and suppliers (Company F, Company K)
- Better use of incentives, both positive and negative (Company C, Company K)
- Move beyond what is strictly required (Company M, Company B)

4.3 Factors affecting the efficiency of implementation and factor ranking

A part of the empirical findings from the in-depth interviews were related to the question of what the interviewees' considered to be the most important factors for ensuring efficient implementation of anti-corruption frameworks. Based on their responses we devised a list containing 12 factors, including 'Other' as an option to add an additional factor, which we asked the respondents to rank according to their perceived effectiveness. The factors were ranked according to how they should be prioritised on a scale from 1 to 12, 1 being the most important. Figure 10 presents the factors and the results from the ranking:

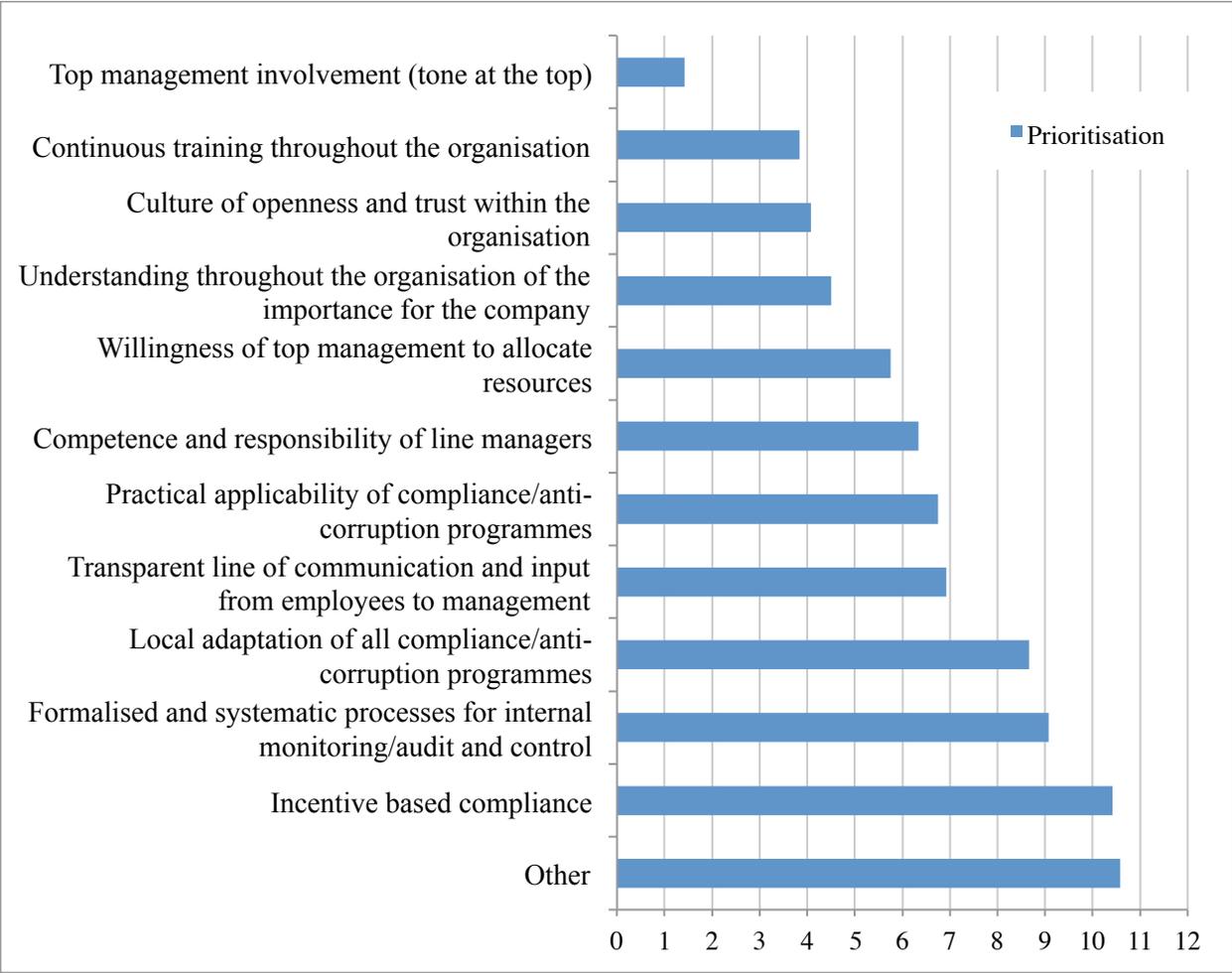


Figure 10: Ranking of factor importance

Out of the 12 respondents, two chose the option ‘Other’. Their responses were as follows: ‘Risk assessment and understanding to use resources efficient and to ensure that policies and procedures are addressing the highest risks at all time’ (Ranked 2nd, Company L) and ‘Anti-corruption incorporated in the recruiting process, with integrity and ethics as part of the reference check’ (Ranked 5th, Company G).

As the respondents were asked to provide a response based on their own experiences, this may be further evidence to the influential role a Compliance Officer currently exhibits as they are, as previously mentioned, often very instrumental in designing the anti-corruption programmes. Understanding how they view the different elements may therefore be of great value as it may shed some much needed light on the internal logic of certain programmes. By understanding this logic one can in turn hope to be able to extract wider meaning as to how this impacts the efficiency and success of implementation and compliance.

Firstly, with regards to the findings, it is interesting to note that none of the factors had a unanimous score, which arguably highlights the subjectivity of the issue. Nonetheless, from the results there are four factors that arguably stand out; *tone at the top* (1.42), *continuous training* (3.83), *culture of openness and trust* (4.08), and *understanding of the importance of corruption* (4.50). Furthermore, several of these factors will present a challenge in the sense that they are not easily quantifiable, nor necessarily easy to identify.

The least important factors are thought to be *formalised process for monitoring and control* (9.08) and *incentivised compliance* (10.42). This is to some extent surprising when taking into consideration the number of Compliance Officers with a background from internal audit departments. It is also in contrast to the most favoured factors, in the sense that both of these may be somewhat easier to systematize and control, and would also present themselves as parameters of a more quantifiable nature. The Compliance Officer in Company M expressed the view that compliance debate needed to become more preoccupied with the technical aspects of the concept. It was argued that there was little need to engage in activities in a manner that did not allow for data to be collected and used to monitor future progress. This officer's ranking of factors, however, did not sway from the general line of respondents, and as so it may highlight that even those in favour of a quantifiable and systematic approach to compliance place greatest importance on securing top managements' involvement.

Moreover, another key finding is the respondents' view on the *competence and responsibilities of line managers* (ranked 6th). This finding is of interest because of how it ties in with the overall structure of many of the compliance programmes in which the responsibilities of many day-to-day handlings are placed in the care of line managers. To some extent, this finding contradicts the interviewees' opinion that they are uncertain with regards to the level of competence of their staff and line managers. Only one of the companies (Company A) had initiated a company-wide self-assessment in order to map the internal competence and awareness level of the company. As demonstrated above, the majority of the other respondents said they lacked an appropriate understanding of what the actual level of knowledge was on the issue within the company. Furthermore, several highlighted this as one of the key benefits of Compliance Officers participating in face-to-face training, as they gained a better understanding of their staff's competence, or lack there of.

This then ties in with the issue of *practical applicability* (6.75) and *local adaptation* (8.67) of the anti-corruption programmes. Again, linked to the concept of lack of homogenous cultures in many of the countries where these companies operate, one might have expected these factors to be ranked differently. As experts advocate for programmes to demonstrate a clear and strong practical value for employees, while they at the same time criticise the Norwegian business community for failing to adequately understand the practical value themselves, these findings are rather interesting. This aspect will be discussed in greater detail in the subsequent chapter.

Moreover, it is to some extent surprising to see that the need for a *transparent line of communication and input from employees to management* scored relatively high (6.92), as many of the Compliance Officers identified this area to be one where they had a lack of knowledge and lacked an efficient system which allowed for gathering of employee feedback.

It is also worth noting that several of the respondents found the process of ranking the factors quite demanding, and expressed the view that one cannot identify some key factors - one needs to see the whole process in context and ensure that the different factors do not contradict one another.

4.4 Employee Survey

The employee survey outlined in chapter 3 got a total of 114 respondents from two of the participating companies (Table 6). This section presents the overall results from the total sample, and looks at how variables such as *holding a management position, being stationed abroad and the format of received training* affects the employees' perception of the company's anti-corruption efforts. The results are divided into two categories: general statements, and view of focus and resource spending. First, the general statement section deals with how the employees perceive a given list of statements regarding the company's anti-corruption programme, before the latter taps into how they view the focus and resource expenditure at three company levels: corporate, line managers and their own.

4.4.1 Total Sample

General statements

In general, most employees look upon the companies' anti-corruption efforts favourably, as can be seen in their tendency to either agree or strongly agree with the given statements (Figure 11). There are, however, some areas in which the employees seem to be in disagreement with regards to their perception of the companies' efforts. These issues are primarily tied to the transparency of the compliance function, which can be seen in the employees' lack of confidence in being able to identify the correct reporting channels and those in charge of the programme. They also lack an understanding of what corporate management does to warrant anti-corruption. This is an interesting observation as it highlights the inadequacy of corporate management to provide sufficient transparency and communicate their efforts to the employees. Moreover this is in contrast to the Compliance Officers' perception of top management being key to the successful implementation of the programme.

There are also a notably high number of respondents whom feel neutral towards the given statements, which may stem from an apathetic attitude or lack of knowledge regarding the programmes. The neutral responses are primarily tied up to statements asking employees to what

extent current procedures are adequate, or if they are well informed. These are in turn highly subjective responses, and as such the employees may feel that they are not necessarily competent to assess what *adequate* or *well informed* entails.

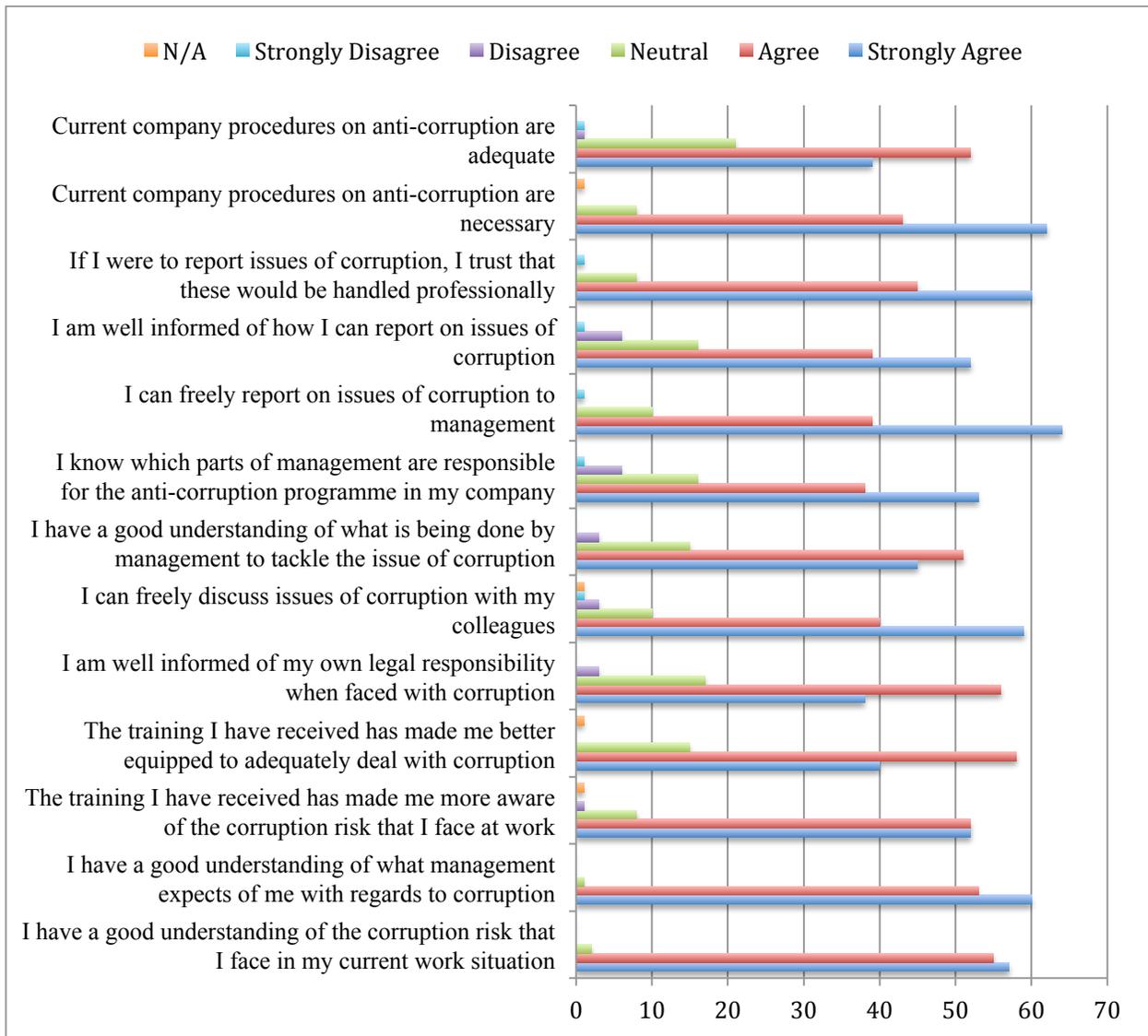


Figure 11: General statements, total sample

Resource spending and focus

With regards to the employees’ view on the companies’ resource spending and focus they are predominantly consistent in their positive outlook, as the majority of respondents find it appropriate (Figure 12). It is noteworthy that the level in which the employees find resource spending and focus to be insufficient is at the line manager level - the level with which the employees primarily interact. This finding should also be seen in light of the previous

discussions, which has highlighted the role of line managers as key with regards to implementation and daily interaction with the anti-corruption programme.

Moreover, corporate management focus is found to be somewhat excessive. Yet, as we saw previously, employees lack an understanding of what measures they actually take and as such may be less tolerant towards an increased resource expenditure, at least if it is not followed by a more explicit and transparent communication with regards to what these resources are being spent on.

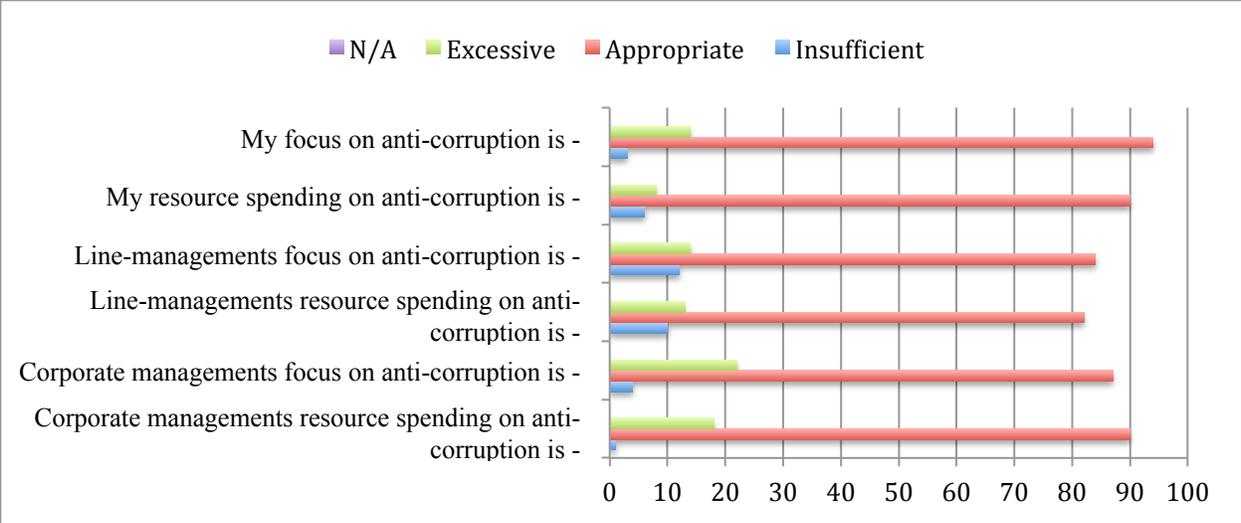


Figure 12: Focus and resource spending, total sample

4.4.1 Management or non-management position

General Statements

Managers tend to ‘strongly agree’ with the statements in comparison to employees not in a management position, whom tend to ‘agree’ (Figure 13). Non-management employees also seem to be more critical or remain neutral in comparison to management. This may tie into the previously mentioned explanation that these employees disagree, or remain neutral, due to a lack of insight into the company’s programme and as such feel more alien towards the anti-corruption programme. Furthermore it may be seen in junction with the fact that management tends to have a higher degree of face-to-face training (Appendix 4.2).

