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Hindsight, Foresight, and Insight into Global Corruption Issues

*Wilson E. Herbert**

Introduction

The narrative of hindsight, foresight, and insight into global corruption issues is hinged on the triumvirate analysis of global perspectives of the historicity, trajectory, and futurity of corruption. Over and above hindsight and insight, foresight offers the crucial ingredient that differentiates good political leadership and good governance combined with successful efforts to curb the debilitating consequences of corruption. For the sake of argument, the political or economic leader with foresight will not only identify and resolve the endemic challenges of corruption, but also will actively seek to develop a framework of good governance practices. The architecture of good governance requires a strong political will, complemented by a strong team of able assistants with kindred or shared vision and passion that help to define the boundary conditions under which each partisan representation is apt to appear in the strategic policy decision-making process.

Recent corporate scandals and failures have attracted mainstream interest in the wake of economic crises as policymakers, business leaders, and the general public have begun to comprehend the economic consequences of unrestrained corruption and fraud in both national development and international business transactions and trade. While there has been a flurry of national and global regulations to mitigate the scourge, the prudential measures have, nevertheless, not gained much mileage in stemming the tide of the harmful impact of corruption and fraud on the stability of national and global economies with respect to governance, economic growth and development, and business transaction. Costs are incurred on both sides: on the one hand, regulations and other strong arm tactics may increase the cost of governance and attenuate the incidence of corruption and fraud; on the other hand, as organizations become more conscious of the egregious distortions of corruption and fraud and become constrained, the additional costs of instituting effective fraud risk management may hamper their bottom line in the short term as they go through the learning curve of adjusting to normal and ethical ways of completing related sets of transactions.

Corruption, in some cases defined synonymously with bribery, is an octopus with huge tentacles extending worldwide into all areas of human endeavor and sparing no one in the process: politics, business, religious organizations, and sports (such as football and athletics, as evidenced by the FIFA corruption scandals). In every material respect, the concern is about the devastating effects of corruption and fraud on individuals, nation states, and the performance of their economies and society in general. The fact that corruption is deeply embedded in nearly all human and structural relationships makes it a primary topic of interest everywhere and by every government, organization, business and opinion leader. The global acknowledgement of the ubiquity of corruption and its egregious discontent is reinforced by Kofi Anan, then UN Secretary-General, in his foreword to the UN's General Assembly Resolution 58/4 of October 31, 2003:

> Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life, and allows organized crime, terrorism, and other threats to human security to flourish. This evil phenomenon is found in all countries—big and small, rich and poor—but it is in the developing world that its effects are most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a Government's ability to provide basic services, feeding inequality and injustice, and discouraging foreign aid and investment. Corruption is a key element in economic underperformance and a major obstacle to poverty alleviation and development (Annan, 2004).

*The author is Professor of Accounting and Financial Management, Federal University, Otuoke, Bayelsa State, Nigeria. Earlier version of this paper was presented at the Fraud Awareness Week organized by the Association of Certified Fraud Examiners (Abuja Chapter) in association with the Nigerian National Petroleum Corporation (NNPC), November 15–16, 2017 at the NNPC Headquarters, Abuja. I wish to acknowledge the helpful comments of participants and the assistance of Francis Onyilo, Lecturer, Baze University, Abuja. I also appreciate the feedback from three anonymous reviewers.

This foreword eloquently captures the universal disaffection with and resentment against corruption. While corruption and fraud may, for the most part, appear to be willfully hidden, cold and nonviolent in nature, however, their impact has many ramifications on the economy and society at large. Scandalous collapses, financial losses, loss of employment and investment, and loss of earnings and means of livelihood are some of the consequential social dislocations and risks of corruption and fraud. The reality is that behind every fraud and fraudster there are real victims. Both insightful analyses and public perceptions in most developing countries suggest that corruption is rife in public service, where officials commit flagrant breaches of public trust by shading the truth through opacity in governance and contract awards and opportunistic procurement of public works and services. With poor standards of governance, corruption attenuates the institutional capacity of governments and organizations, hampers performance, distorts and weakens markets, and impedes economic development, trade, and investment.

The high-profile financial scandals that rocked the world in the 1990s and 2000s and the increasing reported cases of corruption, occupational fraud, financial crimes, and money laundering not only eroded investor confidence and public trust in corporate financial reports, but also raised global consciousness on the need to tighten the reins on corporate governance. In many developing countries, those entrusted with public funds for provision of citizen welfare, security, and public services and those with the responsibility of ensuring public oversight, transparency, and accountability in governance, have reportedly been implicated in state-wide grand corruption, fraud, and economic crimes. Even the judiciary presumed to be the "last hope of the common man" has been allegedly compromised and implicated in several cases of corruption and fraud. Nigeria, for example, has acquired a notoriety for "419"[1] internet-related fraud, bribery, and corruption. Thus, for governments and businesses, there is a growing public demand for increased accountability, transparency, and vigilance in corporate governance.

The contextual background to the heightened interest in fraud investigation and forensic accounting is traceable to corporate governance concern of at least three antecedent kinds. First, the corporate failures of the 1990s became scandalous not only because of the characteristics of the companies (size, age, and their reported past successes) that collapsed and their multiplier effect on national and global economies, but also because of the discovery that "questionable accounting practice was far more insidious and widespread than previously envisioned" (Bhasin, 2013). Second, the plethora of incriminating evidence linking these egregious accounting practices to the corporate scandals and failures led to a number of national and global corporate governance initiatives (Herbert, Ene, and Tsegba, 2014). Third, prior to the fall of Arthur Andersen, accountants had historically had a determinative role in fostering investor confidence and public trust through audit reports. Many large audit firms, like Arthur Andersen, had embarked on an income trajectory that placed premium on hefty audit fees over trust and accountability, and quality and honest accounting.

