



## **Corruption and Integrity**

Corruption, in its broadest context, refers to a violation of the integrity or moral principles that define what is acceptable in a given society. Corruption is always associated with a lack of integrity (Ferrel, Fraedrich, & Ferrel, 2008). In a political context, corruption can be viewed as the abuse of office for personal interests. In some cases, corruption entails the abuse of power. Corruption is greatly determined by factors such as levels of personal integrity and the moral perceptions of a given society or country. Both corporate and personal integrity play an important role in determining the global economy in the present world (Wilson, 2009). Corruption is a major issue that most countries in the world are facing, including both national and multinational companies that operate within them. This essay attempts to draw a comparison between the most corrupt and least corrupt countries in the world.

In addition, the essay will analyze the trends of corruption among the selected countries that are the most and least corrupt. The essay will also investigate the significance of culture in determining the business ethics of the selected countries. The paper will also provide an overview of the ethical problems within the least corrupt countries and the actions that the most ethical nations favor. Finally, the paper will report on strategies that can be applied in an attempt to reduce corruption levels.

### **Definition of Corruption**

Corruption is usually measured using the Corruption Perception Index (CPI), which is rated on a scale of 1 to 10, with the rates of corruption decreasing as the CPI rating increases. One international organization tasked with helping countries combat corruption is Transparency international. Transparency International's ratings reveal that the top two least corrupt countries are Denmark and New Zealand, each



having a CPI rating of 9.3. The most corrupt countries in the world according to recent surveys are Somalia and Afghanistan, having a CPI rating of 1.1 and 1.4, respectively (Transparency International, 2009). In measuring the CPI for any given country, Transparency International uses parameters such as the drawbacks that are evident in public procurement, the levels of bribery observed in public offices, the misuse of public funds, and the effectiveness of anticorruption efforts (Transparency International, 2009).

### **Comparison between the Most Corrupt and Least Corrupt Countries**

One of the approaches to comparing the most and least corrupt countries is to evaluate their economic positions. Corruption typically affects the financial position of a country, since most corruption cases are related to the misuse of funds. It is evident that the most corrupt countries perform poorly in terms of economics.

An analysis of the most and least corrupt countries revealed that the most corrupt countries have a lower gross domestic product (GDP) per capita compared to the least corrupt countries, with Somalia having a GDP per capita of approximately \$600 and Afghanistan having a GDP per capita of about \$1,000. The least corrupt countries are New Zealand, with a GDP per capita of \$31,067, and Denmark, with a GDP per capita of \$56,790 (Wilson, 2009). This implies that the least corrupt countries are performing better economically compared to the most corrupt countries.

In addition, differences between the most and least corrupt countries can be viewed from the perspective of economic stability. It is evident that the countries that are least corrupt are more politically stable than the countries that are most corrupt. It is arguably evident that Denmark and New Zealand are more politically stable compared to Afghanistan and Somalia (Transparency International, 2009). This can



be attributed to the fact that corruption occurs mostly in government agencies, which in turn play an imperative role in determining the political stability of a nation.

Abuse of public office for personal interest impairs effective political decisions due to the violation of ethical principles. Somalia and Afghanistan are constantly engaged in internal wars and regional conflicts, contrary to the stability demonstrated by less corrupt countries like Denmark and Switzerland. Another significant difference between the most and least corrupt countries is in terms of the effectiveness of government processes and operations. Many of the governments in the most corrupt countries are ineffective at carrying out government processes and operations (Ferrel et al, 2008). In corrupt systems, the execution of government operations is hindered due to the fact that most public funds are embezzled and also due to the fact that people in public offices tend to serve their own personal interests at the expense of the country's. People in public offices usually do not uphold the moral principles of governance.

On the other hand, in the least corrupt countries, government processes are usually streamlined due to the fact that people in government offices, as well as people in the private sector who serve the public, uphold integrity and keep the national interest rather than their own personal interests at the forefront. This difference implies that governance in the least corrupt countries is more effective compared to the most corrupt countries. Most of the governance systems in corrupt countries are ineffective, and in many cases, there is in fact no stable government at all but rather a transitional government that has ineffective service delivery systems.