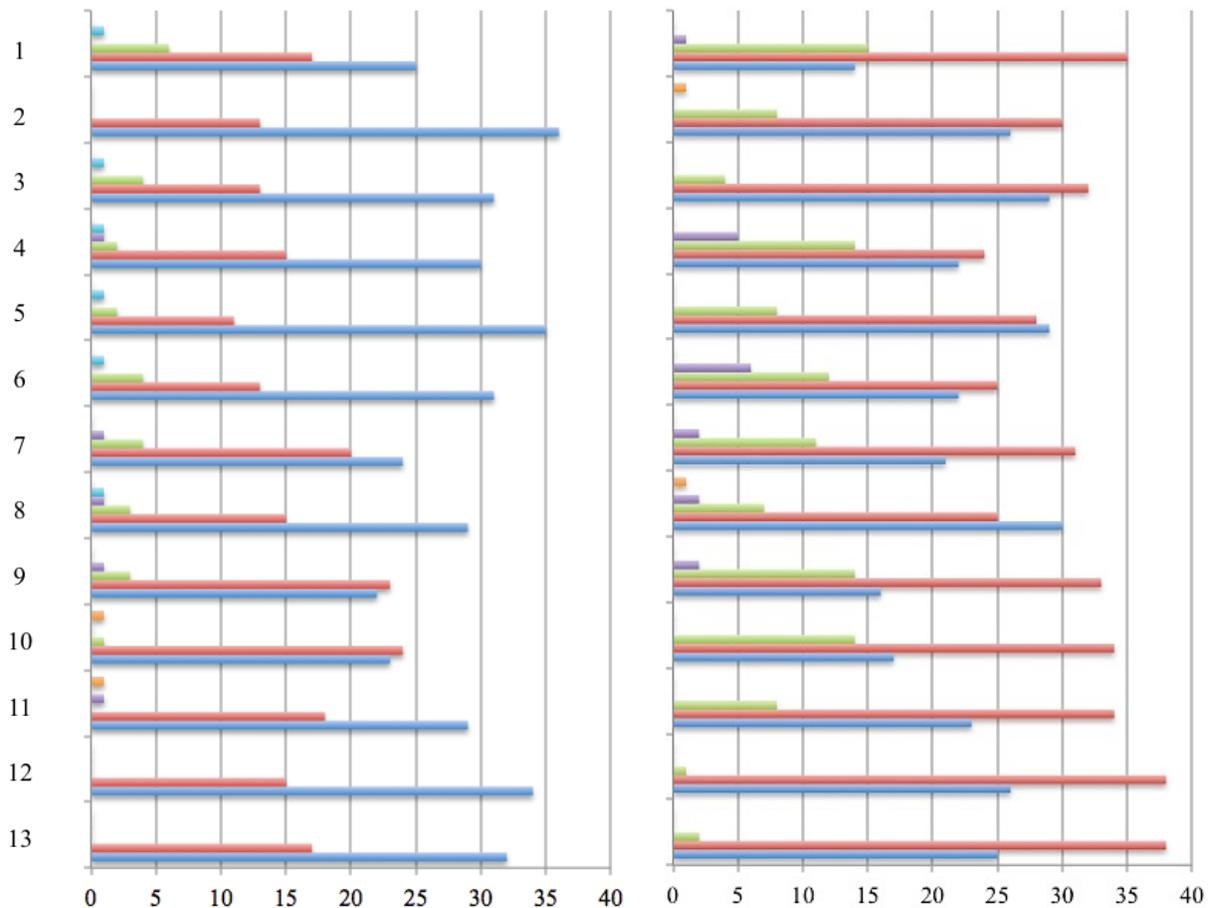


Figure 13: General statements, management position vs. non-management position

Resource spending and focus

As can be seen in Appendix 4.2-4-3, employees in management positions tend to view corporate resource expenditure as excessive. Corporate management is also the level in which other employees feel that resource expenditure and focus is excessive. Moreover, they still tend to view line managers’ focus as the main area that they deem insufficient, and as so are in concurrence with the previous findings from the total sample.

4.4.1 Stationed abroad or not

General Statements

Those whom have never been stationed abroad are more likely to ‘agree’ rather than ‘strongly agree’ (Figure 14). This is in comparison to those stationed abroad who seem to have a more favourable outlook of the company’s efforts. Those areas in which this trend deviates are with regards to training and general understanding, to which they are less positively inclined. Again, the main areas of disagreement are with regards to which parts of management are in charge of compliance, as well as a lack of oversight as to what is being done. This then tie into the employees’ concern that that they are less likely to be able to identify which channels or processes they should use if they need to report on corruption.

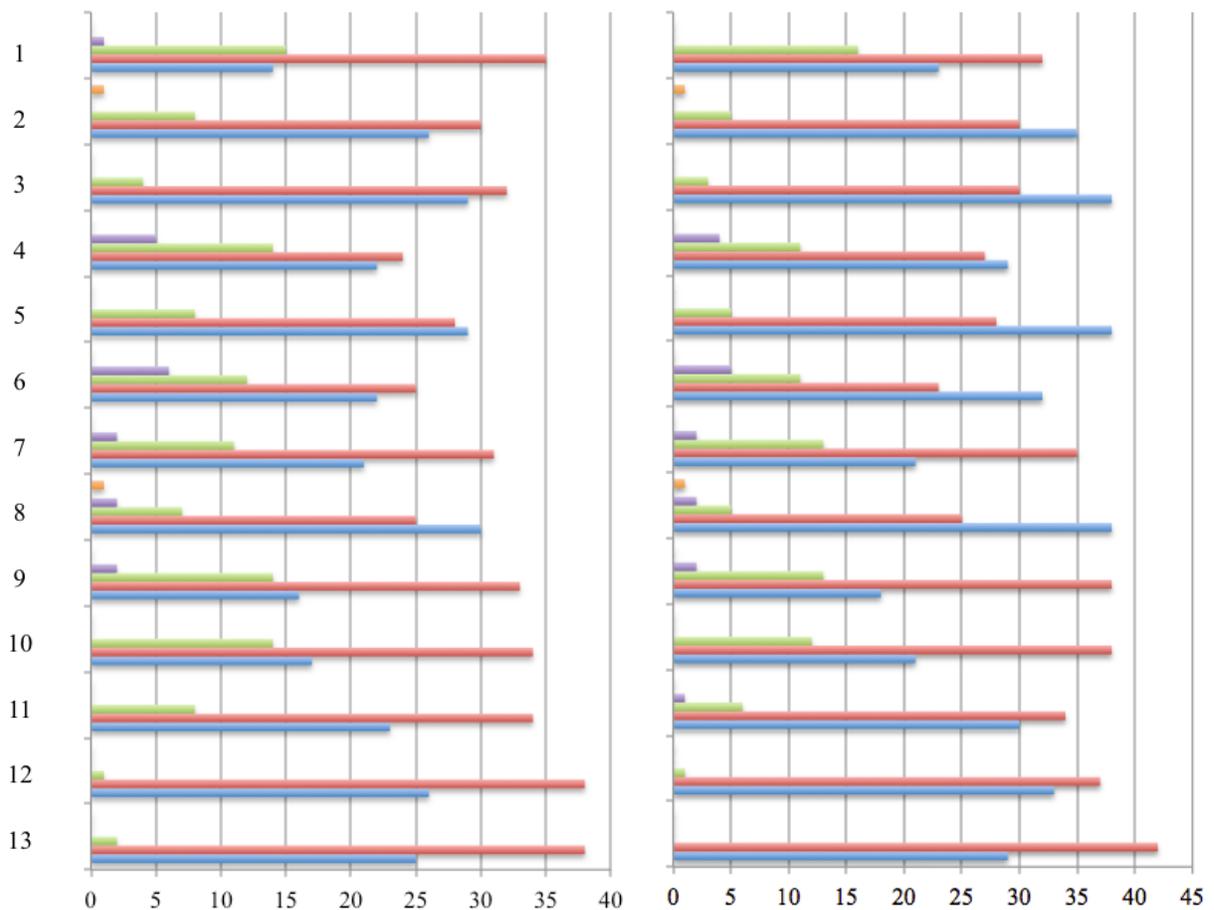


Figure 14: Responses to statements, never been stationed abroad vs. been stationed abroad

Resource spending and focus

Those whom have never been abroad are more likely to see focus and resource expenditure as excessive (Appendix 4.4-4.5). This may point to those whom are stationed abroad as having better knowledge of what is being done or seeing the practical value of the anti-corruption efforts. Again, it is the line managers’ role that is classified as insufficiently prioritised.

4.4.1 Training

General Statements

Those whom had received face-to-face training included those who had received classroom-, workshop or group based training. These were more inclined to ‘strongly agree’ with the given statements (1-9) whilst at the same time this was the only group that ‘disagreed’ or ‘strongly disagreed’ with any of the statements (Figure 15). This may support the previously mentioned theory that those who remain neutral do so due to the lack of knowledge or competence. There are few other obvious observations to be made, which may in turn be noteworthy in itself as the

difference between receiving face-to-face training vs. e-learning does not seem to be a key variable of what shapes the employees' perception.

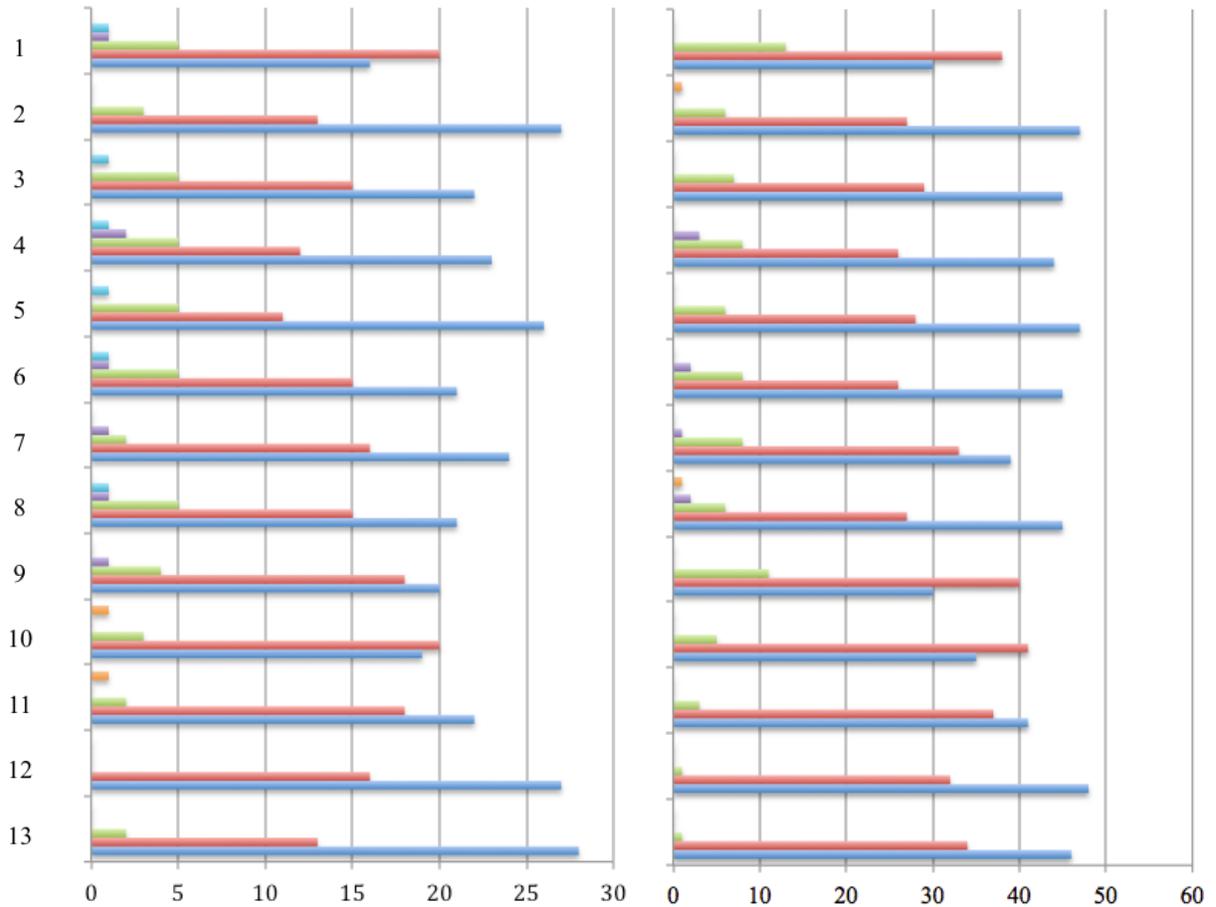


Figure 15: Responses to statements, have had some form of face-to-face training vs. only had web based training

Resource spending and focus

Those whom had received face-to-face training were more inclined to deem the focus as excessive, yet they still viewed the role of line managers as insufficient (Appendix 4.6-4.7). Nonetheless, those whom had only received online training saw expenditure and focus as insufficient and were less inclined to see it as excessive. As such, one may argue that those only receiving e-learning are left with a feeling of inadequacy with regards to the company's anti-corruption efforts and are less inclined to view the work favourably.

5 Discussion and recommendations

Based on the factor ranking, we identified nine topics that proved most relevant for the success of implementation. These will now be discussed in detail in relation to theory and findings, and recommendations for future improvement are presented within each topic. The topics are:

1. Company Culture
2. Tone at the Top
3. Resource allocation and distribution
4. Training
5. Communication
6. Closing the design-reality gap
7. Internal audit, monitoring and review
8. Employee competence and incentives
9. Risk based resource expenditure

5.1 Company Culture

From the factor ranking it is evident that all companies place an importance on the role of culture when discussing the efficiency of implementing anti-corruption programmes. Paired with the importance placed on the need for a strong and visible commitment from top management, their understanding seems to correlate quite nicely with the view of Morgan (1993). However, one of the main components to Morgan's theory is the need to build a programme that adequately addresses the duality of system processes and personal behaviours.

Most Compliance Officers were under the impression that, at least in Norway, the company culture was one of trust and openness. Employees generally prescribe to a strict moral code by their own accord, and as such they wish to do the morally or ethically right thing when faced with corruption. Wolders (2015) also agrees that one of the primary motives of Norwegian employees' behaviour is the wish to act in accordance with the law and socially accepted norms, whom all view corruption as wrong. The issue then may become one of educating the Norwegian staff on how they successfully identify corruption so that, when one secures freedom from excellence, employees will act in accordance with company code. This is key, as corruption may often take on various forms dependent on local norms and industries, and its prevalence may be contingent on local cultures.

As previously noted, for a company to behave ethically one needs to ensure that the employees behave ethically. This, however, may prove exceedingly difficult as most of the studied companies have operations in countries exhibiting a wide range of local sub-customs and sub-cultures. Trying to implement a company-wide programme may become increasingly difficult, as

the different locations are less likely to exhibit a close psychic distance throughout the organisation (Hostede, 1980). As one of the respondents from the employee-survey noted: 'in [country X], corruption is the most important issue. Sometimes we cannot refrain from engaging in bribery when doing business, but at least we try to decrease the customer rebate/customer entertainment [bribery]'. This quote underlines the difficulties faced when corruption becomes an issue of interpretation and moral relativism. As this employee shows, they have an understanding of what corruption is. However, they may not be sure as to where in the moral hierarchy they should place it, and as a result may chose to allow corrupt practices on account of securing profit.

Academics argue that a successful implementation process is conditional on the lack of friction between the system being implemented and the company culture. However, our research show that even as all respondents seem to agree on the positive outlook of Norwegian company cultures, none of them have made systematic attempts at verifying their assumptions. This in turn makes it hard to monitor any changes, or frictions between the current programmes and its implementation process. It also makes the discovery of such frictions more likely to be one of chance, which in turn increases the risk of omitting any potential negative influences or divergent cultures. Many Compliance Officers found it very useful to hold the training sessions themselves, as they were able to gain valuable insight as to where the programme needed further explanation or expansion. Nonetheless, again, this process mainly exhibited traits of ad-hoc interactions rather than systematic feedback from employees.

Company G highlighted the need for a pre-employment screening to include an assessment of the candidate's view of anti-corruption to ensure that their observations and understandings were in line with that of the company. However, Kaptein (2014) claim that such a pre-screening will prove less valuable as there is no evidence to support that such a process efficiently deter the existence of corruption. It then becomes more of an effort to implement a system that will make it easier to detect, or at least remove, incentives for deviation of employees' behaviours. Such mechanisms of 'checks-and-balance' will arguably make it easier to communicate to employees what type of behaviour is expected from them in the cases where sub-cultures diverge from that of Norway.

Another issue tied closely to that of culture is communication. In a homogenous culture in which the members share values and beliefs, communication is expected to flow more easily and be characterised by a larger degree of openness and mutual trust (Hostede, 1980). This aspect is quite crucial as all of the companies expressed a need for a better line of communication from employees to top management. In an organisation with high levels of trust, one is more likely to see a larger degree of informal and causal feedback loops which in turn, according to theory, will accelerate decision-making process and increase overall organisational effectiveness.

Based on our research we will highlight some primary areas of further focus. Firstly the companies stand to gain from getting a better understanding of their current company culture and adhering sub-cultures. This is so that they may be better equipped to address any deviations from the desired company culture, while simultaneously being able to allocate additional resources where such deviations exist. They may thus ensure that adequate measures are put in place to alleviate the negative effects of non-correlation. Doing so at the early stages of the company's compliance programme is paramount, as it will help create a smoother process if one needs to make any changes to the organisational systems prior to implementation. It will also help alleviate communication barriers, as well as facilitate a more efficient organisational process. Furthermore, such a need-based approach would allow the company to spend fewer resources in locations where the culture is less likely to exhibit signs of friction towards the company programme (Huther & Shah, 2000).

5.2 Tone at the Top

From the findings it is interesting to note the experts' shared perception of how there is a lack of willingness by top management in Norwegian companies, which may have directly contributed to the sluggish development of the compliance function. At the same time, all 13 companies claim that their programmes were initiated by a proactive top management, either as a result of internal or external pressures. All the Compliance Officers highlighted the efforts of the top management as vital for the development process of a company's anti-corruption programme. As Copeland (2000) argues, one of the main responsibilities of top management with regards to anti-corruption is to assign responsibilities to high-level officers. This seems to be the case in all of the companies, and as such the compliance function is inextricably linked to the will and intentions of corporate management. Management is the governing body allocating resources to the Compliance Officer and so, in line with the views of Coonjohn and Lodin (2012), they may have a direct influence on the efficiency of the programmes.

Nonetheless, even as most Compliance Officers report directly to top management and the board, they all seem to receive little explicit instructions from their superiors. Some officers noted that given the previous corruption convictions, which held top management responsible for other employees' wrongdoings, they were mostly concerned with ensuring that the quality of the programme met a satisfactory standard so as to avoid legal repercussions. Such a focus, however, is arguably detrimental to the programme if it damages the employees' perception of top management's authenticity when they advocate an anti-corruption standpoint. As Kaptein (2014) argues, top management needs to appear as role models for the message to be efficiently communicated to the employees. An interesting aspect to note in this respect is the employee perspective on top management, which seems to be generally positive towards their ability and willingness to allocate resources to fight corruption. Nonetheless, fewer seem to agree that current procedures are adequate, and employees feel less informed of what management is doing

to prevent corruption. The latter observations may point towards a lacking ability of top management to communicate their efforts in an explicit manner, which in turn may weaken their position as role models.

It is arguably a strenuous exercise to communicate top management's' behaviour throughout the organisation, especially in some of the larger organisations where management may be far removed from certain operations or localisations. Company G made a reference to the CEO, who made a point of mentioning the work done on anti-corruption in his address to the company in order to assert the tone at the top. However, the majority of those employees who said they lacked a good understanding of what is being done by management were employed at this company. This may portray that more could be done to explicitly communicate this message to employees.

