

Common



Corruption – the Unknown Risk



When it comes to corruption and the associated legal consequences, many of the specialists and managers of the future lack a proper understanding of the issue. This was the finding of a recent study of more than 1,800 Swiss university students from all different disciplines, carried out by the Swiss Institute for Entrepreneurship (SIFE) and the Economic Policy Research Unit of the University of Applied Sciences (HTW) Chur. On average, the participants were only able to correctly assess 2.6 out of the seven corruption-related scenarios that they were asked to consider.

The key growth markets for Swiss firms, now and in the future, are increasingly to be found in countries and regions of the world where corruption is a serious risk. The pressure for commercial success, a limited knowledge of the political and cultural environment, and uncertainty about the legal situation all increase the risk of firms, their specialists and managers getting caught up in corruption when doing business abroad. In practice, corruption often takes the guise of an opportunity for a firm to get round bureaucratic obstacles or to gain a commercial advantage. As such, corruption can be extremely enticing. According to World Bank estimates, more than 1,000 billion US dollars in bribes change hands worldwide every year.

Stepping Up the Fight Against Corruption

Efforts to tackle corruption have increased dramatically in the last few years, at both the national and international level. In the wake of this trend, Switzerland has also tightened up and extended its criminal law in this area. Under the new legislation, both individuals and firms in Switzerland who bribe foreign officials can expect to face criminal proceedings. As well as the threat of fines, firms convicted of corruption face the prospect of other penalties such as being barred from government funding and projects, not to mention serious damage to their reputation.

Firms Associated with Corruption

So how much do the specialists and managers of the future really know about the legal consequences of corruption? This was one of the questions explored by researchers from the Swiss Institute for Entrepreneurship (SIFE) and the Economic Policy Research Unit of the University of Applied Sciences (HTW) Chur in a recent study.

More than 1,800 Swiss university students from all different disciplines took part in the survey, carried out in the summer of 2010. The first thing the researchers wanted to find out from the respondents was whether corruption represents a serious problem for society. Just over 90 percent of the students questioned said "yes." Around half of them also named one or more firms that they immediately associate with corruption, most commonly UBS (270) and Siemens (261), followed - some way behind - by BP (120) and the football associations (119).

Even Law Students Aren't Completely Sure of the Facts

Despite a general awareness of the problem of corruption, those questioned found it far more difficult to correctly assess specific examples of corrupt practices. For example, they were presented with seven short scenarios involving possible cases of corruption and asked to assess the legal consequences of the actions of each of the players, in Switzerland and abroad. The respondents only got it right in 2.6 out of the seven cases. There was a clear lack of knowledge about corruption abroad, in particular. Only about 20 percent of the respondents knew that bribing a foreign official is punishable under criminal law in Switzerland, for example.

A breakdown of the findings reveals - perhaps unsurprisingly - that law students are more likely to correctly grasp the legal consequences of corruption than those from other academic disciplines, but even they have significant gaps in their knowledge, only getting it right in 3.3 out of the seven cases.

The Need for Training

The results of the study clearly show that there is still a need to raise awareness and improve training in relation to tackling corruption. Not only the academic world, but also politics and business will have to rise to the challenge. The subject of corruption, and the associated risks and implications, will need to feature much more highly in the university curriculum. By the same token, firms must also make this an integral component of their trainee programs, leadership training, and operational staff development.

These measures are all the more urgent since 80 percent of the students questioned were of the opinion that corruption is simply part and parcel of business life, and will always exist.

For further information (currently available in German only), go to:

www.sife.ch/anti-korruption

Becker, K., Hauser, C., Kronthaler, F. (2011): Corruption and

the resulting legal consequences - What is the current 'state of knowledge' that students possess as future decision-makers?
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Autor & Contact:

Professor Christian Hauser
Swiss Institute for Entrepreneurship
The University of Applied Sciences (HTW) Chur
Comercialstrasse 22
CH-7000 Chur

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