Arthur Andersen's disgraceful accounting practices and its fall are succinctly captured by the Chicago Tribune of September 1, 2002 that: "The quiet dilution of standards and the rise of auditor-salesmen at Andersen are central to the scandals that have cost investors billions of dollars, eliminated thousands of jobs, and threatened the retirement security of millions of citizens. Most of all, they have cast suspicion over the financial reports that Americans rely on to judge the health of companies where they work and invest."

Dimensionalizing Corruption

Corruption broadly encompasses all forms of irregular, unethical, immoral, and/or illegal conduct and practices in handling commercial or public transactions or in the performance of official duties. Generically, corruption comprises sundry forms of dishonest or unethical conduct and/or abuse of entrusted power—economic, political, and administrative—for personal benefit at the expense of another person (individual, group, or the society as a whole). To all intents and purposes, corruption is implicit across a broad spectrum of illegal activities, transactions, and exchanges that impede efficient functioning of an organization, country, and society. It includes bribery, embezzlement, economic, and financial crimes.

Klitgaard (1988) tried to mathematicalize[2] it in real life thus: "corruption equals monopoly plus discretion minus accountability." In a simplified formula, Corruption = Monopoly + Discretion – Accountability. Using public services as the unit of analysis, Klitgaard hypothesized that opportunities to engage in corruption or corrupt activities increase with (a) the degree of control exerted by government officials and politicians over procurement of public goods and

[1]The term "419" is a euphemism for the offence of, and punishment for, advance fee fraud, obtaining under false pretence, punishable under Section 419 of Nigeria's Criminal Code Act. In effect, "419" is a law in Nigeria, derived from Section 419 of Nigeria's Criminal Code Act Part VI Chapter 38. The section deals with obtaining under false pretences or cheating.

[2]Mathematicalization is the process of translating a phenomenon into mathematical structures (e.g., designing hypotheses or functions, expressing phenomena by symbols, and applying mathematical expressions to real-life situations).

services, and (b) the degree of discretionary allocation powers of the officials and politicians over the goods and services. In other words, conversely, the propensity for corruption decreases when the policy-making and implementation processes in governance, including public procurement and allocation of goods and services, are transitionally transparent. Put differently, Klitgaard suggest that corruption is more pronounced in systems and jurisdictions characterized by small numbers exchange relations (monopoly or oligopoly) with official discretionary power, and opacity (lack of transparency and accountability). Viewed from this prism of mindsets, organizations and systems (private or public sector) can be analyzed in terms of their vulnerability to corruption. Thus, the more the number of exchange relations in transactions (more competition), the less the vulnerability to corruption. Equally, the less the degree of uncertainty and bounded rationality, and the more open and more objectively rational the decision-making process, the less vulnerable the system is to corruption. Finally, the stronger and more resilient the institutions (in particular, the legal system) the less the impunity and propensity to be opportunistic.

However, Klitgaard's prognosis appears too simplistic and mechanical in explaining the complex phenomenon of corruption and its multifarious dimensions. The three simplifying human assumptions of monopoly, discretion, and absence of accountability (implying abuse of office or official position), while important explanatory variables, may not in themselves sufficiently explain the complexity of corruption. The universality of corruption which Klitgaard (1998) rightly acknowledges implies that the interplay of several behavioural, socioeconomic, and environmental factors may jointly explain the circumstances that foster corruption in a country or across the world. Besides, these three factors are virtually non-existent or do exist in a relatively low degree in developed economies. Yet, corruption exists in virtually all economies. By his own admission, the universality of corruption is such that "in Belgium, United Kingdom, Japan, Italy, Russia, Spain, and other countries, allegations of corruption play a more central role in politics today than at any time in recent memory." Hence, those three variables may be inaccurate, incomplete, and a misleading formulaic simplification of corruption. Even if the three behavioral conditions putatively foster corruption, I assert that they must be joined by environmental factors. The environmental factors that prospectively promote corruption are uncertainty and small-numbers exchange relations. Unless joined, however, by a related set of human factors, such environmental conditions need not impede transparency and accountability in public governance and therefore, give rise to corruption. The pairing of uncertainty with a related set of human factors (breach of public trust and opacity in governance and procurement process) and the joining of small numbers with opportunism and weak governance (weak internal control mechanisms, weak institutions, etc.) are especially important in developing countries.

Taxonomy of Corruption

Transparency International (TI) distinguishes three façades or categories of corruption. "Grand" corruption (or what may also be referred to as "palace" corruption) defines corruption by and among the top political elite, that is, those already in power or positions of authority. It encapsulates acts committed at a high level of government that distort policies or the central functioning of the state, enabling leaders or those in authority, their relations, and cronies to benefit at the expense of the public good. Petty corruption includes everyday abuse of entrusted power by low- and mid-level public officials in their interactions with ordinary citizens, who often are trying to access basic public goods and services in places like hospitals, schools, police departments, and other public service agencies. Political corruption refers to manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth. (see https://www.transparency.org/what-is-corruption#define).

Corruption manifests through and in several tentacles. Thus, a public official receiving bribe is as corrupt as the one showing favoritism by nepotism, cronyism, insider trading, or such other similar practices that generally subvert efficient running of the system for private benefit. Since all these are, by their very nature, stratagems of corruption, the gravitation is towards a more inclusive definition than a strictly limited conception. Moreover, recent events and practices in the polity of many countries confirm this perspective. No matter how corruption is defined, whether narrowly or broadly, it is a condemnable act. Perhaps, this recognition underscores and underpins the World Bank's narrow definition of corruption as the abuse of public office for private gain. Also, opportunistic behavior is symmetrical with the private sector which often induces bribery and corruption in public service in the desire to gain unmerited first-mover advantages over competitors. This result is mainly because information is asymmetrically distributed between parties to every exchange with governments in developing countries.