This ties into the alignment of need and ability for top management to shape the efficiency and overall success of the compliance function. In companies where management fail to adequately communicate the seriousness of the programmes they also fail to communicate the moral hierarchy of decision-making. In effect, when employees are facing difficult situations in which they must make rapid ad-hoc decisions, it will be harder to ensure freedom for excellence if the employee fears punishment when making financially less profitable decisions on account of ethics. This is the case unless they feel that top management has a genuine desire to 'do good'. Furthermore, a lack of initial management involvement will only damage the implementation process of the programmes and so forth make it harder to revise and alter it later on. In line with Trevino (1999) and Bass & Heeks (2011) it is therefore crucial that the companies demonstrate a clear company- and corporate management policy on corruption so as to ensure an efficient programme.

Our recommendation would be to use top management more explicitly in training and thereby make them more visible to the entire company, as training is currently the medium through which all employees are exposed to the company's overall strategy on anti-corruption. This could be done in a manner of ways, for instance Company B incorporates their wish to be a source of positive development in the countries in which they operate into their strategy. By providing real life examples of how corporate management has acted in a manner that demonstrated their commitment to the cause, would also make it more evident to staffers that they have a genuine desire to go beyond the basic need to warrant themselves against personal litigation, and as such avoid mere paper-compliance.

5.3 Resource allocation and distribution

As previously mentioned, resources were allocated by top management in all of the 13 companies. The companies with the largest pool of resources were those whom had experienced

prosecution by the authorities or received a corruption sentence. Only three of the companies did not explicitly express the need for additional resources; they saw the introduction of additional resources to be less likely to generate more than an incremental increase in efficiency. The majority of the officers, however, expressed that there was an internal struggle for resources and as such they often had to make priorities in terms of how much to include in the programme. For instance, many cited the lack of face-to-face training as a consequence of resource constraints. What is interesting to note is that some employees' perceive the resource spending by corporate management to be excessive (16%) while 55% of the employees strongly agreed that current procedures were necessary. It is thus hard to reach a definitive conclusion with regards to their actual opinion, but these findings may suggest a current misconception of what is being done and the amount of resources spent on implementing and operating the programme.

The majority of the companies seem to have used external partners to some extent. This may be linked to the companies in which the compliance department consists of very limited personnel or officers in a shared position. Furthermore, the Compliance Officers had little formal training on anti-corruption and often seem to use external experts in the preliminary stages of their compliance programme. The danger in relying too much on external competence is that one may omit certain key characteristics of your own organisation as the knowledge and experience of consultants tend to be portrayed in a more general manner, again increasing the risk of incurring some of the negative fall-backs of implementing a 'one fits all' solution.

It is also interesting to look at the current trends exhibited by the finance & banking industry, where companies on a much larger scale are increasing their resource spending on compliance, compared to other sectors in Norway. Some argue that this is due to the increased external pressure on the industry, primarily from global financial institutions as well as industry-peers. Regulations in this sector are also considered to be more explicit in the sense that issues such as suspicious transactions or attempts of money laundering must be reported to the prosecuting authorities immediately following detection. The cooperative interplay between the finance & banking industry and the authorities is also a more established one. These trends seem to project the challenges that the companies studied in this thesis will face in the future.

Thus, we recommend MNCs to study the practices of finance & banking firms as this can give them a head start in the race for compliance within their own industries. For example, MNCs in general should look to how such firms have implemented support systems that ease the process of detecting misconduct. These systems are developed to alert the company of any activities out of the ordinary, increasing the probability of discovering any unwanted behaviours overall. Corruption is often cited as a notoriously difficult criminal activity to discover, a view shared by the experts in our findings. The risk of getting caught is therefore rather low, making people more likely to engage in such activities. Implementing a support system would mitigate some of these incentives by increasing the chances of detecting misconduct, and as such make it more

likely that one would be able to create a self-regulating compliance function over time that does not rely on detecting corruption by chance. This aligns with the characteristics of a successful anti-corruption programme as introduced by Huther and Shah (2000) who promote programmes that address the underlying governance failures so as to lower the opportunities for gain and increase the likelihood of sanctions.

Another of our recommendations is tied to the previously mentioned notion that one could stand to gain from allocating a larger amount of resources to the initial phases of introducing a programme. This is rooted in the effort needed in order to close the design-reality gap, by addressing the frictions between the programme and existing cultures and ways of doing things. The initial training also needs to be given by people with a high degree of competence on the issue. When the programme has been established, however, the responsibility for conducting training may be shifted to personnel in the line who have been trained by the Compliance Officer. The need for dedicating a rather large amount of resources to ‘kick-start’ the implementation process may prove difficult for the companies that are already strained on resources. As well, when the programme has become an integrated part of the company, there may be reduced need for a big compliance department with expertise knowledge. One way of circumventing these somewhat negative prospects is to use external consultants specialising in anti-corruption work in the beginning. Pairing up with such agencies will lower the transaction costs of the company in terms of building specialised competence internally. In this case, key focus areas are to develop a programme to which the employees feel ownership even though it has been developed by externals, and to introduce ways of acquiring the knowledge from the consultants so that it is contained with the company even after the collaboration has ended.

Furthermore, we recommend distributing the resources on a continuous need-based approach. The need for resources may present itself in certain geographical locations, or in operations more exposed to the supply of corruption. Spending the limited resources where they are most needed rather than distributing them uniformly throughout the company will allow for a more efficient resource deployment, making it more probable that one will be able to overcome any internal frictions. Having a more flexible resource structure will in turn make the organisation able to respond more quickly to any changes or trends and make the company more likely to offset any damaging developments both internally and externally.

5.4 Training

As found through the interviews of Compliance Officers, training (face-to-face and e-learning) seems to be the most important tool in the implementation process. It is used to ensure communication throughout the organisation, together with monitoring mechanisms, by systematically spreading information about the content of the code of conduct, legislation and company specific principles. This aligns with the lists provided by Weber and Wasieleski (2013)

and Kaptein (2014) where *ethics training programmes for employees* and *training and communication* were found to be the third and second most common components of organisations' ethics and compliance initiatives. It also corresponds to Wolders' (2015) observation of an increase in the number of companies that implement training programmes to equip employees so as to better identify and deter corruption. Based on the employee survey, the existing training seems to have had significant effects as 91.22% and 85.97% of the respondents agree or strongly agree to the statements 'The training I have received has made me more aware of the corruption risk that I face at work' and 'The training I have received has made me better equipped to adequately deal with corruption' respectively. Of the employees taking the survey, 98.29% have received training in some form.

As seen by Copeland (2000) the studied companies thus have implemented one of the elements that form the minimum of an effective anti-corruption programme, and may use it to directly generate ethical behaviour. Performing training also contributes to closing the design-reality gap by addressing the 'Staffing and skills' dimension of the ITPOSMO dimensions introduced by Bass and Heeks (2011). One of the ways in which the studied companies tie theoretical training to the realities faced by employees is to make use of dilemmas. As argued by Angell, Kvamme, Slettemark and Wolders (2015) this helps communicate the practical value of the anti-corruption measures to employees. Training may thus be considered key to provide guidance concerning specific practices associated with paying bribes that are relevant to organisational environments, thus impacting the practice of corruption (Dunfee & Hess, 2000). In terms of frequency, most new employees get face-to-face training when they start working, but not all of the companies have set routines for refreshing the training or has made this mandatory. It is thus difficult to ensure a consistent level of competence across the employee base.

Furthermore, it seems that the person who is conducting the training greatly affects the quality and effectiveness of information sharing. In the companies where the classroom training is mainly done by the Compliance Officer, essential synergies were identified in the sense that the officer generated an increased understanding of the status quo at operational levels. It also enabled a direct flow of information that compensated for the low use of reporting channels. In some companies it also resulted in an increased use of the reporting channels since the knowledge of who the Compliance Officer is, lowered the barriers for reporting or requesting guidance. The importance of face-to-face training as an arena for discussing the implications of the material and ensuring understanding, challenges the widespread use of e-learning as an adequate alternative as this may result in a 'ticking-of-boxes' tendency among employees. This relates to the challenge of 'bureaucratic fatigue' as identified by Angell, Kvamme, Slettemark and Wolders (2015). An advantage of conducting e-learning is the extreme cost savings as the roll-out of new modules to all employees is made significantly easier and quicker than in the case of face-to-face training. This was seemingly the reason behind why all of the studied companies utilised e-learning as part of their training programmes. Even though most companies had access

to data from these e-learning trainings, none of the interviewees claimed to make use of it in a systematic manner.

MNCs should further take advantage of the synergies made available when the Compliance Officer travels to the local units, but in a more structured manner. Ways of achieving this could be to introduce routines for what to assess when travelling to the local departments, and to make use of standardised reporting forms so that it becomes easier to assess improvements and track the development of local trends. By travelling out to the geographically dispersed units, the Compliance Officer also has the ability to give direct feedback, address misunderstandings that surface during face-to-face training, and to ensure that the employees who receive the training pay adequate attention. If using other employees than the Compliance Officer, the companies should develop routines for gathering information about employee competence during the training through reporting mechanisms. They should also consider giving special training to line managers to equip them to follow up on the received training and guide the employees in applying their new knowledge in practice. Surveys should in addition be distributed at the end of the training sessions so as to make employees assess the quality of the training and its relevance for their specific working environment. It also seems essential to inform the employees about the process followed their entering of a concern or guidance request, and making them familiar with the responsible parties for handling the reports.

Despite their loss of the advantages generated when meeting employees face to face, firms may utilise e-learning as mandatory refreshers of initial classroom-based training sessions so as to increase the consistency in the training given throughout the organisation. Alternatively, companies may consider combining electronic training with subsequent workshops or dilemma discussions initiated by line managers, so as to ensure a better understanding of how to apply the gained knowledge to the local context. Another way of increasing the value of e-learning is to develop routines for analysing the generated data so as to ensure continuous improvement and thus direct organisations to respond appropriately to misconduct and continuously improve. This aligns with the desire to establish better routines for gathering information from employees that is used to improve the anti-corruption programme and implementation process (Company C, Company E, Company D). For example, results from the testing of employees' understanding may uncover gaps in knowledge and employee competence, which calls for the development of customised training modules, improved risk assessments or targeted sample audits. Such a needs based customisation of training is in line with the importance of responding appropriately to misconduct by e.g. activating preventive measures (Copeland, 2000).

5.5 Communication

The 'top-down' spreading of information in the studied companies is done in a more or less systematic manner, with variations in the use of channels such as training, internal screens,

posters, intranet and statements made by top management. According to Copeland (2000), ensuring effective communication of anti-corruption principles and procedures to be adhered to enhance the overall effectiveness of the programme. Kaptein (2014) also identifies training and communication as essential tools for reducing unethical behaviour. However, the term communication may span a broader scope than purely the spreading of information from top management to employees. A key focus is the flow of information from the operational level, through the line managers, to top management. This enforces transparency and subsequently eases the detection of misconduct (Kaptein, 2014; Dunfee & Hess, 2000). As uncovered from studying the companies included in this thesis, training seems to be the main way for spreading information in the companies, and *continuous training through the organisation* is rated by the Compliance Officer to be the second most important factor for successful implementation.

Moreover, tone at the top as related to *top management involvement* is considered the most essential factor for ensuring a solid programme rollout. In relation to communication, this may indicate that public statements by top management made e.g. in social contexts, as well as clearly stated mission/vision statements significantly affects the understanding and practices of employees. Based on the employee survey one may deduct that top-down communication is effective in practice; 99.12% of the respondents agreed or strongly agreed with the statement 'I have a good understanding of what management expects of me with regards to corruption'. Closely related to the spreading of information about ethics, is the openness in the discussion of ethical issues within the organisation (Kaptein, 2014). This is related to culture, as already introduced, since a homogeneous culture where values and beliefs are shared eventually encourages openness and trust. The resulting environment is characterised by improved communication as feedback loops naturally develop from the operational level and upwards, and because issues concerning ethics and anti-corruption are more quickly brought to management's attention for discussion. Dilemma discussions and workshops beyond regular training were the only mentioned ways in which some of the companies enhanced horizontal sharing of information and actively tried to generate openness amongst the employees. Spreading of 'vertical' and 'horizontal' information both seems to be important elements of effective implementation of anti-corruption programmes.

Using the presented channels for reporting concerns and/or requesting guidance are the only systematic ways for employees to get in direct contact with the 'higher' levels of the organisation in many of the companies. The reporting mechanisms enable the bypassing of line managers and regular lines of communication, such as, in case the employee is uncomfortable with discussing the issue with his/her supervisor. In the pursuit of an effective programme, Copeland (2000) emphasises the importance of having access to such a mechanism for disclosing criminal activities without the fear of retribution. Nevertheless, the interviewed Compliance Officers considered fear to be one of the main reasons for the experienced inefficiency of the formal reporting channels, undermining their theoretically claimed importance. Furthermore, 79.82% of

the respondents to the employee survey agreed, or strongly agreed with the statement ‘I am well informed of how I can report on issues of corruption’. Since the vast majority of cases entered through the channels were irrelevant according to the Compliance Officers, this indicates that there are significant weaknesses tied to the communication of the channels’ purpose.

The interviewees assumed that the majority of concerns faced in practice were either solved in consultation with local line managers or never reported. Several of the interviewees therefore placed great value on the observations made by the Compliance Officer when visiting local units. This was due to the fact that it ensured a sharing of experiences between line managers and the officer concerning the anti-corruption programme’s actual effectiveness. It seemed that the observations made in ‘the field’, and relationship with local line managers to a large degree ensured the necessary ‘vertical’ communication. However, without formalised routines for communication between local line managers and the corporate unit, the companies did not seem to be able to assess and guide day-to-day decision making in a satisfactory way. Few of the companies had structured these mechanisms, which corresponds to the rather low priority given by Compliance Officers to the factor *Transparent line of communication and input from employees (6.67)*. The issues tied to the effectiveness of reporting channels and structured ways of assessing practices at the operational level may be seen in relation to the design-reality gap developing when assumptions inherent in the programmes to be developed do not match the reality of the context of deployment (Heeks & Mathisen, 2012). As argued by Bass and Heeks (2011) successful implementation is ensured if such gaps are sufficiently small or may be sufficiently closed; thus, a threat to implementation is the growth in mismatch between corporate level understanding and local practice.

To avoid the current messy and unclear practices related to vertical communication, the companies should further equip line managers to handle cases locally, while narrowing the scope through which cases are considered relevant for the reporting channels. In this way resources are spent on improving competence locally where there is greater proximity to the actual cases as is discussed previously. When receiving issues through the channels it is thus key that irrelevant cases are directed back or redirected to the correct unit, so as to avoid the situation experienced by Company B where the handling of one irrelevant case resulted in a rapid increase in similar cases.

Routines should also be introduced for spreading information ‘upward’, e.g. from trainings, local management reporting and employee surveys and appraisals to ensure that the basis for decision making is as close to the reality as possible. To ensure the quality of the information flowing ‘up’ to top management level, line managers should be made aware of how to distinguish relevant information from the rest, and their reporting should be systemised so that it is not dependant on their relationship with the Compliance Officer. Simultaneously, the companies must assign clear responsibilities for handling the information and incorporating it back into the implemented anti-

corruption programme. Furthermore, a continued focus on transparency and openness of communication is also essential for enhancing horizontal communication and surfacing of corruption issues. This may be done by increasing the use of workshops and dilemma discussions so that employees are given arenas for sharing their concerns and challenges with their managers. Line managers should also be equipped to generate openness and the surfacing of concerns during employee appraisals. There should also be clear communication within the local units about the importance of reporting concerns, but also about which cases to report on and which to solve in the line.

5.6 Closing the design-reality gap

Corporate objectives and strategies are underlying the development of anti-corruption programmes; the design of these is influenced by the preconditions for their existence. Examples of such guidelines are ‘to do the right thing’, ‘to comply with government laws’ and ‘to guide employees’ behaviour’ (Weber and Wasieleski, 2013). As identified during the interviews of Compliance Officers, the trend of introducing anti-corruption programmes has developed rather recently. This seems to correspond to the observations that the development of such programmes is inspired by trends, legislation, and international organisations and peers that are setting the standards for best practice in the market (Table 10). Corporate objectives are said to drive the anti-corruption initiatives to succeed, making them an essential fundament for the subsequent roll-out and implementation at the operational level (Bass & Heeks, 2011). To avoid failure of anti-corruption initiatives Schwartz and Davis (1981) point to the necessity of considering potential implementation problems and how these should be managed, already when reviewing the underlying strategic plans; i.e. strategic plans should be adapted to apply to the local environment.

The main threat to successful implementation of anti-corruption programmes is argued to lie in the design phase due to the risk of there developing a design-reality gap, which may put a strain on implementation effectiveness. This point of view aligns with the general concern expressed by the interviewed experts about the lack of competence on implementation of anti-corruption programmes amongst Norwegian companies. They also noted that theoretically promising frameworks failed to provide adequate guidelines with regards to implementation, resulting in a gap that decreased their effectiveness in practice (Angell, Kvamme, Slettemark and Wolders, 2015). Such gaps are said to emerge when the designers are external to the context of deployment and when practitioners do not feel ownership to the introduced programme (Fjeldstad & Isaksen 2008; Svensson, 2005). This seems to be another key challenge of the studied companies since the anti-corruption programmes are developed by the Compliance Office(r) in the corporate unit or by hired consultants, while the responsibility for implementing it lies with the line managers.

A central discussion thus revolves around what the 'Black Box', as introduced by Schwartz (2001), should contain. An effective programme arguably has to be relevant to the organisational environment and to provide guidance concerning specific practices associated with paying bribes (Dunfee and Hess, 2000). Logsdon and Wood (2005) add to this by emphasising the need for adapting the programme to local culture so as to support employee's ethical development and facilitate ethical decision-making. Some of the Compliance Officers shared this view and suggested the introduction of implementation techniques tailored to the local culture; they were certain that local units played a vital role in ensuring compliance at all levels of the company. This relates to the introduction of sub codes which complement the overall programme by providing guidance applicable in the contexts of deployment and thus reducing the design-reality gap (Dunfee & Hess, 2001; Weber & Wasieleski, 2013; Joseph, 2001). Most companies seem to have some way of adapting the anti-corruption programmes to the local contexts. Examples include making use of dilemmas suited for the given operational environment, having dilemma discussions, employee appraisals and workshops to evaluate the applicability of the programmes in practice, and basing anti-corruption activities on risk assessments conducted at the operational level. However, the Compliance Officers do not seem to consider the factor of *local adaptation of all compliance/anti-corruption programmes* as noteworthy compared to other elements as it is given the fourth lowest priority of 8.08. This may be founded in a lack of experience with how implementation success is affected by local adaptation.