The differences between the most and least corrupt countries can also be viewed from a social perspective. The social environments of the most corrupt countries could be considered poor, due to the fact that there are increased poverty



levels, high crime and unemployment rates, and a lack of proper internal relationships. These social norms are contrary to those of the least corrupt countries. Additionally, a differentiating factor between the most and least corrupt countries is in terms of literacy rates, or the fraction of the population that is able to read and write. Less corrupt countries have high literacy rates of approximately 99 percent (Transparency International, 2009). On the contrary, the most corrupt countries have much lower literacy rates, with Somalia reported to have a literacy rate of only about 3.9 percent. Studies have revealed that human capital is determined by the average years of education of a country's residents, which varies inversely with the levels of corruption.

This implies that countries that support education have lower levels of corruption compared to countries that have demonstrated little commitment to education (Wilson, 2009). Another significant differentiation factor between the most and least corrupt countries is known as the Failed State Index (FSI), which provides country ratings in terms of peace and stability, economics, governance, and social indicators. Countries with a high FSI have high levels of instability. FSI ratings vary positively with corruption levels, which implies that the most corrupt countries have higher FSI ratings compared to the least corrupt countries. Cultural differentiation is also significant in the evaluation of differences between the most and least corrupt countries.

Cultural differences are primarily divided into two basic categories: rule-based and relationship-based cultures. The most corrupt countries often have relationship-based cultures, while the least corrupt countries are reported to have rule-based cultures. Examples of countries that have a rule-based culture are New Zealand and Denmark, which are remarkably also the least corrupt countries in the world.



Countries such as Burma and Somalia have relationship-based cultures that are tribalism-oriented and reveal high levels of individualism rather than collective strategies.

### **Significance of Culture in Determining Business Ethics**

As depicted above, culture plays a significant role in the differentiation between the most and least corrupt countries. On a similar account, culture plays an important role in determining the business ethics of a given country. In the context of Somalia and Afghanistan, their relationship-based cultures imply that business decisions are made on the basis of personal trust rather than the rules of the system (Wilson, 2009). This societal norm in turn has significant effects on business ethics.

Cultures that are rule-based adhere to the standards of the system during the execution of business operations and decision-making processes. It can be inferred that various ethical norms are derived from differing perceptions of human culture, which are classified as noted above. In general, rule-based cultures favor the existence of business ethics contrary to relationship-based cultures (Wilson, 2009). Upholding integrity by a country's government and business leaders does not come easy; a nation has to encourage the appropriate culture so as to favor the existence of strong business ethics. This means that a country has to adopt a rule-based culture to ensure that different key players adhere to the requirements of the system during the execution of ethical business decisions.

### **Current Initiatives Taken by the US to Curb Corruption**

The United States has a number of initiatives directed towards keeping corruption in check. One of these anticorruption strategies is the *Foreign Corrupt Practices Act of 1977*, which has been significantly enforced in recent times (Transnational Law Associates, 2006). This Act restricts companies in the United



States from offering payments to foreign governments for the sole purpose of attempting to conduct business abroad. Secondly, the United States has also approved the UN Convention Against Corruption, which is a global anticorruption treaty deployed by UN member states. Thirdly, the US passed the Sarbanes-Oxley Act, which serves to regulate organizations and provide accountability standards that can be used to keep legal and ethical risks in check (Fletcher & Plette, 2008).

### **Conclusion**

Corruption, both at the international and domestic level, poses a significant threat to the security of any nation. Factors that differentiate the most and least corrupt countries can be generally classified into the following: GDP per capita, political stability, cultural differences, and literacy rates. In order for a nation to establish effective anticorruption initiatives, it must appropriately tailor its culture and use the available powers to enact laws that are aimed at eliminating corruption.



## References

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