Foundations of Corruption

I assume, for expositional purposes, that corruption, in its multidimensional forms, is ubiquitous and ask the question: Why might public officials display sensitivity to the potentially oppressive consequences of corruption and fraud? Why might altruistic contracting processes be supplanted by opportunistic and misanthropic human behavior in the procurement and provision of public infrastructure, goods and services? Throughout budgetary and implementation processes, an emphasis on citizens' welfare (security, infrastructure, productivity, and economic growth) is maintained, and every attempt is made to display faux or synthetic sensitivity to unselfish concern for the welfare of citizens. This has been the trend over the years in Nigeria and most other Sub-Saharan African (SSA) countries. To be sure, the ground that fosters corruption is one that is rotovated by: (a) weak government (weak political leadership at all levels) and poor governance systems in public and private sectors, (b) strong "politically connected" individuals and weak institutions, (c) lack of transparency in public and private services, (d) lack of ethical standards in society, (e) gross indiscipline and moral turpitude with impunity, (f) lack of economic opportunities, (g) unemployment and underemployment, (h) opportunistic political process, (i) fiscal indiscipline, (j) endemic poverty, (k) poor remuneration and working conditions, (l) high illiteracy rate, (m) culture of acceptance of corruption, (n) weak legal system and sanctions, (o) poor physical and social infrastructure (electricity, healthcare services, education, roads, etc.), and (p) high level of insecurity (kidnapping, militancy, tribal, and ethic jingoism). These factors not only lie at the root of corruption but also are responsible for its unrestrained pervasiveness in many countries. On the human contrivance of corruption, it is generally believed that it occurs because some people are willing to use illicit and dishonest means to maximize their private benefit. However, this condition is not sufficient in itself: in order for these individuals to become involved in corrupt activity, there are other circumstances beyond orthodox prescriptions which facilitate, prevent, and discourage the perpetration of corruption.

The Origin of Corruption: In the Beginning There was Corruption

The literature on corruption commonly proceeds as though in the beginning there was no corruption. As will be shown shortly, the Biblical context of corruption might seem to suggest that corruption predated modern human race. Indeed, some of the elements that appear here have not been identified in the conventional literature on corruption. Yet, a sketch of the basic notion not only provides an overview of the historicity of corruption but also permits an immediate appreciation of its origin and ignominious role in our individual and national lives. A religious insight into corruption depicts a state of spiritual decay and moral turpitude: both a sinful act and a consequence of sin. The epistemological and ontological foundations of Satan provide an appropriate research framework for identifying and analyzing the contextual entry of corrupt depictions into the world. The descent of corruption into human race is the consequence of leadership failure of both Adam and Eve, the first human family. This historical exposé contradicts the disputation of Uslaner and Rothstein (2012) about the roots of corruption.

The Biblical Connection of Corruption

The Bible records that God actually created a very good, powerful, intelligent, and beautiful angelic being known as Lucifer (meaning "Shining One") who was the chief among all angels. Lucifer was created a very powerful angel and adorned as the morning star and son of the dawn (Isaiah 14:12). But Lucifer's beauty, pride, and power not only filled him but also inspired adulation in his actions such that he found it difficult to cope with the adulation of his beauty and power. A passage in Isaiah 14 records the choice before Lucifer when he said to himself: I will ascend into heaven and rule the angels; I will exalt my throne above the stars of God; I will also sit enthroned on the mount of assembly, on the utmost heights of the North. I will ascend to the highest heavens and I will make myself like the Most High (Isaiah 14:13-14). This was the self-blandishment that brought down Lucifer as he fell from heaven and was cast down to earth. Lucifer had a choice: to accept that God was God or defy God by making himself a god unto himself. He chose the latter by challenging the omnipotence of God and declaring himself to be "Most High". The book of Ezekiel also gives a parallel account of how Lucifer fell and became Satan. Lucifer was an embodiment of perfection, full of wisdom and perfection in beauty, and ordained and anointed as the mighty angelic guardian with unfettered access to the holy mountain of God. From his creation, Lucifer was blameless in all he did: until the day evil (iniquity) was found in you…and you sinned. So I banished you in disgrace from the mountain of God. I expelled you, O mighty guardian, from your place among the stones of fire. Your heart was filled with pride because of all your beauty. Your wisdom was corrupted by your love of splendour. So I threw you to the ground (Ezekiel 28:13-17).

Angel Lucifer was consumed by his beauty, wisdom, and might. All the authority and luxuries which God bestowed on him prodded him to pride. His pride led to his rebellion and fall to the earth as Satan. The Bible recounts that although he was dethroned from heaven, he was never stripped of—and thus still retains—his power and traits and applies these by leading a cosmic revolt against the omnipotence of God. Satan depicts anti-God, evil and temptation, and deceptively leads humanity astray. His post-dethronement strategy was and still is to enlist the human race into his devilish kingdom, by tempting human beings to succumb to the same choice that he made—to consume themselves in self-adulation and selfish desires and pursuits, become anti-God or autonomous from God, and defy Him. Biblical narratives of the corruptive influence of Satan which consumed Eve and arrayed Adam with the same garb—the allurement of "Godlike" knowledge and wisdom—are a vehicle for profound insights into our relation to the carnal or fallen world, each other, and the numbness to sin with collateral birth of corruption and self-destruction. Satan and Adam chose the ultimate "god delusion" which has continued to characterize the conduct of the human race. The Quran also recounts the casting of Shaitan (also known as Iblis) out of Heaven because he refused to bow before the newly-created Adam and incites humans and jinn to sin by infecting their minds with "evil suggestions" (*waswās*). Corruption stories live in many cultures, and, like the Biblical fall of man, the iniquitous role of corruption seemed large and tragic to ancient and successive civilizations as it grew over the centuries and haunted mankind then and still does, working its way into demonic tormentor of human development. Through the ages, corruption introduced valleys of shortfalls and mountains of excesses in human behaviors and other forms of egregious conducts in economic transactions.