To strengthen the overall success of the integrated model, one of the main goals of the development process is to avoid that elements far removed from local realities creep into anti-corruption design. To improve the design of the programme, employees with an understanding of the context at the operational level should be included (Bass and Heeks, 2011). This corresponds to how Wolders (2015) during the expert interviews stressed that Norwegian companies are in need of gaining greater insight into the status quo at the operational level, and that they should consider having local Compliance Officers in areas of high risk exposure. Arguably, it is easier to address the local culture in a strategic way and adapt programmes to organisational environments when one is familiar with the context of deployment. The programme should also be constantly revised and updated with input from leaders, employees and management in other functional areas (Joseph, 2001). *Competence and responsibility of line managers* is rated as a somewhat important factor - it is given a priority of 6.42.

Since the general trend amongst the studied companies is that much of the responsibility of implementing the anti-corruption programme lies with the line managers, we suggest that the closing of the design-reality gap should start there. We recommend companies to distribute greater responsibility to line managers at local units e.g. by giving them the role as local Compliance Officers. Line managers have greater insight into the practices at the context of deployment and thus will be better equipped for implementing programmes and tailoring these to fit local culture and risk. Due to their knowledge of local conditions, line managers should also

be included in the development process of anti-corruption programmes. They may not need to be directly involved in the process, however, they should provide feedback as to what they deem important, so as to ensure that all ‘blind spots’ are adequately addressed. As opposed to ‘regular’ employees at the operational level line managers may have a better understanding of the overall aims of management and how these can be met in practice. Giving them insight into the design process may also spur a sense of ownership, which easily is transmitted to the employees working with the line manager due to their proximity to the rest of the unit. Increased local ownership to the anti-corruption programme by the line managers was considered an important focus in the future (Company E, Company C). Involving line managers to a greater extent also proves relevant in relation to updating the programmes later on, since input from both leaders, employees and management in other functional areas is easily gathered through vertical communication.

To ensure a satisfactory understanding of the background for, and the aim of implementing the given programme, these managers should be given special training and regularly report to the corporate unit. Further, incentives specifically related to the performance of line managers and how they ensure compliance locally should be considered, and they should have the option to discuss difficult cases and improvement areas directly with the Compliance Officer. When given a greater responsibility for successful implementation of the programmes and the corresponding training, issues of corruption also become more top of mind, making local managers more aware of the local practices. This enhances the probability of unethical behaviour being detected and also ensures the quality of how issues are handled locally. Given the current situation of vanishingly few cases being reported to the corporate unit, the way these cases are solved at the operational level is of great importance to show employees that reporting is worthwhile.

Another recommendation is to ensure that employees have enough resources available when faced with dilemmas challenging them to choose between ethical behaviour and company profit or short-term gain. This in line with the findings of Kaptein (2014) and relates to the effectiveness of implementation of anti-corruption programmes. In general, when implementing such programmes we suggest that the companies invest sufficient amount of resources to alter existing practices in a way that sufficiently closes the design-reality gap, and thus creates a lasting change. As mentioned by the Compliance Officer in Company M, the ideal situation could be that the compliance function is strictly a coordinating unit while compliance is a natural part of the day-to-day activities of all of the company’s employees.

5.7 Internal audit, monitoring and review

Auditing, monitoring and review are mechanisms used to assess the degree of compliance within corporations. As found by Kaptein (2014), ‘monitoring and auditing’ is the eight most common element of an ethics and compliance programme, which directly relates to employee behaviour in

a positive way. Top management and boards are ultimately responsible for the company's actions, and these tools are considered essential for gaining insight into the status quo at the operational level 'so that managers may sleep well at night' (Company A). They are also used to generate data that enables benchmarking against peers, providing the companies with an idea of their own position in relation to others. The recent trends highlighted by the interviewed experts also point to an increased importance of having good routines in place for assessing behaviour within the company: Økokrim's shifted targeting towards private companies and the focus in future legislation on how companies secure efficient compliance and implementation. This follows in the wake of the American researchers, Dunfee and Hess (2000), who already in 2000 stressed the need for companies to be capable of being monitored and assessed by external independent entities.

All of the companies studied in this thesis have some kind of internal monitoring and auditing process in place to ensure compliance amongst their employees, typically conducted by the internal audit function, Compliance Office(r) or line managers (Table 14). In relation to training, some companies report on the number of employees who have taken the training, some companies test the understanding of employees as part of the training, and some of the Compliance Officers gain insight into the level of understanding travelling to the local units. However, the companies diverge when choosing whether to make the training mandatory and to what extent the information gathered is used. Audits by both internal and external units is, in some companies initiated on a routine basis while others merely perform sample audits on demand from local departments. The content of 'pulled' reports also varies significantly; some firms report according to guidelines provided by global actors such as the UN while others have developed their own guides for what is to be reported on. As discussed in the aforementioned sections, analysing the incoming concerns through the 'push' reporting channels cannot be considered an effective way of monitoring due to the low number of cases entered, and the lack of routines for handling the entered concerns.

An underlying goal seems to be gathering information that is relevant and of high quality so that gaps in implementation are actually uncovered. *Information* is a central element in the ITPOSMO checklist - the information withdrawn should be relevant to stakeholders and reflect the true implementation status at local departments. Copeland (2000) also sees monitoring, auditing, and reporting systems as keys to achieving compliance at the operational level, and subsequently contributing to programme efficiency. Nonetheless, amongst the Compliance Officers of the studied companies, *Formalised and systematic processes for internal monitoring/audit and control* is considered the second least important factor; it is given a priority of 8.67 out of 12. This may be because the Compliance Officers emphasise short-term efficiency when ranking the factors, while monitoring/audit and control has a greater impact in the long run in relation to improving of the programme. The fact that *Understanding throughout the organisation of the importance for the company* is prioritised significantly higher (4.75) is

backing this assumption, as this factor to some extent achieves the same goals as that of monitoring and auditing.

In a sense, monitoring and review is also thought to function as a part of the implementation process itself since it generates increased awareness at all levels of the company. Keeping the issue of corruption top of mind may also contribute to increased transparency within the company, making it less attractive to engage in dubious activities, and more accepted to talk about issues and challenges tied to fighting them. Both Kaptein (2014) and Dunfee & Hess (2000) consider transparency to be a valuable characteristic of anti-corruption processes, which ensures effective implementation. Amongst the respondents to the employee survey, 99.12% agreed or strongly agreed to the statement 'I have a good understanding of what management expects of me with regards to corruption'. This may indicate that the perceived transparency is rather high.

A potential challenge of monitoring and review as introduced by the Compliance Officers is to have too many procedures and assessments in place so that the daily activities of the company are staggered (Company G, Company H). This relates to how companies constantly run the risk of having a 'ticking-of-boxes' approach to anti-corruption work (Donaldson, 2003). Consequently, companies must balance the need for detailed reporting and monitoring with the appropriate distribution of resources and reduced flexibility, as this adds more steps to already complex day-to-day processes. This balancing is compared to choosing how many locks to use when securing a bicycle - safety must be ensured while simultaneously considering the time and effort required to lock and unlock the bike every time it is moved. Finding the optimal balance of monitoring and auditing mechanisms may be tied to the need for systematic learning processes within the companies to implement anti-corruption programmes successfully (Logsdon & Wood, 2005). For the focal companies in this thesis, the detection of gaps in implementation, and enhanced understanding of local practices are used as the basis for annual business plans and alterations in the strategies for ensuring compliance. Risk assessments, which are key in this respect, will be discussed in greater detail later on. Good routines for continuous improvement are, however considered one of the main weaknesses of the companies per today (Company C, Company E, Company D).

The list of future focus areas contains several elements related to auditing, monitoring and review, revealing insufficient routines for gathering information from the operational levels and for applying risk assessments. Lacking mechanisms for monitoring actors that are more loosely bound to the companies, such as partners, suppliers and agents are also highlighted. A general impression expressed by the interviewed Compliance Officers was that none of them felt they could identify good measures for assessing the actual implementation of the various anti-corruption initiatives. This calls for better routines for auditing, monitoring and review in general. In many of the companies HSE has become an integrated part of daily routines making

it relevant as an inspiration when implementing compliance, as suggested by several of the Compliance Officers. Companies should consider utilising structures and processes that are already successfully implemented in day-to-day activities. This could be done by including elements related to compliance into the established practices, or by performing monitoring in the same successful way. Such an approach would address Kaptein's (2014) observations in terms of sequence of implementation, as the companies would be able to adopt more anti-corruption components than what their budget or time constraints would imply.

To ensure that all employees are exposed to some type of control mechanism where divergent attitudes or gaps in understanding are uncovered, some parts of the training should be mandatory. The training should also be followed by a test of the employee's' ability to apply the acclaimed knowledge in practice, either through control questions, subsequent dilemma discussions or setting of personal goals for improvement during employee appraisals. Furthermore, the targeting and frequency of sample audits should be based on risk assessments to optimise the 'return on investment' by increasing the chances of uncovering misconduct. Conduction of audits by external agencies, such as consultancy firms, is also recommended due to the increased quality and added value of such audits. The company will then be audited by experts who possess in-depth knowledge that internal auditors and Compliance Officers do not possess, which is generated during assessments of other companies. Another way of utilising external competence and insight is to attend conferences and engage in corporate networks such as the national Compliance Officer network. In this way, the companies may share their experiences with monitoring mechanisms and how to measure compliance.

Beyond this, the companies should strive to increase the transparency of internal processes by for example making routines and procedures available to employees together with information about who are responsible for them. Even though employees consider the transparency to be adequate, the level of insight into what is actually expected from them may differ from that which management actually holds. Increasing transparency in practice may also enhance the understanding of why the various monitoring mechanisms are introduced, thus facilitating the implementation process, as employees are more willing to cooperate. When determining the distribution of responsibility tied to monitoring and review, the line managers should be given greater responsibility due to their proximity to local environments. They have knowledge of local nuances and the ability to quickly sense changes that may prove valuable when continuously improving the mechanisms for monitoring, review and auditing.

5.8 Employee competence and incentives

From the findings it is worth noting that only one company (Company A) had made a conscious effort to attempt to map the overall competence of their employees with regards to corruption. They had recently initiated a companywide self-assessment with the intention of mapping how

the different operations and locations viewed their maturity level on compliance. Furthermore, once the data had been collected those offices whom had very high or low scores, compared to the expected average, were given special attention. This was done to the extent that someone from the compliance team travelled to the office in question to verify whether their self-assessment was in line with that of the home office. In this manner they were able to gain a better overview of what the actual internal employee competence was, as well as highlighting areas that required more, or less, attention in the future. It is also a good way of gaining a better overview of what is currently being done by line managers, and it presents an opportunity to draw from various capabilities within the company. This relates to the observation that many good solutions may exist further out in the line. Such a mapping of employee awareness may also prove fruitful with regards to the design of more locally adaptable anti-corruption programmes.

What is interesting to note is the fact that the majority of Compliance Officers classified the need for a better mapping of employee competence as one of their main areas in need of improvement. Most companies believed their employees to behave ethically and have attitudes in line with the desired company culture. However, they expressed an impression of a general lack of competence on corruption – especially with regards to offices located in countries with a higher risk of exposure to corruption (Table 12). This poses several challenges. Firstly, as very few undertake the task of mapping the initial competence and capabilities of staff, there is little data from which to monitor progress and efficiency of anti-corruption programmes. This makes the process of tracking improvements very difficult, or at least a rather diffuse task, which in turn makes it harder for Compliance Officers to justify needs-based resource spending to corporate management. Furthermore, not being able to adequately track employee progress will make it harder to adequately identify the need for additional support mechanisms in areas prone to risk. To illustrate this, having 98% of your staff complete an e-learning module does not necessarily imply that 98% of your employees are equipped to correctly identify and deal with corruption. In that sense, this e-learning module is more likely to be an embellished form of paper-compliance, rather than a genuine effort from top management to educate employees. As previous discussions portray, such lack of top management involvement may be detrimental to the implementation of the overall programme.

One way of strengthening the focus on the issue of corruption amongst employees is through the use of incentives. From the factor ranking we saw that Compliance Officers tended to disregard the use of incentives for increasing the efficiency of their programmes. For leader however, the use of incentives may prove useful for communicating the importance of the issue. In most companies, certain targets are set in order for employees to have a better understanding of what is expected of them, and in turn incentives are used to demonstrate the value of reaching said targets (i.e. bonuses or promotions tied to meeting milestones). Some of the companies, such as Company D, include corruption in their performance appraisals, and so has made employees' active contribution to the company's anti-corruption efforts a prerequisite for career

advancement. What seems to be more common, however, is the existence of negative incentives with regards to corruption. Most of the Compliance Officers highlighted that any involvement in corruption would be grounds for immediate dismissal, as it was seen as a violation of trust and an indefensible departure from company values. This is in line with Copeland's (2000) view of the need to enforce the organisation's standards through the use of appropriate disciplinary mechanisms. However, this should be seen in correlation with the very nature of corruption as it is often considered an activity in which the risk of getting caught is rather low, and so employees may underestimate the negative effects of corruption if they stand to gain short-term financial profit for which the company has created positive incentives.

Our recommendation would be for companies to make a more conscious effort to map the current level of knowledge and employee competence throughout the organisation. These findings should be made accessible to employees throughout the firm so as to highlight the issue, as well as to create a more transparent company standpoint. Thus, the employees may also be able to track future developments and be engaged more actively into the company's fight against corruption. Self-assessments may be used to generate higher levels of awareness of the issue, whilst facilitating discussion and knowledge sharing amongst different levels of the organisation.

Furthermore, we suggest that companies give more focus to positive incentives and tie these more directly to anti-corruption and compliance. By including anti-corruption efforts into performance reviews one is more likely to generate employee-awareness, for instance by asking staff to identify which areas they find challenging in practice, and how they are going to handle these. Moreover, such an inclusion of questions relating to compliance into the performance appraisal may prove valuable for the line managers as they will get a better understanding of what their subordinates find challenging, and subsequently to which areas more resources should be devoted in the future. This understanding can in turn be shared with Compliance Officers, and as such function as a periodic monitoring of employee awareness and improvement areas.

5.9 Risk based resource expenditure

The experts interviewed were unanimous in their perception of the Norwegian business community and their ability, or lack of such, to assess risk (Expert Interviews). As previously mentioned, those companies with the greatest amount of resources (Company M, Company L, Company E) were also the companies who were most preoccupied with securing a more risk-based structure relating to resource-expenditure. Several companies said that they initiate a more thorough and practically applicable training at local offices, where they feel that they are more exposed to risk. Some companies, such as Company C and Company L, also have employed local Compliance Officers in key locations so as to strengthen the compliance function and subsequently raise awareness of the anti-corruption work.

Another key issue, highlighted both through the expert- and Compliance Officer interviews, is the risk posed by interactions with agents or other third parties. Slettemark drew attention to the fact that several of the most recent corruption cases were rooted in the company's inability to assess risk, or lack of oversight with regards to their partner's doings (Slettemark & Kvamme, 2015). This is a particularly complex area as companies are legally obligated to ensure that their partners act according to legal requirements. As such they are responsible for a company whose culture and internal motivations may deviate from their own, and thus the potential of cultural friction may be even higher. They may therefore need to spend quite a lot of resources on ensuring that there exists a mutual understanding of both risk and corruption between themselves and external third parties. Currently, this risk assessment is done primarily through the use of IDD's. These are often comprehensive and should, if communicated correctly, be an adequate risk assurance towards third parties. Nonetheless, the majority of IDD's are conducted by operational staff in departments such as *procurement*. This then moves the risk assessment process from the direct control of corporate management down to an operational level, which entails that if one omits gaining an oversight of the controlling mechanisms on this lower level one has little chance of truly understanding one's own vulnerability.

This then ties in with the previous section of employee competence. If operational employees are those responsible for conducting the risk assessments in areas where the company is most vulnerable to corruption, it is only logical that it is the same employees whom should be best equipped to correctly identify corruption. As mentioned by Company G, they found that when they tried to introduce a more comprehensive IDD with regards to third party contract, these attempts were met by a lot of hostility by employees whom saw the new measures as unnecessary and an over-bureaucratisation of current processes. Based on experience and more thorough risk assessments, the solution then became to streamline some processes and IDD's by, for instance, removing some steps from IDD's tied to contracts with existing partners, whilst making process tied to new partners more exhaustive.

Our recommendation is that companies should adopt a more risk-based resource planning strategy. Most companies would ideally dedicate more resources to the anti-corruption efforts, and so they are all forced to prioritise and make sacrifices. With a risk-based approach, companies are more likely to be able to allocate resources where they are most needed, and as such they are more likely to maximise their capabilities while minimising the risk of omitting something. With regards to local adaptation one need to spend resources at the initial stages of the programme, so as to understand where the company is exposed to corruption risks and where local culture diverges from that of the home office, so as to spend the resources more efficiently. Local staff may also have a different view of what constitutes corruption and thus, if they are set as the operational frontier meant to safeguard against corruption, one may need to deploy additional training or control mechanisms to ensure a homogenous understanding throughout the company.

Furthermore, we propose to establish a system of monitoring and auditing based on risk. This would entail that areas or operations exposed to higher levels of risk would be audited by the headquarter to ensure that those assessing risk at operational level share the corporate understanding and capability of risk assessments. Such audits would allow for top management to ensure coherence between their strategy and its implementation at the operational level, especially at the introduction stage of the programme. Correctly equipping the operational units to assess risk would ensure optimal use of resources as these units are already conducting similar evaluations.

Moreover, companies could also consider branching out and use computerised systems to assess risk as a potential solution to the resource constriction. Several global databases are becoming available, which may help industries pool resources and increase transparency; especially concerning third parties as such databases usually show areas with higher risk exposure, helping the employees identify risk and as such make more vigilant when they enter into partnerships or enlist agents. Such databases could also help resource-constrained compliance departments track global developments and trends.

