

# Why corruption COSTS?

**Corruption continues to occupy a dominant position in our society and resultantly in our press. This ranges from apparently “petty” bribes to traffic officials to significant amounts paid as “commissions” for securing tenders. While the amount may differ, the nature of the action is not different. It all amounts to corruption.**

**S**o, someone avoids a fine and someone else gets rich. Is that really so bad? The costs and consequences of corruption answer this question best.

A significant consequence is that corruption adds to the cost of doing business but, crucially, without adding corresponding value. Instead of the full contract amount going towards the delivery of the product or service, only a portion is productively employed. This can erode quality and safety when, for example, sub-standard materials are used on building projects.

## Leading by example

A further cost relates to leadership, specifically because leaders exert the most powerful influence on ethics, defining by their behaviour what is and is not acceptable. Therefore when high profile leaders are involved in bribery and corruption, their impact as role models is very damaging. The message is not only that unethical and illegal behaviour is acceptable, but also that the pursuit of personal gain takes precedence over service delivery.

Corrupt behaviour at leadership level also risks creating an unethical culture where “lowest common denominator” behaviour prevails, whether for employees in a company or citizens in a country. There are many examples, such as the extensive fraud and corruption that has been exposed following the collapse of First Strut and the collusive practices uncovered in the construction industry.

However, public sector corruption appears more prolific. Apart from corruption associated

with government tenders, there are many other incidents with wide ranging costs: fake driver’s licences compromise safety on our roads, false passports provide safe passage for criminals or terrorists and false IDs create an opportunity for identity theft.

## Your reputation precedes you

The biggest risk arising from corruption is at a national level, when the country is perceived to be corrupt. Instead of enjoying the rewards of a sound ethical status – such as enhanced access to international investment and funding, favoured trading partner status and good tourism revenues – a poor ethical reputation erodes those benefits, negatively affecting businesses, institutions and the population’s quality of life.

High levels of national corruption, which are often perceived to allow those in power to amass personal wealth without benefiting their people, also bring with it the risk of a serious further cost, namely social unrest. An important contributory factor to the on-going unrest in North Africa and the Middle East is fuelled by opposition to corruption, as one example.

These many costs should, ideally, be mitigated when corruption is uncovered and successfully prosecuted. However, countering this, the low rate of successful convictions coupled to the apparent impunity of those who are politically and financially powerful add to the negative perceptions.

Of the many issues that would need to be addressed to turn back the tide of corruption is a nation-wide focus on transparency and accountability. But, until that happens, the negative consequences will grow.

As to the question of whether corruption is really so bad, it is impossible to refute the enormous cost of bribery and corruption – a cost far higher than our country can or should afford. ■



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