In summary, it can be claimed that the history and entry of corruption into the world (into human race) is entwined with the fall of Lucifer from Heaven. Satan fell because of pride that originated from his desire to be God instead of a servant of God. Not satisfied with being the highest of all the angels, he desired to be God and rule the universe. God cast Satan out of heaven as a fallen angel. The preternatural demonic connection of Satan with corruption is not based on fantasy but is traceable to and verifiable by the Biblical accounts as recorded in Genesis 3:1-16, Isaiah 14:12-15; Ezekiel 28:12-19; Matthew 4:1-11. Satan, as leader of the fallen angels (demons), exists in the invisible spirit realm, masquerades on earth as an "angel of wisdom and light", deceives humans just as he deceived Eve in the beginning, and affects our physical world. This marked the birth of all manner of vices into the world. Corruption is one of the devious manifestations of the devil in human conduct. This Biblical connection is significant in unravelling both the canonical and the historical actuality, authenticity, and factuality of corruption as well its trajectory into the human race.

That corruption exists all over the world is an implicit admission of its historical ubiquity. Archaeological anthropology does not provide any material evidence of human or cultural interaction effects of corruption and fraud. However, Biblical narratives avail us with authentic evidence of the historicity of corruption, in terms of its historical origin and actuality. From the Bible narrative in Genesis 3, we see Adam as a leader who failed in an area crucial to leadership success: communication. By failing to communicate effectively to his wife, Adam botched his role as the first spiritual, social and political leader of the human race. God clearly told Adam that a certain tree was off limits. "Of every tree of the garden you may freely eat," God unambiguously told him, but "of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it, you shall surely die" (Gen. 2: 16,17). It must be emphasized that at the time Adam received this command, Eve had not yet been created. Consequently, it was Adam's prime task to pass along God's dire cautionary directive to his wife. The failure of Adam to clearly communicate God's instructions to Eve perhaps explains why she did not completely comprehend *ex ante* the consequences of eating the forbidden fruit. So, Adam was the first leader to drop the ball.

Thus, corruption emanated from the conscience of mankind (Adam and Eve) in whom God infused a sentiment of virtue (right or moral excellence) and vice (wrong or iniquity). That singular mistake and disobedience by Adam and Eve occasioned the moral mortification and corrupting influence in human society. Their corrupt defiance represented the first condemnable human trait which has historically shown that humanity has not grown beyond the most selfish desire, personal failings, and rationalization. The same three incipient factors still solemnly constitute the *raison d'être* for fraud, as enunciated by Cressey's (1953) fraud triangle. However, it is only recently that corruption and fraud have become critical topics of international concern and policy dialogue.

Is the Fraud Triangle a Struggle to Keep Up with the Shifting Sands of Corporate Governance Paradigm?

The continuous propagation of the fraud triangle as a ubiquitous explanatory framework for fraud may be restricted in many respects. First, its relevance and universal applicability in explaining a multifaceted social phenomenon with multidimensional contextual factors has really been a tour de force (see Lokanan, 2015). Second, both the historicity and trajectory of fraud and corruption have differential relationships with their environment or country experience or origin. I contend that the culture and geography of fraud, corruption, and other criminal behaviors (that is, their origin, pattern and impunity of action) differ with a country's level of development. This development includes the level of education, judiciary, and societal value. Thus, the more advanced or developed a society is, the higher is its value system and the less its tolerance for corruption. This "level of development" hypothesis explains why "grand corruption" cannot thrive or be perpetrated with impunity in advanced economies with strong institutions of checks and balances. In effect, the trajectory of fraud and corruption depends on the causal nexus which conforms to the organization's or country's culture, leadership (especially the “tone at the top”), and, importantly the strength of a country’s institutions (incorruptible legal and enforcement systems, legislature, and diminished role of “strong men” versus weak society).[3] This explains why reported cases of “grand” corruption in most developing countries linger for years even when the same inculpatory evidence of their partners from developed countries had long been disposed of by the latter’s legal system.

Third, contemporary narratives of fraud and corruption suggest that the explanatory strength of the fraud triangle might have waned in a dynamic world, shaped by the imperatives of ICT and globalization which did not exist in the mid-20th century when the theory was developed. Fourth, it is doubtful that modern-day fraud, especially those involving state-wide or grand corruption, are guided by the tenets of the fraud triangle (FT). It is also arguable if the FT offers credible explanation of the pattern, scale and impunity of corruption in most developing countries. Fifth, with the passage of time and evolution of new forms of criminality, especially the pervasive impunity of political and state-wide corruption in developing countries, the fraud triangle’s attention to detail and forensic knowledge of the dynamics, sophistication and callousness of fraud, corruption, economic and financial crimes would appear to be limited in several fundamental respects. Finally, the simplicity of the fraud triangle has long been overtaken by generational civilization. Fraudsters have advanced beyond looking for opportunity, pressure and/or rationalization before striking. Rather, the challenges of poor leadership and poor governance and weak institutions combine to water the ground for impunity, gross indiscipline and egregious fraudulent disposition. Fraudsters, like drug barons, have become dangerously creative. Thus, the configuration of new forms of fraud and corruption has become increasingly sophisticated with international tentacles, beyond the original thinking and assumptions of Cressey’s (1953) conception of the fraud triangle.