6 Compliance function lifecycle and implications for practitioners

As shown in the previous chapters we have identified the alignment between a code and its ability to efficiently secure wanted behaviour of employees as one of the key issues of implementation. This chapter presents our previously outlined recommendations structured around the concept of a ‘compliance function lifecycle’, as well as a brief overview of what this concept will entail for practitioners. Based on our recommendations in chapter 5 we have identified nine factors, which all ties into the overall efficiency of an anti-corruption programme. These nine may be further classified into three overall groupings: prerequisite, core function and support function, containing various elements as shown in Table 16 below.

Table 16: The compliance function lifecycle

Prerequisite	Core function	Support function
<ul style="list-style-type: none"> • Tone at the Top 	<ul style="list-style-type: none"> • Company Culture • Communication (Top mgt. and employees) • Resource allocation (Risk based) • Training 	<ul style="list-style-type: none"> • Employee competence and incentives • Internal audit, monitoring and review • Line managers’ responsibility • Risk assessment

These three groups together represent our solution as to what lies behind the previously discussed ‘black box’ linking code and behaviours, as portrayed in Figure 16.

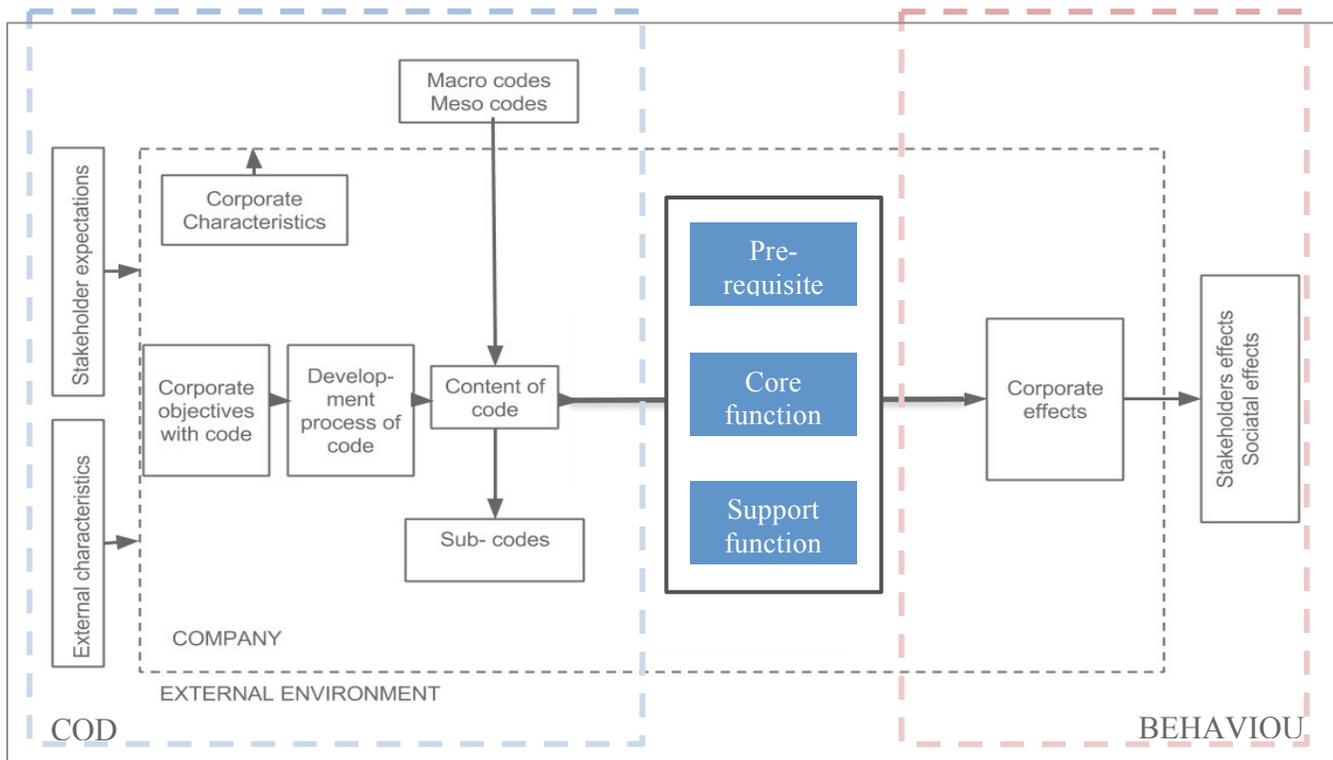


Figure 16: Compliance function lifecycle

Tone at the top seems to be a prerequisite for securing the very existence of anti-corruption programmes or a company's compliance function. While in the future one may see this becoming a legal requirement, as it currently stands, top management's realisation of the importance and value of allocating resources to a compliance function is one of the key factors determining the programmes efficiency.

With regards to the four core functions, we see these as the key responsibility of the compliance unit. This will be independent of time in the sense that the Compliance Officer should be the main architect and coordinator securing that these functions are at all times in alignment with company needs and current regulation. As an example, in the more mature stages of the programme, when line managers are those in charge of conducting the training, Compliance Officers should still be in charge of the format and content of said trainings. Moreover it is the compliance unit's responsibility that the available resources are allocated to where they are most needed, henceforth distributed on the basis of level of risk exposure. Furthermore, as part of the transition to a more coordinating role, the Compliance Officer should ensure a communication structure which allows for a transparent and easy flow of information and feedback from both employees and top management. This may be done through the solicitation of line managers and periodical reviews, however as the officers still represent the face of the anti-corruption

programme they should ensure a direct communication channel which bypasses line managers, such as for instance helpline or alert line, so as to warrant that all internal concerns or suspicion are brought forward. This however requires that the Compliance Officers communicate a strong value-based company culture in which employees both trust and understand the importance of the company's anti-corruption efforts.

Lastly, the support functions aim to take advantage of structural elements and capabilities already in place in most companies. By strengthening or redefining these existing structures, the strained pool of resources will be given a much-needed alleviation and one may draw on already existing expertise and local knowledge that may previously have been overlooked. One of the key issues of this support structure is the redefining role of line managers. As portrayed in chapter 5 this function is currently widely used by Compliance Officers, however few companies have put substantial focus on explicitly clarifying the role of line managers in the company's anti-corruption efforts. Furthermore, as line managers are those in charge of daily operations they are also most likely to interact with their employees in a more informal manner, and henceforth gain access to an unsystematic flow of information about the employees' perceptions and concerns regarding to corruption. By giving additional training to and allowing line managers to take on a more formal role, whilst systematizing communication channels between compliance units and operational levels, they will be able to make the anti-corruption effort more transparent as well as raising employees awareness. This also ties in with risk assessment and employee competence as line manager and local staff are more likely to be aware of the inner workings of their surroundings and as such, given they are provided the necessary knowledge, will be more equipped to respond to any suspicious or unwanted behaviours. This aspect is key as it will allow the compliance function to be a more flexible and responsive unit as those in direct contact with risk prone areas such as third party contract will be more acutely aware of what they should look for as well as their personal liability with regards to corruption. Involving the employees in this manner is likely to keep the issue top of mind and as such ensure that employees are alert and assertive when tackling issues of corruption.

Figure 17 shows how the structure of the compliance lifecycle is intended to look over time. The y-axis may present several variables such as for instance resources allocation and capability structure.

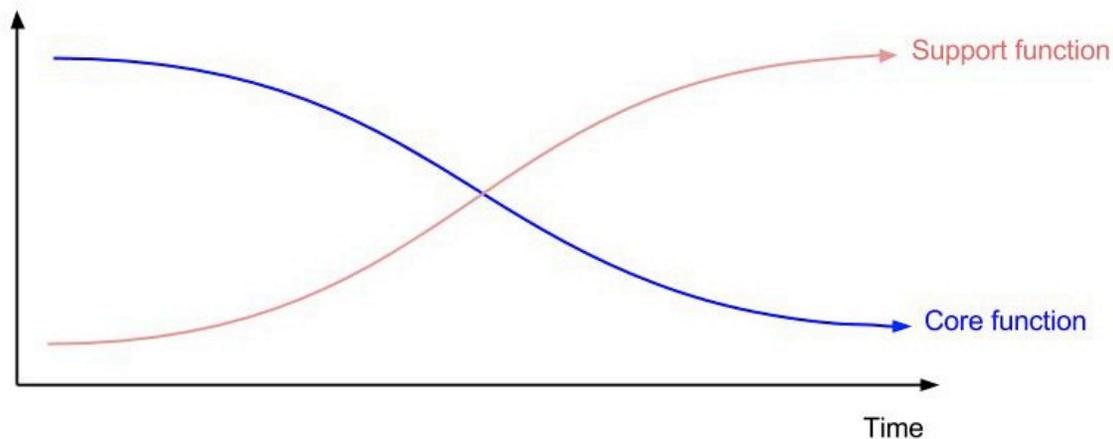


Figure 17: Compliance function lifecycle

To illustrate, following the rationale depicted above, the amount of resources spent by the compliance department at the initial stages of developing an anti-corruption programme is likely to be different from what is the case later on, when the programme has become more ingrained into the operational structure of the company. In the beginning the compliance team will represent the majority of the company’s core capability on anti-corruption and as such they will have to take a larger share of the operational responsibility. More explicitly, in the beginning the compliance department will bear the responsibility of both the core and support function, however, as time passes and the organisational structures become more set and the design-reality gap is closed, one will be able to move much of this daily responsibility to an operational level. In the beginning the compliance department will for instance need to have a dedicated team who deals with internal audits and IDD’s while simultaneously training the audit department so as to ensure that they are competent to take over this role in due time. When the compliance department then feels that the internal audit department is equipped to handle issues of anti-corruption to a satisfactory degree, they may alleviate themselves of this responsibility and from a compliance viewpoint establish a sample based audit approach aimed at monitoring this support function.

In many ways, the aim of viewing the compliance function as a lifecycle is that it attempts to secure a restructuring of company resources and capabilities where they are most needed, and henceforth in the most efficient manner. If line managers are given adequate training they will be capable of undertaking activities, such as employee assessments, and thereby freeing these resources from the compliance department. The Compliance Officers will then in large part have an overall coordinating responsibility as it continues to develop the different functions, such as training, to assure that these are on trend and adhere to current requirements.

7 Implications for theory, limitations and future research

In this chapter, the implications of our findings for theory are considered. Further, the limitations of our research method relating to practicalities and resource constraints are highlighted before the chapter concludes with a recommendation of what future researchers should focus on. The recommendations are paired with some suggestions as to what form such endeavours may take.

7.1 Implications for theory

Despite the widespread use of ethics programmes and subsequently anti-corruption programmes, limited empirical evidence exists on the effectiveness of such programmes within business organizations (Kaptein, 2014). Our research presents in many ways an academic maiden voyage into the research field of what determines the effectiveness of implementing anti-corruption programmes. The existing research gap is addressed from the outlook of five experts and 13 Norwegian MNCs.

The implementation of anti-corruption programmes has often been done in line with the logic of a ‘one fits all’ approach, which has proved too simplistic when faced with the realities of operational environments, leading to the development of so-called design-reality gaps (Persson, Rothstein & Teorell, 2010; Heeks & Mathisen, 2012). The subsequent failure of implementation is by several academics tied to the role of culture (Weber & Wasieleski, 2013; Hansen, 2004; Yang, 2015; Pinckaers, 2001). During our research process we find that the failures of anti-corruption programmes are tightly related to the lack of insight into the required balance between systems and culture, i.e. the programme to be implemented and the people to make use of it in their day-to-day activities. Based on the material gathered, we add to current theory by introducing the concept of a compliance function lifecycle to illustrate how various elements that affect the success of implementation should be given various levels of emphasis over time.

There has been a growing focus on the functions of, and elements composing ethics and compliance, or anti-corruption programmes amongst researchers (Weber & Wasieleski, 2013; Kaptein, 2014, Dunfee and Hess, 2000; Copeland, 2000). Our thesis has taken this research further by focusing on the effectiveness of such elements, what they contain in practice, and more importantly the interaction between them in order to ensure effectiveness and successful implementation. The existing theory on Codes of Conduct lay the foundation for our study of anti-corruption programmes due to the lack of more applicable frameworks. We suggest nine elements that Schwartz’ (2001) ‘Black Box’ of implementation should contain to ensure that introduced programmes actually promote ethical behaviour amongst employees. Thus, we add meat on the bone of a very recent field of study and provide a basis for future research on anti-corruption programme implementation in practice.

7.2 Limitations due to resource constraints

Our findings do not present clear-cut results and so the results will be exposed to errors such as causality fallacies or misinterpretations. This section contains an outline of some of the most significant limitations of this thesis tied to resource constraints: large amounts of peripheral theory and constraints on time and financial resources. The limitations due to the choice of research design, as well as the measures taken to limit the impact of these are discussed in Chapter 3.

Large amount of peripheral theory

There are a large number of topics and theoretical perspectives in the periphery of our research questions that relate to the various phenomena studied, such as Code of Conduct, Implementation of programmes and whistle-blowing. However, due to the insufficient resources available the inclusion of these was constrained - we had to prioritise amongst them. Relevant theoretical concepts are thus not included, and the included ones are not covered exhaustively, limiting the quality of our study.

Constraints on time and financial resources

Our thesis is marked by the lack of time and financials available for conducting our research. For example, data was gathered within the frames of one month in 2015, making the contributions of large parts of our study short lived as the practical implications of the studied topic is rapidly changing. We also had to put constraints on the number of companies interviewed and the time spent on each interview. The period of time over which the employee survey was open also had to be sufficiently long, shortening the time available for analysing the result. Furthermore, we were not able to send the revised abstracts from the interviews back to the Compliance Officers for review, reducing the construct validity of our study. Together with the financial restrictions, the time constraints deprived us of the opportunity to conduct in-depth interviews of the employees at the various geographical locations, which may have resulted in the loss of information and understanding of the individual situations.

7.3 Future research

On the background of the findings and conclusions of this thesis researchers should consider adding to the field of study by building on our results. They should consider gathering empirical data to build a generic model showing the detailed components of the Black Box that must be in place to ensure successful implementation. It would also be interesting to evaluate which activities and measures to implement at various stages in the process of establishing an anti-corruption programme, to and look at how this varies according to country-, activity- and industry specific factors. Other potential areas for further research is how implementation success should be measured in a way that distinguishes real compliance from paper compliance,

and how the design process of anti-corruption programmes should be conducted so as to minimise the design-reality gap.

Furthermore, there are other areas of study that might shed light to different aspects of implementation of anti-corruption programmes than what is covered in this paper. For example, researcher should consider adding to the field by drawing parallels to how systems are implemented in the financial sector, where support structures are successfully used to counter the spread of money laundering. It could also prove valuable to study the development of anti-corruption work over time to provide a sounder basis for predicting future trends and learning from previous experience. Looking to existing literature and theories within complementary fields of study, or performing a multidisciplinary study should also be considered for future research. Disciplines of interest are areas such as internal audit, quality assurance, HSE, and legal, which are far older fields within organisational theory. To uncover a more accurate set of factors for successful implementation, a broader sample of firms should be studied that is representative for a larger population of global MNCs, and include factors from the external environment. Examples of such external factors are the role of industry peers, proximity to research institutions, civil society engagement, the political situation, local culture and the reactivity of local legislative agencies.

Finally, research performed in the future should take into account the outlined limitations to improve the quality of the results. Alternatives may include to perform an in-depth study of a single company at all organisational levels and across geographically dispersed business units, or to look into a specific industry to reduce the limitations of generalisation of this study. Researchers should also consider conducting structured interviews across a large sample of companies securing a better response rate than what was achieved in this thesis, so as to improve the quality of cross-sectional analysis.

8 Concluding Remarks

To conclude this thesis we revisit the research questions from the introduction in order to demonstrate to what extent they have been adequately answered by our findings. As mentioned, we have looked at 13 companies from various industries and as such we argue that our findings may to some extent be representative for the majority of the Norwegian business community. Moreover, as those companies in question are multinational companies operating in the global business community, our findings may also have merit for companies outside of Norway. By embarking on such a comprehensive and ambitious journey as this thesis has done we feel that our contribution is one of distinct value for scholars and practitioners alike, and as such accomplished what it aimed to do. As can be seen below, it also provided highly satisfactory answers to our initial RQ's.

RQ1: What constitutes a 'good' anti-corruption programme?

Primarily, a good anti-corruption programme is one that accomplishes what it sets out to do. As we have demonstrated earlier, however, this is not a task without its challenges. A good programme is one that reflects all the different levels of the company, and allows for a transparent flow of communication. Our findings promote the adoption of a compliance lifecycle mind-set through which one allows for the creation of a long-term function that is engrained into the company's daily operations. Through such a mind-set one will allow for a more robust system to be built around the risks and vulnerabilities of a specific company, and as such will be able to draw on existing internal capabilities. Such a system will also help close the design-reality gap by building on an initial screening of areas with high-risk exposure or cultural friction. This may require a substantial amount of resources in the beginning of the programme introduction, which top management may be hesitant to allocate. However, it is our opinion that this approach will allow for a more efficient implementation process and hence save the company for unnecessary resource expenditure in the long term.

Furthermore, a 'good' compliance programme is one that is adaptable and knowledgeable in terms of spending resources on the basis of risk exposure. It also promotes a visible top management so as to ensure that employees are satisfied with the company's message, so as to not engage in corruption even if it warrants short-term financial gain. Employees' acceptance of this message will make them more likely to exhibit wanted behaviour if ever exposed to corruption, and thereby safeguard the company.

A good compliance programme is henceforth one that allows for a seamless alignment between system and culture, in which the role of the Compliance Officer becomes a more coordinative, in which they can focus on monitoring and improving the existing programme to ensure that it is in line with current regulations and requirements.

RQ2: What are the crucial factors in ensuring efficient implementation of, and compliance with anti-corruption programmes in Norwegian MNCs?

Our findings allowed us to identify nine factors, which are key to ensuring an efficient implementation of, and compliance with anti-corruption programmes. These were in turn classified as prerequisite, core and support functions within the compliance lifecycle model. Our research has shown that one cannot, and should not, try to minimise the role and responsibilities of a compliance function to only being concerned with one factor - rather they should seek to look at how the various factors interact. As such, there are certain key factors of which the Compliance Officer should remain in control, even in the later stages of a compliance programme. These factors are listed under the core function: communication, training, resource allocation and company culture. Culture is important as it is in many ways the 'wolf in sheep's clothing' and when little is done to examine the cultural frictions, one runs the risk of not being able to close the design-reality gap and as such cause detrimental effects to the effectiveness of the programme.

RQ3: How do employee perspectives on Norwegian MNCs' anti-corruption efforts align with that of top management?

On a very general level, the perspectives of employees and top management align quite well. This is particularly on the issue of training which both top management and employees tend to look upon favourably. With regards to the use of resources, however, their views do not align as seamlessly; employees tend to have trouble in understanding what management is explicitly doing and henceforth feel corporate management spend an excessive amount on the issue. Furthermore, employees are less likely to be able to identify those in charge of compliance and express a concern regarding their inability to correctly identify the ways in which they should report on corruption. Moreover, both Compliance Officers and employees express a concern that the company should have measures in place to warrant corruption, and as such one may expect that employees in companies that currently lack an anti-corruption programme share this view.

Another key finding is that employees tend to see themselves as competent to deal with corruption when management, however, seem to be less confident. Nonetheless, little is done by Compliance Officers to adequately map out the current capabilities of their staff and as such they rely on a perception of company culture rather than real data. This is important as it highlights the existence of a knowledge gap between what the company thinks to be true, compared to what it knows to be true. Said gap arguably represents one of the main weaknesses of Norwegian MNCs as they then fail to correctly assess whether their areas of risk exposure correlates with their capabilities. A non-alignment between these two is likely to create so-called blind spots in which the company is less likely to be able to protect itself against corruption, and as the introduction states, and this thesis clearly shows: 'the only way companies can be ethical, is for people to be ethical'.

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Appendix 1 Interview Overview

Expert	Title	Date	Duration (min.)	Type	Place
Tina Søreide	PhD Scholar UiB	07.02	45	Telephone	Trondheim
Helge Kvamme	Lawyer, Selmer	09.02	60	Face-to-Face	Trondheim
Guro Slettemark	Generalsecretary TI	09.02	60	Face-to-Face	Trondheim
Albert Wolders	Leader Anti-Corruption and Fraud, Deloitte	05.03	45	Telephone	Trondheim
Arnt Angel	Lawyer Forensic Services, Deloitte	13.03	60	Face-to-Face	Oslo

Company	Date	Duration (min.)	Type	Place
A	09.03	100	Face-to-Face	Oslo
B	10.03	90	Face-to-Face	Oslo
C	05.03	90	Telephone	Trondheim
D	19.03	60	Telephone	Trondheim
E	10.03	90	Face-to-Face	Oslo
F	13.03	60	Face-to-Face	Oslo
G	11.03	90	Face-to-Face	Oslo
H	10.03	110	Face-to-Face	Oslo
I	11.03	60	Face-to-Face	Oslo
J	12.03	60	Face-to-Face	Oslo
K	12.03	60	Face-to-Face	Oslo

L	19.0 3	60	Telephone	Trondheim
M	12.0 3	60	Face-to-Face	Oslo

Appendix 2 Interview guide (In Norwegian)

Introduksjon

Informasjon om format, prosess og anonymitet.

Generelt

Din bakgrunn og erfaring

- Hvor lenge har du vært ansatt i bedriften?
- Hvor lenge har du jobbet med compliance (antikorrupsjon)?
- Hva er din bakgrunn?
- Hvilken erfaring har du med antikorrupsjon i denne/tidligere bedrifter?

Korrupsjon i dagens bedrifts-Norge

- Hvordan vil du definere korrupsjon?
- Oppfatter du korrupsjon som en relevant problemstilling i Norge i dag?
- Oppfatter du korrupsjon som en relevant problemstilling for bedriften? (På hvilken måte, har dere støtt på noen utfordringer)
- Har du noen eksempler på korrupsjonssaker i Norge idag.

Spesifikt

Anti-korrupsjonsarbeid i din bedrift

- Hvor mange jobber med antikorrupsjon i bedriften?
 - I Norge og i utlandet?
- Hvor lenge har en ev. compliance-funksjon eksistert?
- Hva er ansvarsområdene dine?
 - Hva er din rolle i utviklingen av antikorrupsjonsstrategier?
- Fortell oss om bedriftens antikorrupsjonsstrategi
- Hvordan utarbeides denne (i forkant og underveis)?
 - Hvor dere henter inspirasjon (internt/eksternt)
- Hvilke endringer har du sett over tid? De siste 20, 10, 5 årene?
 - Hvorfor utvides compliance-avdelingen?

Anti-korrupsjonstiltak og implementering

- Hva gjøres for å implementere bedriftens anti-korrupsjonsstrategi?
 - Hvordan kommuniseres bedriftens anti-korrupsjonsstrategier overfor de ansatte?
 - Hvordan gis de ansatte opplæring i antikorrupsjon? Hvem, hvordan, oppfølging
 - Engangstiltak eller periodiske øvelser?
- Hvilke verktøy bruker dere for å sikre etterlevelse hos de ansatte?
- Hvordan måles grad av implementering? Eks. signering av code of conduct
- Hva ser du på som ledelsens rolle i denne prosessen?
- Hva ligger til grunn når dere skal bestemme satsningsområdene innenfor anti-korrupsjon
- Hvilke aspekter blir prioritert når dere skal utforme en slik strategi/rammeverk?

Deler av bedriften med høyere korrupsjonsrisiko

- Hvordan rangeres bedriftens avdelinger mtp korrupsjonsrisiko? Eks. CPI

- Hvordan sikres compliance her? Spesielle tiltak? Spesiell opplæring?

Varsling og varslingssystemer

- Hvordan er varslingsmuligheter lagt opp i bedriften?
 - Interne/eksterne kanaler
- Hvordan følges varsler opp?
 - Prosess
 - Hvem er ansvarlig?
 - Hva slags kompetanse skal den som mottar et varsel ha?
- Gjør dere forskjell på en varslingslinje og en hjelpelinje?
- Hva gjøres for å sikre at ansatte har tiltro til bedriftens varslingssystem?
- Interne vs. eksterne insentiver for varsling?
- Hvilke utfordringer ser du ved effektiviteten til dagens varslingssystem?
 - Hvilke faktorer tror du påvirker denne?
 - Hvilke forbedringer kunne vært gjort for å øke denne?

Nulltoleranse

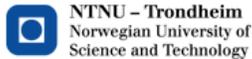
- Ser du noen utfordringer ved null-toleranse? Tror du dette kan påvirke antall varslingssaker som meldes inn?

Avslutning

- Har du noen avsluttende kommentarer?
- Har du noen spørsmål?
- Ønsker dere å motta oversikt over resultatene i etterkant?

Informasjon om veien videre

Appendix 3 Employee Survey Template



Implementation of anti-corruption programmes: Employee Perspective

Implementation of anti-corruption programmes: Employee Perspective

This survey is part of the Master thesis of Myrth Andresen and Esther Borgen on 'Factors affecting the efficiency of implementation of anti-corruption programs' at Norwegian University of Science and Technology (NTNU). Our thesis aims to look at the different factors relating to the implementation process of anti-corruption frameworks in Norwegian companies in order to rank their efficiency in assuring compliance. The thesis will contribute to an underdeveloped field of research concerned with the correlation between private corruption and corporate compliance.

All respondents as well as all data will be treated anonymously. Furthermore our thesis will treat all participating companies anonymously and our focus lies not on a singular respondents reply, but rather on the aggregated data from the entire pool of respondents. Any data shared with the participating company will only be on an aggregated basis. Data will also be aggregated across the participating companies to further ensure the employee respondent anonymity. This survey has been registered with the Norwegian Social Science Data Services and Data Protection Official for Research to ensure that adequate procedures are implemented in the survey to ensure the individual respondents protection.

Please use the general comment box provided at the end of this survey if you have any feedback. If you have any questions please do not hesitate to contact us at myrthhel@stud.ntnu.no or estheram@stud.ntnu.no.

We hope that you feel confident to answer this survey freely and in earnest.

Thank you in advance for your cooperation.

1. Please state the name of your company.*

2. How long have you been with this company?*

- 0-2 years
 2-5 years
 5-10 years
 10-20 years
 20+ years

3. Do you hold a management position in your company?*

4. Have you ever been stationed outside of Norway?*

5. Please state any training you may have received on anti-corruption. NOTE: You may choose several options.*

- Face-to-face training
 Web based training (e-learning)
 Workshop or group based training
 I have not received training on anti-corruption

The training I have received has made me better equipped to adequately deal with corruption

I am well informed of my own legal responsibility when faced with corruption

I can freely discuss issues of corruption with my colleagues

I have a good understanding of what is being done by management to tackle the issue of corruption

6. To what extent do you agree with the statements below?*

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	N/A
--	----------------	-------	---------	----------	-------------------	-----

I have a good understanding of the corruption risk that I face in my current work situation

I have a good understanding of what management expects of me with regards to corruption

The training I have received has made me more aware of the corruption risk that I face at work

Current company procedures on anti-corruption are adequate

7. To what extent do you agree with these statements?*

	Insufficient	Appropriate	Excessive	N/A
Corporate management's resource spending on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate management's focus on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Line-management's resource spending on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Line-management's focus on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My resource spending on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My focus on anti-corruption is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I know which parts of management are responsible for the anti-corruption programme in my company

I can freely report on issues of corruption to management

I am well informed of how I can report on issues of corruption

If I were to report issues of corruption, I trust that these would be handled professionally

Current company procedures on anti-corruption are necessary

8. If you wish to enter any general comments regarding this survey, please do so below.

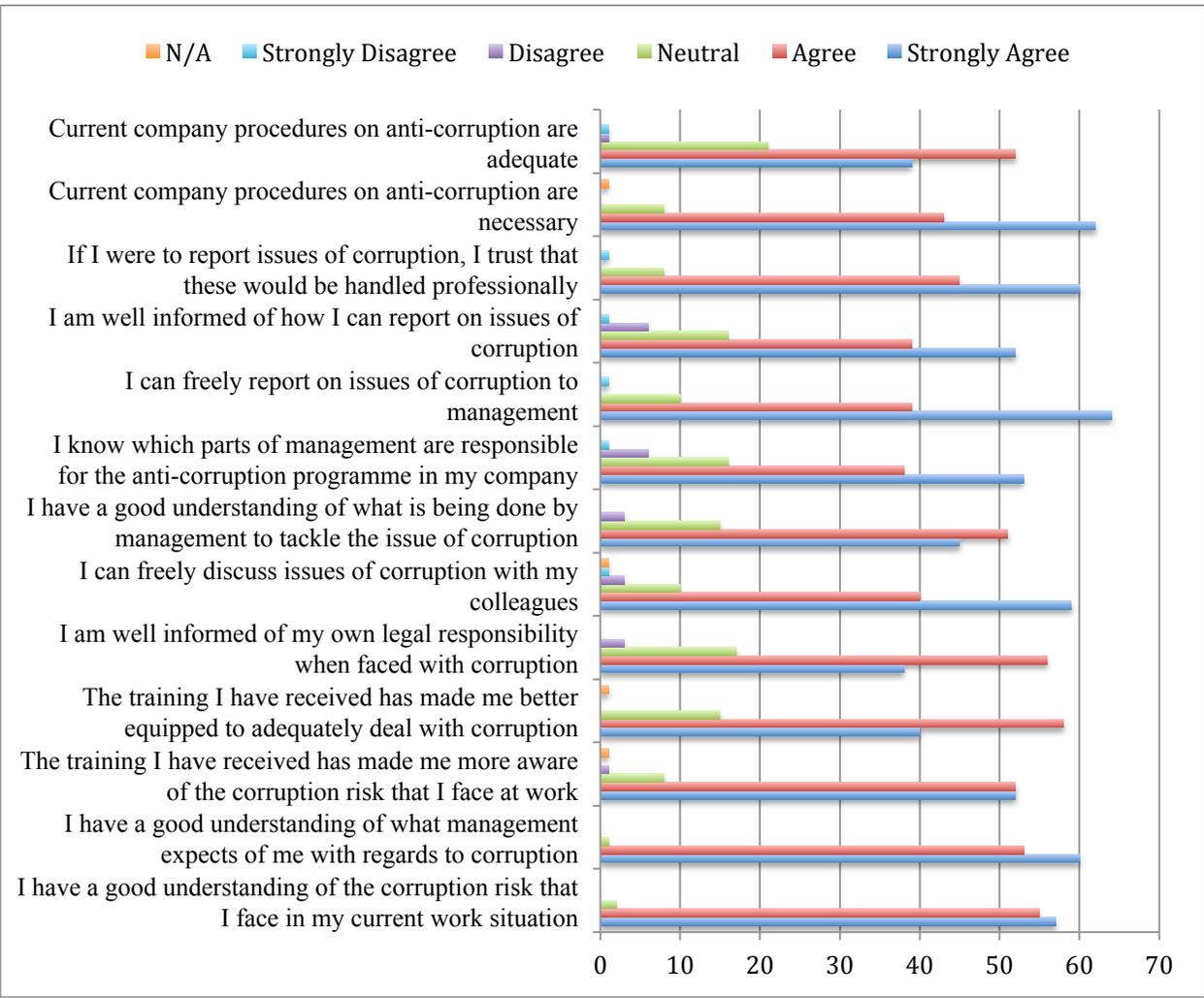
Done

Appendix 4 Employee Survey Results

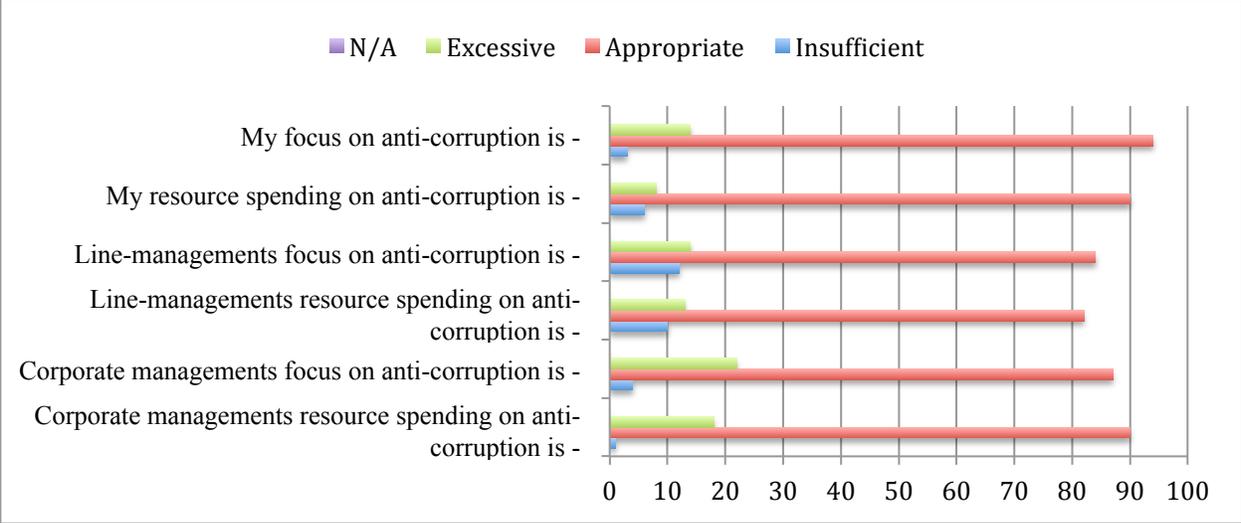
4.1 Total Sample

Years with the company		Characteristics of respondents	
0-2 years	27	Management position (yes/no)	49/65
2-5 years	21	Been stationed abroad (yes/no)	43/71
5-10 years	32	Had face-to-face training	81
10-20 years	23	Only had web based training	32
20+ years	11	Not been trained	1