Using evidence from three cases to challenge the usefulness of the fraud triangle, Lokanan (2015) argues that it (the fraud triangle) lacks the objective criteria required to adequately address every occurrence of fraud. Lokanan’s basis of argument, anchored on Fairclough’s (1992, 1995) theory of critical discourse analysis, is that the conceptualization of fraud, as a dishonest and deceptive act committed by an individual for personal benefit, is founded in morality. Also, the triumvirate conditions of the FT are equally founded in the moral fiber or strength of character of the fraudster. Hence, to propound a general theory that is not a concomitant effect of wider societal influences, but based on an individual’s deficient inner strength (to do what is morally right or inability to make right ethical decisions), is asymmetric.

The foregoing suggests that a single generally accepted fraud theory does not exist at the present time. They are simply a cornerstone built on shifting sands within the corporate governance paradigm. These important developments have not crystallized to a point where they can be condensed as coherent theoretical frameworks (Herbert et al., 2017a). To be sure, a fraud theory must illuminate the contextual grounds that support the vices it seeks to explain. It must provide a robust theoretical muscle or function that explains the cause and effect of corruption and fraud under different contexts. The theory must be broad enough to enlist all conceivable scenarios and provide an understanding of the underlying factors and methodology as the theory evolves. A positive theory of fraud (and corruption) must explore and incorporate those factors that influence public condemnation and common grounds of (government and business) attitudes against it which inform antifraud (and anticorruption) legislations. Some of the factors have direct human impact, others affect an organization’s cash flows and, in turn, the economy. Following Watts and Zimmerman (1986), a fraud theory should incorporate the assumptions, including the definitions of variables and the relational logic, on the one hand, and the set of substantive hypotheses, on the other hand. For now, I argue, a universal theory of fraud (and corruption) is not in existence. The fraud triangle and the fraud diamond can be regarded as situational theories.

The above consideration opens the door for a critical look at two largely ignored conceptual scenarios that both challenge the orthodoxy of the fraud triangle (and fraud diamond) and offer alternative insights into any fraud theoretical formulations. The first is a derivative of the classical *mens rea* presumption (Edward Coke, 1797). To recap, irrespective of the circumstances (financial or emotional drive towards fraud, ability to execute fraud plan without being caught, and personal justification for fraudulent actions), if the mind (*mens rea*) is not tainted with corrupt tendencies, the accompanying conduct (*actus reus*) may not be favorably disposed to disingenuous ethical considerations, ceteris paribus.

The second theoretical framework worthy of reflection is the “tone at the top”. Its analysis is insightful in the conversation about corporate governance/organizational failure. A broadly-based interest among corporate governance and ethics professionals in what is referred to as the “tone at the top” has developed in recent years. The global reactions to the sordid tales of greed and fraud committed by executives at the highest levels of Corporate World, such as ex-

[3]For insightful discussions of how Africa’s cultures have contributed in dwarfing Africa’s economic development, see Herbert (2011, 2012, and 2014a, b).

CEOs of Enron, WorldCom, Madoff investment scandal, and many others in several countries, and the economic ruin left in the wake of such fraud have had a bearing on this renaissance. The tone at the top is a euphemism for the body language of the leader. It characterizes an organization's general ethical climate and its guiding values. It is the foundation upon which the culture of an organization is built and the mortar that holds its bricks together. Business ethics canvasses the view that a good tone at the top helps prevent fraud and other unethical practices in an organization (Burcham, 2014). If the tone upholds ethics, accountability, transparency, and integrity, the leadership will institute a corporate governance machinery that will ensure total compliance thereof. Subordinates pay close attention to the behaviors and actions of their bosses, and they follow their lead. The tone at the top is symmetrical with government and refers to how those in charge of the state (political and economic leaders of a country) create, or fail to create, an ethical, transparent, and accountable government. When those in government engage in corrupt activities and when they indulge in "budget padding" and procurement fraud, among other criminal transgressions, the rest of the society take notice and follow in their footsteps, potentially creating a culture of fraud and corruption across the society, especially among the youth.

Universality of Corruption

The Trend and Audacity of Corruption in Developing Countries

While corruption is perpetrated in every country, the yearly Corruption Perception Index (CPI) of Transparency International (TI) (2016, 2017) shows that its density has been highest in developing countries, with Nigeria and other Sub-Saharan African (SSA) countries as the most talked about for obvious reasons. First, the impunity with which corruption is perpetrated in these countries has stood them out among the most corrupt in the world. The nefarious activities of some of their political elite and highly placed public servants have brought these countries into international disrepute. The daily reportage of suspected fraudulent activities by top government officials, whether in procurement contract awards or for provision of services lends credence to TI's perception. In most SSA countries, corruption is committed daily with brazen impudence, impunity and reckless abandon. Corruption, which is a vicious and perverse form of fraud, has somehow eclipsed fraud due to its prevalence and the attendant effects on the populace and national development. Corruption is rife in state-owned enterprises (SOEs) and government agencies which have become a conduit by top public officials, legislators and politicians to divert funds through inflated contracts, bloated staff strength, and overpriced procurement services.

The reported cases of alleged corruption by many State ex-governors, serving and former legislators and judges, top public servants, government contractors, and bank chief executives are anecdotal evidence of the spate of malfeasance in developing countries in general, and SSA in particular. No arm of government—the executive, legislature or judiciary—is exculpated from corruption. This reinforces TI's characterization of "grand corruption". Whereas technology is facilitating the evolution of "new forms of fraud" in advanced economies, the trend in developing countries is, however, facilitated by holding public office. Corruption affects economic development of nation states and international business transactions, including trade and investment. Its pervasiveness raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitiveness.