Information about sample, total sample



Responses to statements, total sample

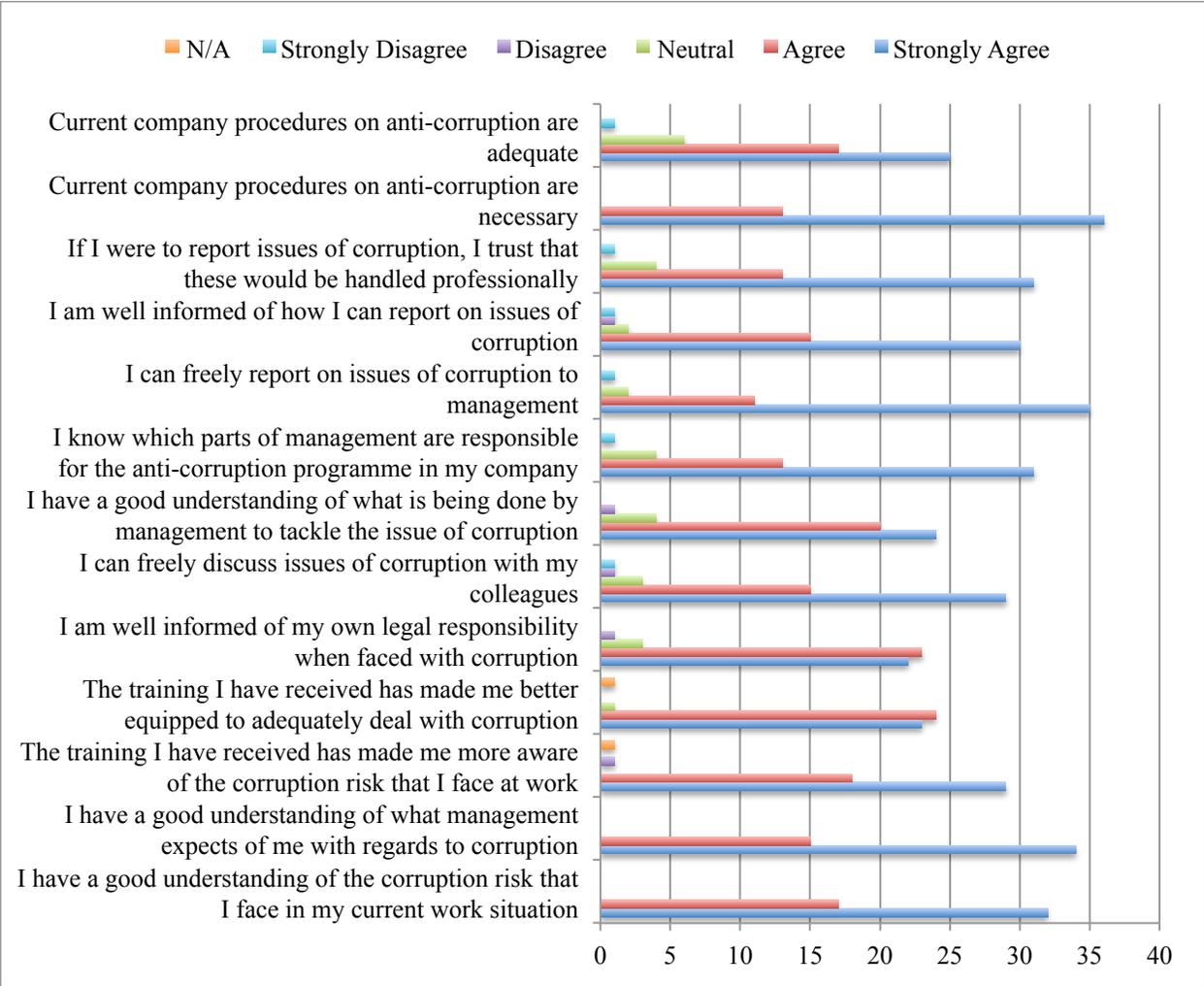


Focus and resource spending, total sample

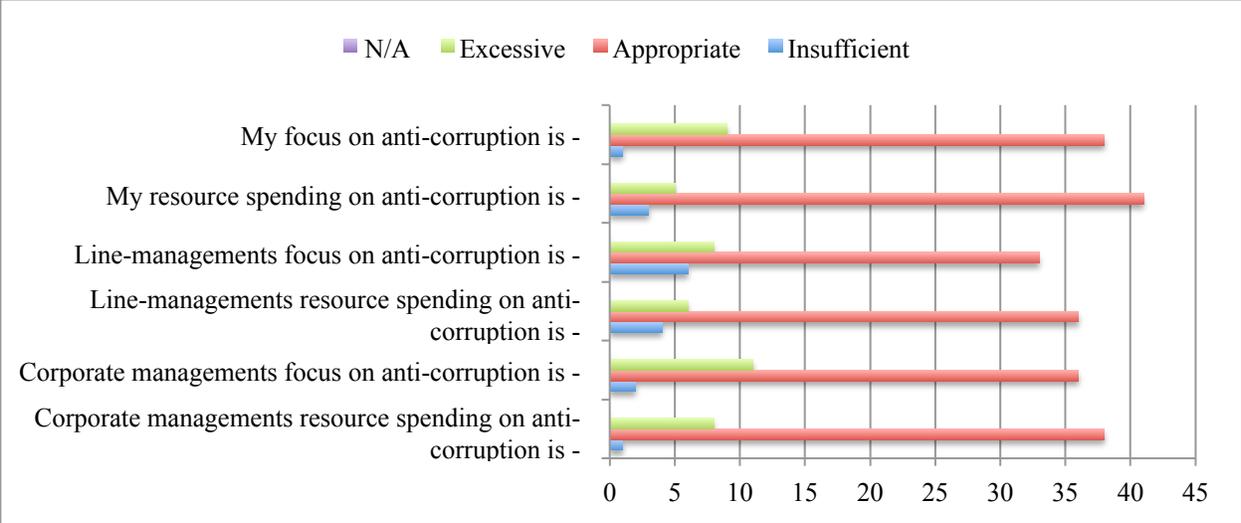
4.2 Management position

Years with the company		Characteristics of respondents	
0-2 years	10	Management position (yes/no)	N/A
2-5 years	8	Been stationed abroad (yes/no)	19/30
5-10 years	14	Had face-to-face training	41
10-20 years	11	Only had web based training	7
20+ years	6	Not been trained	1

Information about sample, management position



Responses to statements, management position

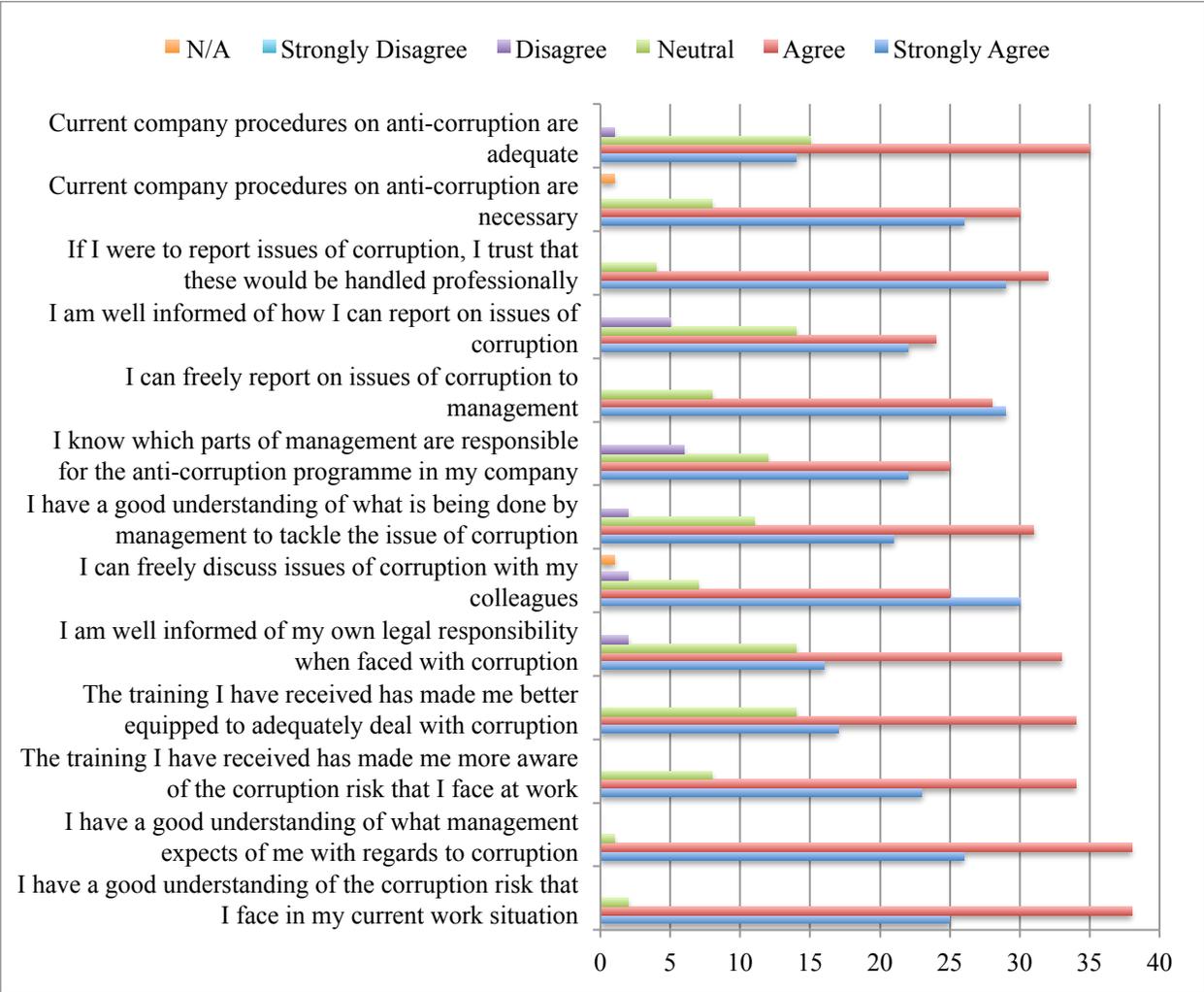


Focus and resource spending, management position

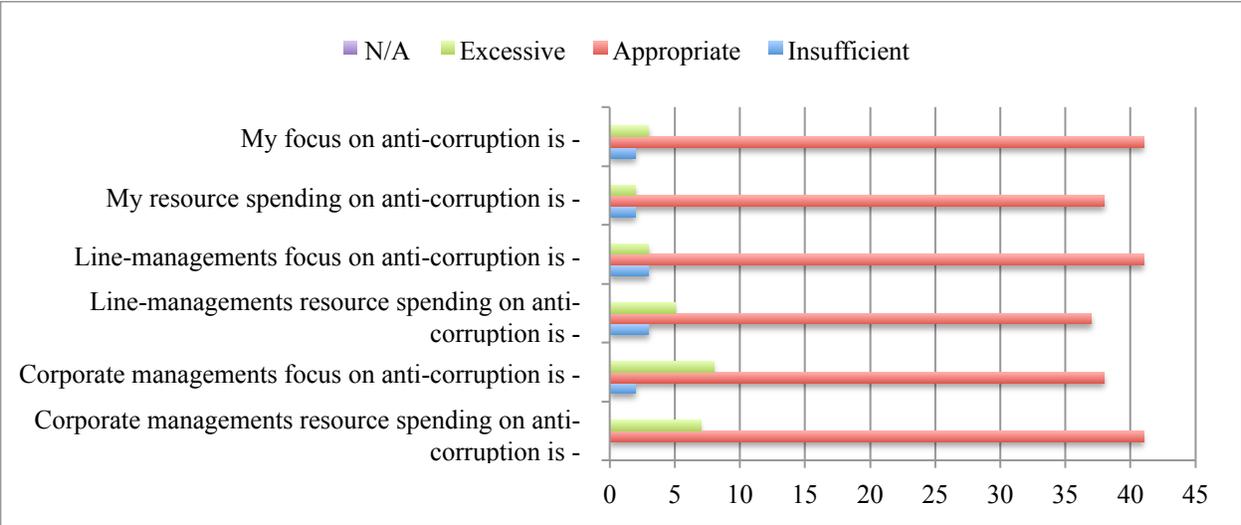
4.3 Non-management position

Years with the company		Characteristics of respondents	
0-2 years	17	Management position (yes/no)	N/A
2-5 years	13	Been stationed abroad (yes/no)	24/41
5-10 years	18	Had face-to-face training	41
10-20 years	12	Only had web based training	24
20+ years	5	Not been trained	0

Information about sample, non-management position



Responses to statements, non-management position

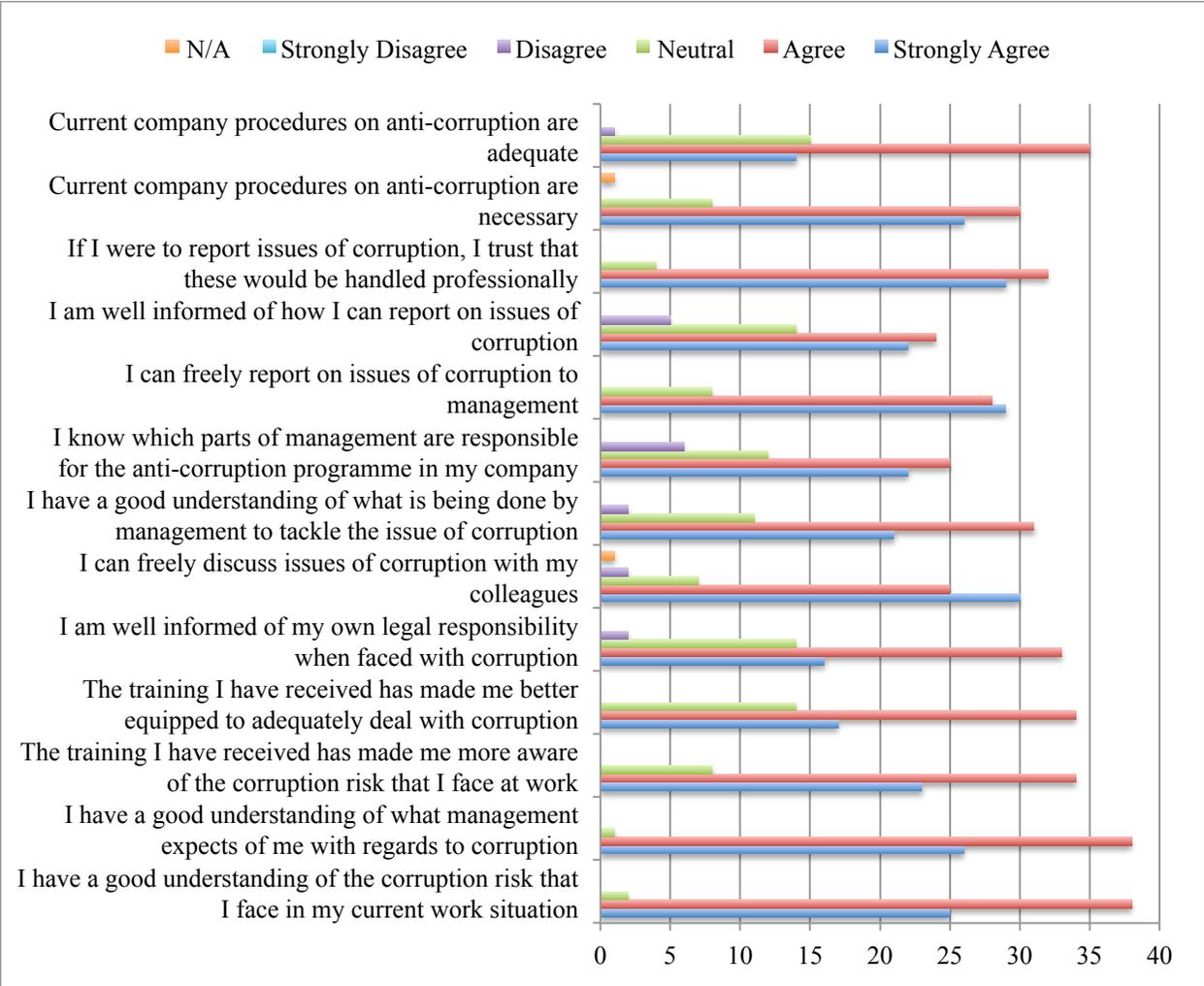


Focus and resource spending, non-management position

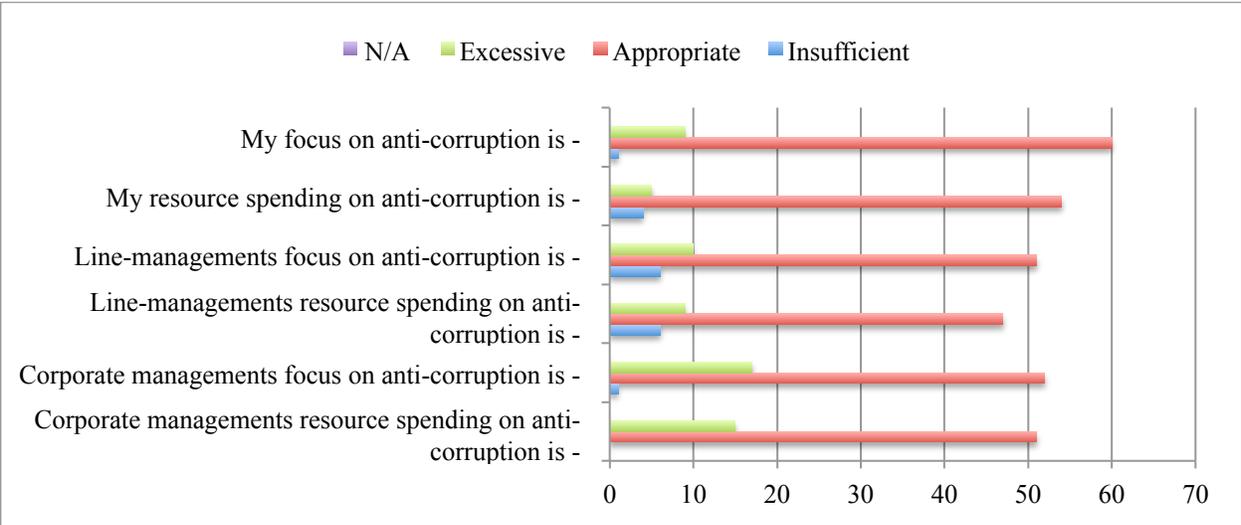
4.4 Never been stationed abroad

Years with the company		Characteristics of respondents	
0-2 years	21	Management position (yes/no)	30/41
2-5 years	12	Been stationed abroad (yes/no)	N/A
5-10 years	21	Had face-to-face training	47
10-20 years	11	Only had web based training	24
20+ years	6	Not been trained	0