Current understanding of the causes and mechanisms of grand (or palace) corruption in developing countries falls short of a full awareness of the historical trajectory of the travails of independence and the important role and consequences of state actors. In particular, the quest for political independence of many SSA countries was littered with bitter experiences. For example, post-colonial Africa has been governed by truncated democratic and military governments. Both systems failed the development test in uplifting their peoples. Party politics in most developing countries has never been ideologically based or driven. Sesay's (1995) observation about Sierra Leone's politics is extensible to most SSA politics. Thus, political parties were and still have been mere factional coalitions of patrons and clients patterned along regional, ethnic and religious lines. The attempt by such factions to govern through institutional and constitutional means often resulted in a situation of questionable legitimacy and a political culture largely characterized by abuse of public office, political "strong men" and corruption. This African narrative is the same for most countries in South America and South East Asia.

If Africa's post-independence economic development was truncated by successive military regimes, the ensuing political governance structures unleashed private patronage, pervasive corruption and a preference for regime survival. A personalized form of government simply flowed from this and has characterized these countries' politics since independence. Possessing most of the features of neo-patrimonialism, the developing countries' polity has had a fragile stability. The desire by the political class to maintain dominant control over national affairs and to appropriate state wealth by corrupt means led to the concentration of economic power in the state, mainly the Executive and Federal legislators. This explains the unbridled interest in and quest for political office at the center. This is the brief background of the political and economic trajectory of developing countries in general. So, public awareness of, and tolerance for, corruption has been a historical reality since the military incursion into state governance in the 1960s, even as global developments and expectations over the past five decades have caused these countries and the rest of the world to expect more from their leaders.

It has been observed, however, that there was something "hollow" about the position and powers of the colonial successors (Sesay, 1995; Herbert, 2011). The urban elite and state officials lacked the class solidarity ascribed to their counterparts in the West and found the use of state institutions and resources to triumph over individual interests illusory. The state lacked autonomy and was confined to appointments and manipulative politics, rather than social control and popular mobilization (Migdal, 1988). Also, in these countries, the "irrelevance" of the State became clear in the inability of its functionaries to implement policies down to the level of the individual. The state was, and still is, inefficient as an instrument of direction and policy, inept in the regulation of social behavior and almost irrelevant as a force for the mobilization of national resources for development (Sesay, 1995; Herbert, 2011). Groups of people, individuals or "certain classes," retain sufficient clout to undermine policy and hold the state hostage (*Ibid.*). The political crises observed in several of these countries and the impunity and power struggle of some political juggernauts are classic examples of how powerful individuals can hold the State hostage. That disposition adumbrates Todaro's (1989) postulation that:

> In the final analysis, it is often not the correctness of economic policies alone that determines the outcome of national approaches to critical development problems. The political structure and the vested interests and the allegiances of ruling elites (e.g., large landowners, urban industrialists, bankers, foreign manufacturers, the military, trade unionists) will typically determine what strategies are possible and where the main roadblocks to effective economic and social change may lie (Todaro, 1989: 23).

Impunity influences the way vices in developing countries are both perpetrated and perceived, including the power to delude and misguide. Equally, it is generally conceded that it is not corruption per se that is antithetical to development, rather the impunity with which it is perpetrated that makes it egregious. Impunity is the critical dimension for characterizing corruption in these countries and indicates how and why it is a malediction to their developmental strides. To be sure, impunity reigns in countries that have weak institutions, especially political, legal and bureaucratic systems. The ground that fosters corruption is equally the one that promotes the phenomenon of strong individuals and weak institutions; it is also the one that suffers from entrenched systems of political and economic patronage. Implicit in corrupt susceptibilities with impunity is the prevalent atmosphere of opportunism, or lack of candor in transactions. But for such general impunity and weak legal structures, corruption would attenuate in the presence of good governance with strict application of penalties. This structural failure to bring brazen perpetrators of corrupt deeds or public service violators to justice outlines what may be referred to as the "economic development attention deficit disorder" or "economic development inattentiveness" of most African governments. This partly explains why no African or developing country can claim to be particularly democratic, transparent, or free from corruption.

Without being tendentious, it can be claimed that corruption in developing countries generally is innately entwined with or engrained in economic transactions and political activities. Thus, the mind that is already polluted with or predisposed to corrupt tendencies cannot be divorced from the act itself. Similarly, nothing would conduce more to corrupt practices than harbouring opportunistic inclinations in an atmosphere of small-numbers condition and weak institutions. Herbert et al. (2017a) espouse this connection between the mind and the act as follows:

> Edward Coke's (1797) presumption of *actus non facit reum nisi mens sit rea* (that is, "an act does not make a person guilty unless their mind is also guilty") is immediately invoked and resonates deeply in Nigeria's (nay, many developing countries') impunity towards corruption, bribery and fraud and their associated transactional frictions. In law, the general test of guilt is one that requires proof of fault, culpability or blameworthiness both in thought and action. Unfortunately, these do not yield easily to formal analysis, and have been relatively neglected or artificially discussed in formal economic settings. Both in theory and practice, the act of fraud, corruption and financial crime in general cannot be separated from the mind. The modern interpretation of the term, "*mens rea*", describes the state of mind or inattention that, together with its accompanying conduct, constitutes an offence in criminal law. *Prima facie*, these activities, like murder, carry some element of premeditation. This distinction between the concept of culpability as a general requirement of guilt (the classic *mens rea*) and the impunity with which fraud, corruption and financial crimes are perpetrated underlies the foundations of their prosecution and potential deterrence. The audacity of corruption in developing countries in general, unlike advanced economies, is not just an act of the mind but a deliberate one perpetrated with total disregard for the law and its consequences. In fact, it is said that fraud and financial crimes agencies frown at those caught for "small fraud", a euphemism for fraud offences considered inconsequential though running into