Information about sample, never been abroad



Responses to statements, never been stationed abroad

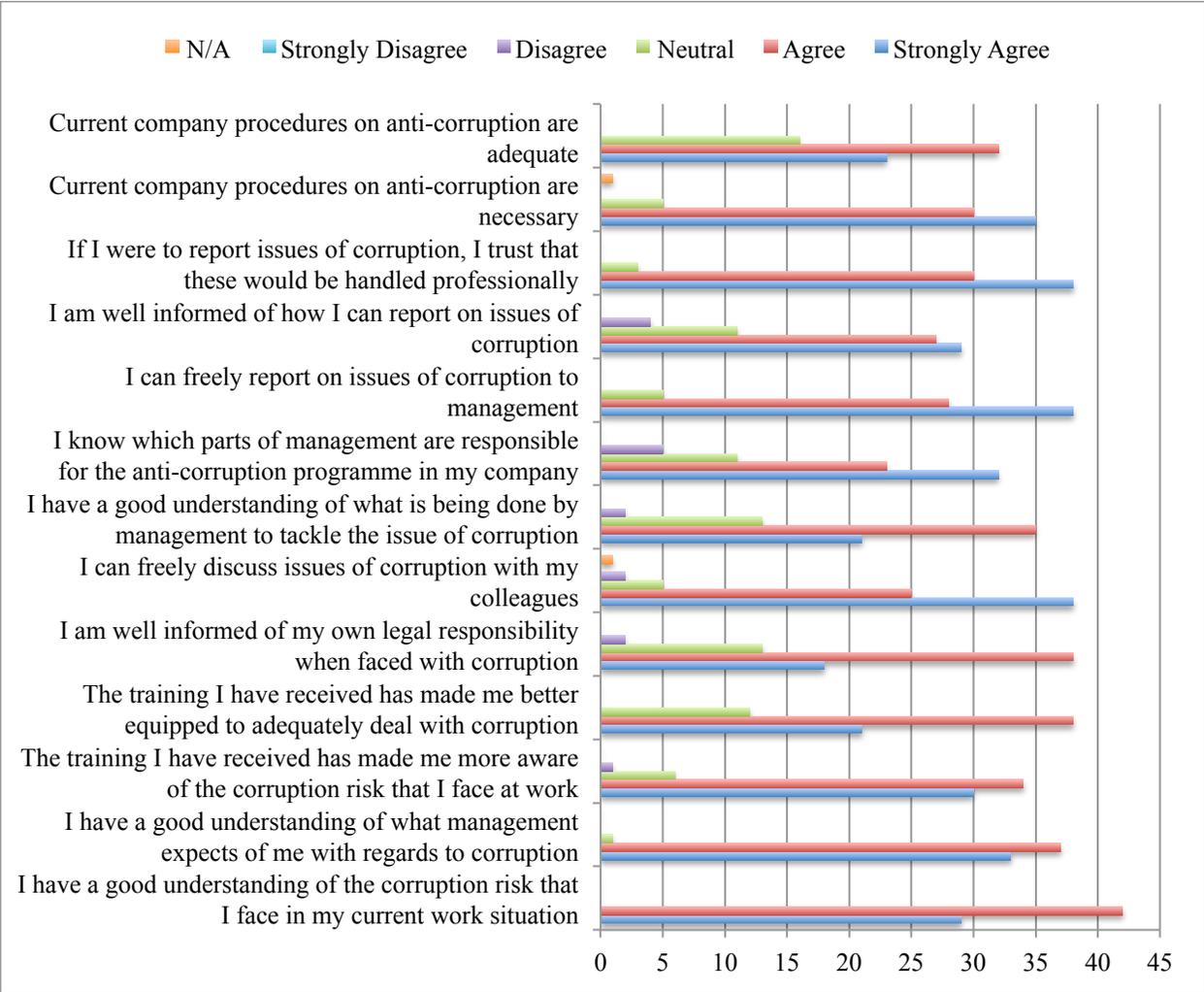


Focus and resource spending, never been stationed abroad

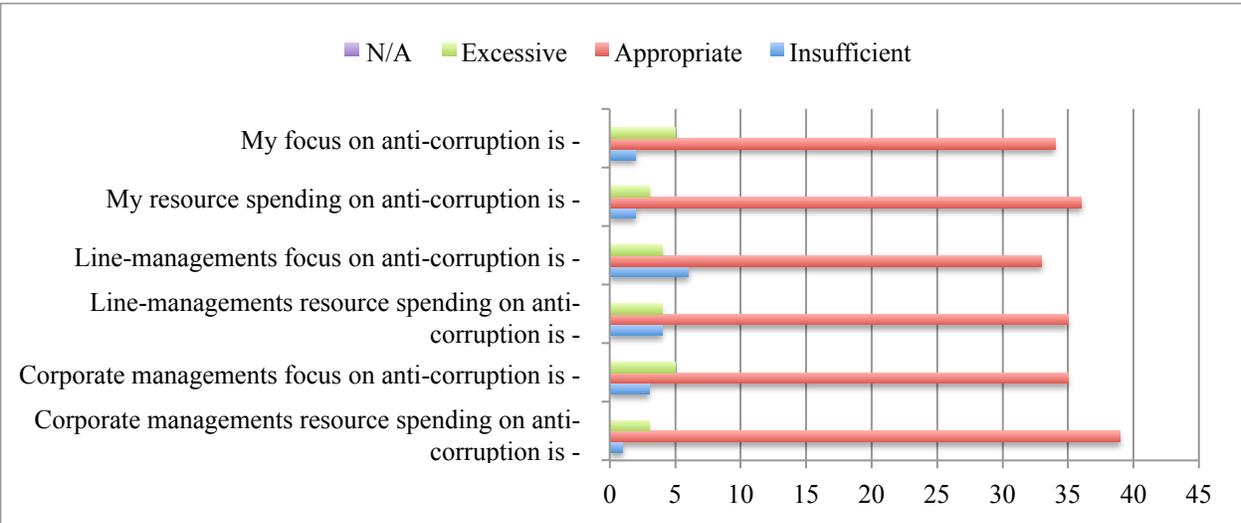
4.5 Been stationed abroad

Years with the company		Characteristics of respondents	
0-2 years	6	Management position (yes/no)	19/24
2-5 years	9	Been stationed abroad (yes/no)	N/A
5-10 years	11	Had face-to-face training	35
10-20 years	12	Only had web based training	7
20+ years	5	Not been trained	1

Information about sample, been stationed abroad



Responses to statements, been stationed abroad

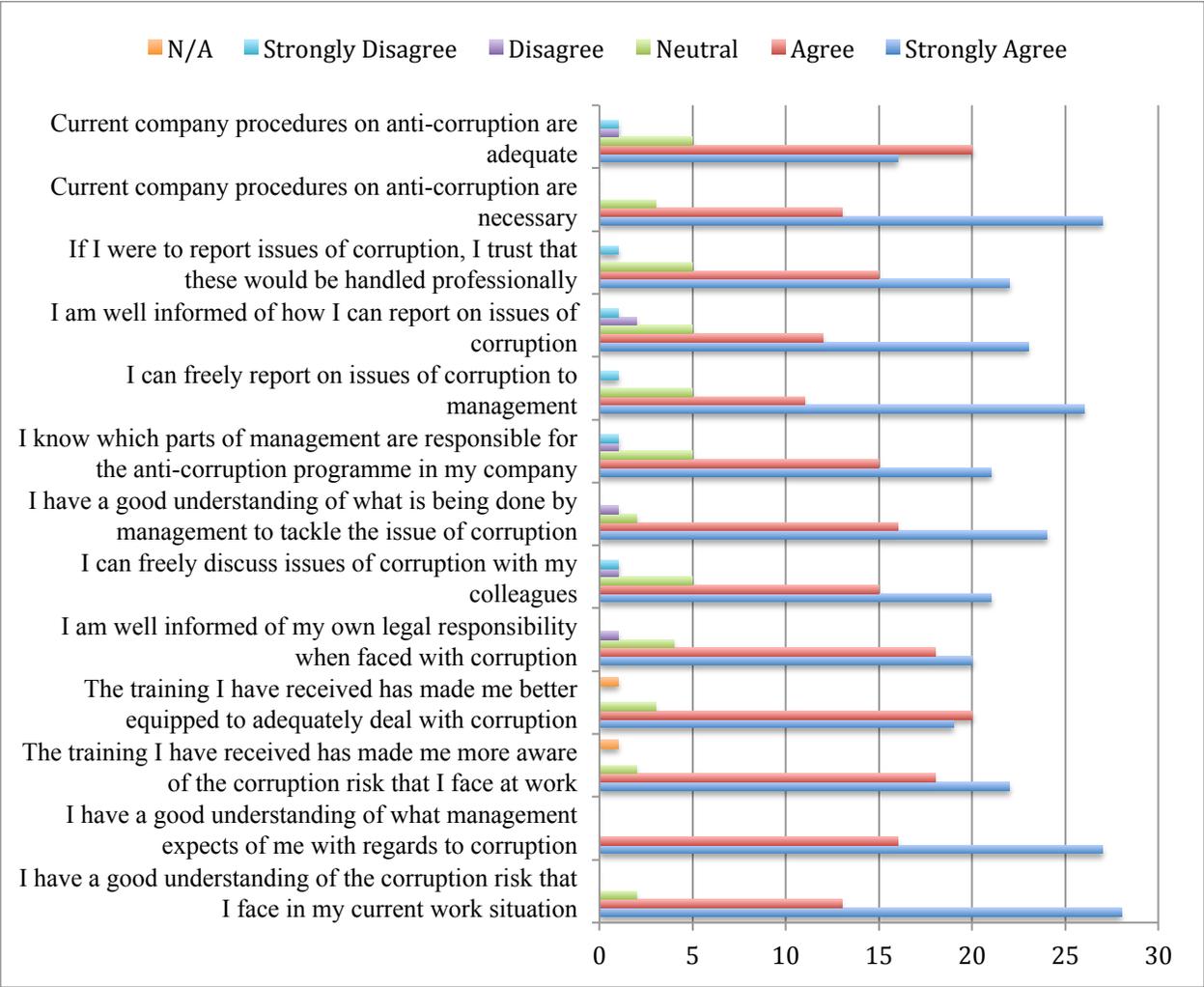


Focus and resource spending, been stationed abroad

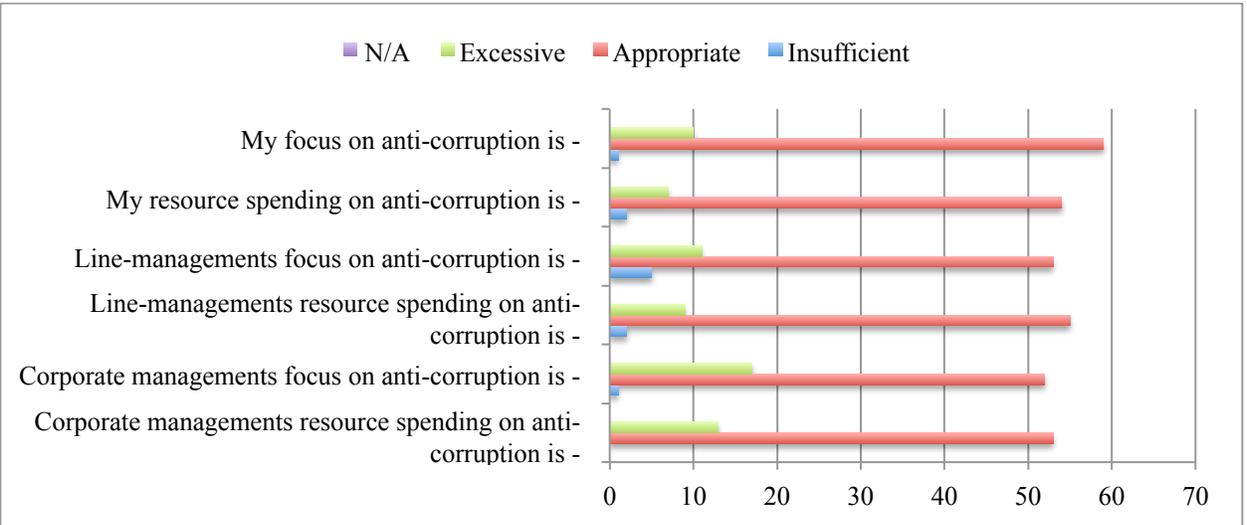
4.6 Have had some form of face-to-face training

Years with the company		Characteristics of respondents	
0-2 years	15	Management position (yes/no)	40/41
2-5 years	17	Been stationed abroad (yes/no)	34/47
5-10 years	24	Had face-to-face training	N/A
10-20 years	17	Only had web based training	N/A
20+ years	8	Not been trained	N/A

Information about sample, have had some form of face-to-face training



Responses to statements, have had some form of face-to-face training

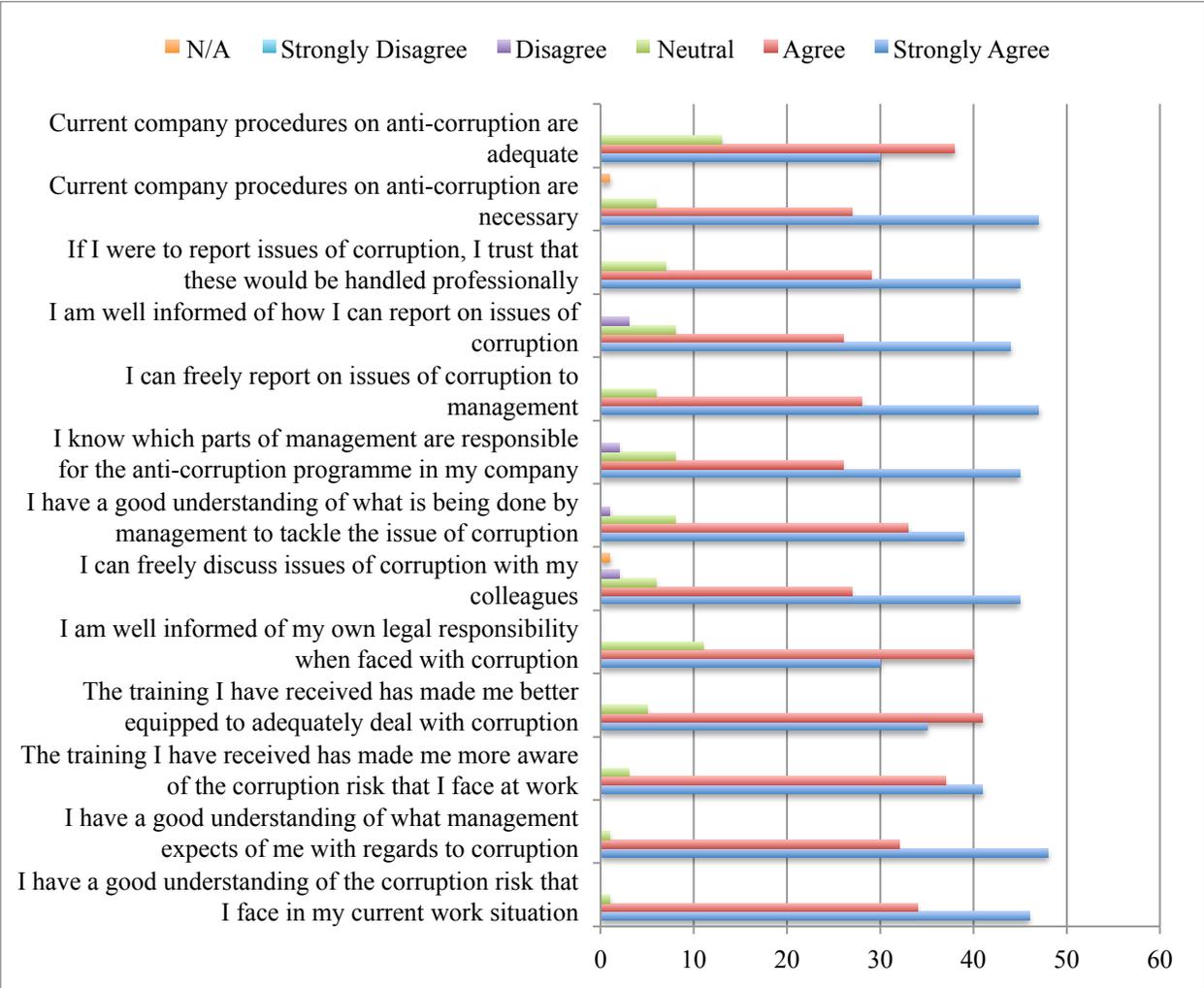


Focus and resource spending, have had some form of face-to-face training

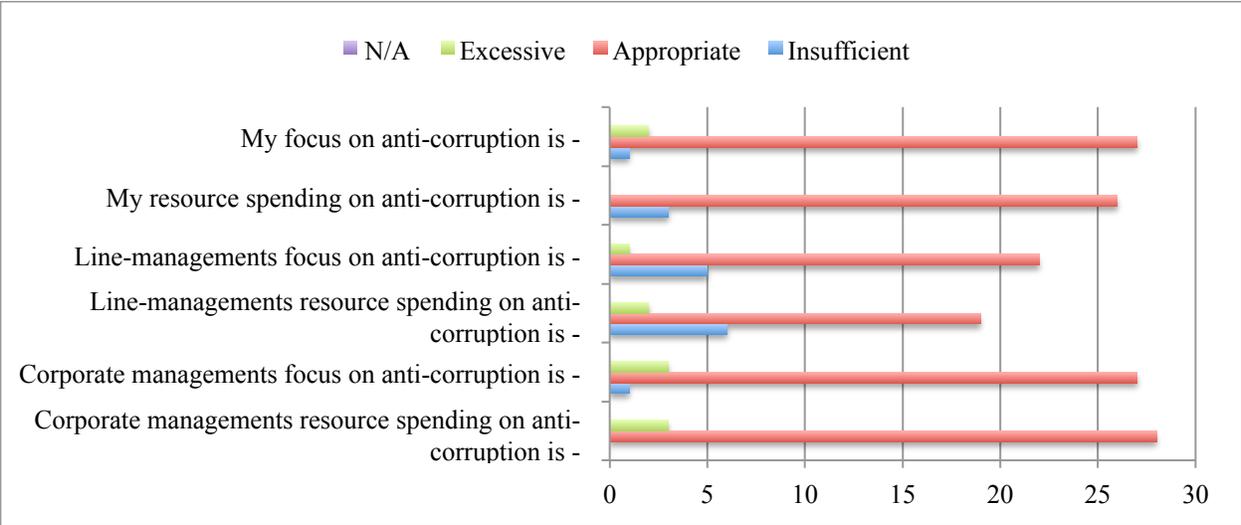
4.7 Only had web based training

Years with the company		Characteristics of respondents	
0-2 years	12	Management position (yes/no)	8/24
2-5 years	3	Been stationed abroad (yes/no)	8/24
5-10 years	8	Had face-to-face training	N/A
10-20 years	6	Only had web based training	N/A
20+ years	3	Not been trained	N/A

Information about sample, only had web based training



Responses to statements, only had web-based training



Focus and resource spending, only had web based training

4.8 Has not received training

Years with the company		Characteristics of respondents	
0-2 years	0	Management position (yes/no)	1/0
2-5 years	1	Been stationed abroad (yes/no)	1/0
5-10 years	0	Had face-to-face training	N/A
10-20 years	0	Only had web based training	N/A
20+ years	0	Not been trained	N/A

Information about sample, has not received training

Statement	Response
I have a good understanding of the corruption risk that I face in my current work situation	Agree
I have a good understanding of what management expects of me with regards to corruption	Agree
The training I have received has made me more aware of the corruption risk that I face at work	N/A
The training I have received has made me better equipped to adequately deal with corruption	N/A
I am well informed of my own legal responsibility when faced with corruption	Disagree
I can freely discuss issues of corruption with my colleagues	Neutral
I have a good understanding of what is being done by management to tackle the issue of corruption	Disagree
I know which parts of management are responsible for the anti-corruption programme in my company	Strongly Disagree
I can freely report on issues of corruption to management	Strongly Disagree
I am well informed of how I can report on issues of corruption	Strongly Disagree
If I were to report issues of corruption, I trust that these would be handled professionally	Strongly Disagree
Current company procedures on anti-corruption are necessary	Strongly Agree

Response to statements, has not received training

Focus and resource spending	Response
Corporate managements resource spending on anti-corruption is -	Insufficient
Corporate managements focus on anti-corruption is -	Insufficient
Line-managements resource spending on anti-corruption is -	Insufficient
Line-managements focus on anti-corruption is -	Insufficient
My resource spending on anti-corruption is -	Insufficient
My focus on anti-corruption is -	N/A

Focus and resource spending, has not received training