> tens of millions of Naira. To drive the point home, the fraud-fighting agencies in Nigeria (EFCC and ICPC) do not entertain fraud complaints of N5 million or less (that is, under US$15,000). Going to the Nigerian Police with such complaints is a voyage into the abyss—a fruitless endeavor. The complainant may end up incurring huge personal costs for endless wasted effort. In addition, s/he may turn to be an accused and spend a lot of money to extricate from the clutches of corrupt enforcement agents. The audacity and impunity of corruption in SSA not only challenges the orthodoxy of jurisprudence but also strikes at the root of its practice by disenabling the capacity of the law to facilitate voluntary exchanges to maximize the society's aggregate wealth, especially in weak legal systems. Thus, the mind absorbed in opportunistic proclivity is already trapped in self-interest seeking with guile by reason of lack of candor or honesty in transactions. Opportunistic inclinations pose both a threat and risk in the economy, especially in the absence of competitive (large numbers) exchange relations (see Williamson, 1975; and Herbert, 1995).

Much of the corruption, abuse, and impunity that militate against efficient economic management of most developing economies cannot be (a) costless detected, or (b) construed as Alchian and Demsetz's (1972) turpitudinal peccadilloes. For example, in these countries, practically every economic transaction is inflated by fraud aggregates, bounded rationality, uncertainty, and idiosyncratic behaviors which cumulatively (a) defy or compound efficiency analysis, and (b) impose market or organizational failure. The challenges of weak economic growth, poor infrastructural syndrome and perennial poverty have their roots in inept and/or corrupt leadership. There is overwhelming conclusion that the systemic corruption in Africa and other developing continents is the major impediment to their national and continental growth and development. It is also widely acknowledged that corruption in these climes is endogenous and affected by economic policies (Stiglitz, 2001). Therefore, if the tree stump of unbridled systemic corruption is not removed, these countries cannot overcome their numerous socioeconomic and political challenges.

The daily press headlines and reportage of unbridled audacity and prevalence of bribery and corruption, fraud, and economically-motivated crimes in Nigeria and other SSA countries eloquently speak not to any sophisticated skill or stratagem but simply to the power of "political connection". Being in the corridors of power - which includes connection with the political and economic power base at important levers of Government—immediately opens the window of opportunities of immense diversities and proportions. That's all it takes for such people to be "made" or "make it" in the Nigerian or African sense.

The proclivity for "rent-seeking behavior" by public officials is alarming, where this refers to bribes and other illegal inducements by public officials as a *quid pro quo* for their discretionary powers and as a rent for their services (Bhagwati, 1982; Bardhan, 1997). Also, bribes are often offered to buy the discretionary powers of public officials (Roy, 2008). Some organizations accept and offer bribes as a matter of commercial prudence or economic necessity while others shun them for ethical reasons. International companies face an ethical dilemma as they have to report major expenditures to their parent companies. Sometimes, multinational enterprises (MNEs) use their enormous eclectic competitive advantages (financial power, internalization advantages, managerial competence, and technical capacity) as a cloak for corruption in seeking first-mover advantages in a related set of transactions. To circumvent the protocols of completing related transactions involving Government or community relations, the MNEs use bribes or other inducements to gain positional advantage. Given that (a) Western MNEs typically trade cautiously to avoid reputational risk or business probity risk, and (b) corruption is a serious universal phenomenon, what has been the global response to combating or eradicating this menace?

Research examining the economic consequences of TI's corruption perception index (CPI) found a correlation between a higher CPI and higher long-term economic growth (Shao, Ivanov, Podobnik, and Stanley, 2007). Also, in their study about the influence of corruption on economic growth rate and foreign investment, Podobnik, Shao, Njavro, Ivanov, and Stanley (2008) found that countries with higher CPI score achieved higher economic growth and attracted higher rates of foreign investment inflows. Recently, in a study involving 146 countries designed to identify the determinants of CPI, the following factors—GDP per Capita, Economic Freedom Index, Political Culture, and Freedom of the Press Index—emerged as the major determinants of CPI (Japos and Estrada, 2014). The authors observed that least developed countries (LDCs) and developing countries have the greatest vulnerability to corruption. In contrast, developed countries have lower corruption. The discontent of corruption is further anchored on Wilhelm's (2002) study which found a very strong significant correlation between the CPI and two other proxies for corruption: black market activity and overabundance of regulation. All three metrics had a highly significant correlation with Real Gross Domestic Product per Capita (RGDP/Cap). The CPI correlation with RGDP/Cap was the strongest, explaining over seventy-five percent of the variance. As a lower CPI reflects greater corruption, countries with lower CPI experience greater corruption and correspondingly lower RGDPs. Conversely, countries with higher CPI generally have less corruption and higher RGDPs.

A Sketch of Various Global Initiatives in Combating Corruption

In acknowledgement of the universal infamy of corruption, the UN General Assembly by Resolution 58/4 of October 31, 2003, designated December 9 each year as International Anti-Corruption Day. This decision is aimed at raising global awareness of and the role of the United Nations Convention against Corruption in combating and preventing it. The 2017 joint international campaign with the theme, "United against Corruption for Development, Peace and Security", focuses on corruption as one of the biggest impediments to achieving the Sustainable Development Goals (SDGs). The 2017 UNODC (United Nations Office on Drugs and Crime) and UNDP joint global campaign focuses on how corruption affects education, health, justice, democracy, prosperity and development. Since 1999, there have been series of multilateral government initiatives and conventions designed to intervene and checkmate the endemic spread of structural corruption across the globe. The immediate discussion is a sketch of some of the most important milestones in this respect.

The OECD Convention for Combating Bribery of Foreign Public Officials

The OECD Convention for Combating Bribery of Foreign Public Officials (for short, The OECD Anti-Bribery Convention) is the anti-corruption convention of the OECD which was adopted by the Negotiating Conference on November 21, 1997 but came into effect on February 15, 1999. The Convention is in recognition of the following: (a) bribery is a widespread phenomenon in international business transactions, including trade and investment, which raises serious moral and political concerns, undermines good governance and economic development, and distorts international competitive conditions; (b) all countries share a responsibility to combat bribery in international business transactions; (c) recent developments further advance international understanding and co-operation in combating bribery of public officials, including actions of the UN, the World Bank, the IMF, the WTO, the EU, etc.; (d) the efforts of companies, businesses, trade unions and NGOs to combat bribery; and (e) the role of governments in the prevention of solicitation of bribes from individuals and enterprises in international business transactions.

The achievement of good governance, economic development and equitable competitive conditions in international business devoid of bribery is the keystone of the OECD Convention. In this pursuit, the seventeen-article Convention (a) criminalizes active bribery of foreign public officials, and (b) lays down guidelines for the thirty-four-signatory nations to adopt and implement the Convention within their national legal infrastructure. These signatory nations control seventy percent of exports and ninety percent of foreign direct investment worldwide (Pieth, 1999).

UN Initiative against Corruption—Global Compact

Further to the OECD Convention and in response to the global concern for the negative impact of corruption and bribery in economic development, especially with respect to doing business in and with developing countries, the United Nations initiated universal measures to combat the plague. The first of such initiatives is the UN Global Compact (UNGC). Sequel to the adoption of the UN Convention against Corruption at the UNGC Leaders' Summit in June 2004, the global body agreed to add a tenth principle, addressing anticorruption, to the existing nine UNGC Principles (Table 1). The UNGC requires "companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment, and anticorruption" (UNGC, 2008). By 2009, more than 5,000 companies in over 130 countries had pledged to adhere to the ten principles (UNGC, 2009b). In addition, 1,000 companies were delisted from the Global Compact for not filing annual progress reports with the UNGC Office (UNGC, 2009a). The tenth principle requires that "businesses should work against corruption in all its forms, including extortion and bribery" (UNGC, 2008).

Table 1: United Nations Global Compact 10 Principles
Human Rights
Principle 1: protection of internationally proclaimed human rights
Principle 2: human rights abuses
Labour
Principle 3: freedom of association and collective bargaining
Principle 4: forced and compulsory labor
Principle 5: child labor
Principle 6: discrimination in respect of employment and occupation
Environment
Principle 7: precautionary approach to environmental challenges
Principle 8: promote environmental responsibility
Principle 9: environmentally friendly technologies
Anticorruption
Principle 10: work against corruption in all its forms, including extortion and bribery

The UN Convention Against Corruption (UNCAC), 2003

The UNCAC 2003 is perhaps the most significant anticorruption convention by far, with the largest number of signatory and participant nations. The UNCAC, which entered into force on December 14, 2005, sets out a broad range of standards, measures and rules to fight corruption. Under the UNCAC, states and parties are required to prohibit their officials from receiving bribes and their enterprises from bribing domestic public officials as well as foreign public officials and officials of public international organizations, and to consider disallowing private to private bribery. Precisely, organizations are obliged to not offer, promise, give, demand or accept any bribe or other undue advantage, whether directly or indirectly to obtain, retain or direct business or to secure any other improper advantage in business transactions. The UNCAC and the Anti-Bribery Convention are complementary and mutually reinforcing. Equally, businesses are prohibited from giving or receiving gifts, entertainment and per diem reimbursements as a reward or encouragement for preferential treatment. The Convention has been signed by 111 nations and is still open to all nations and regional economic organizations.

World Economic Forum: Partnering Against Corruption Initiative[4]

Concerned about the adverse impact of corruption on business and society and the need for a coordinated response, in 2004, the World Economic Forum (WEF) assembled a core group of chief executive officers (CEOs) from the WEF's Industry Partnership program to formulate the initiative for countering bribery known as Partnering Against Corruption Initiative (PACI). The principles for countering bribery were anchored on the pledge by the CEOs to zero tolerance for bribery in all its forms. The WEF believes that "fighting corruption in all its forms not only advances the development and well-being of society but also makes businesses stronger, more resilient to risk, more ethical and, ultimately, more sustainable." In collaboration with key stakeholders from government, international organizations and civil society, PACI strives to ensure a level playing field for businesses by fighting corruption and creating markets based on genuine competitive forces. "The CEO-level commitment to the PACI Principles ensures that PACI signatories are committed at the highest level of their organizations, while the PACI Task Force—a dedicated group of senior executives who oversee compliance, ethics, strategy and various other corporate functions—creates a safe space for peer engagement to implement the core tenets behind the PACI Principles, improves organizational compliance and raises overall business standards" (WEF, 2016).

In 2013, the PACI Principles were revised and updated under a name title: "PACI Principles for Countering Corruption". The objectives of the revised PACI Principles are to: (a) expand the focus beyond bribery, (b) represent a natural evolution of the objectives of the PACI community of signatories, and (c) be a guiding framework for businesses ready to assume a leading role in combating corruption in all its forms. The PACI Principles encompass a set of implementation guidelines which outline key measures companies should embrace to translate their commitments into action. The six core aspirational principles that underpin the continuous drive for transparency, integrity and ethical business conduct require the PACI signatories to: (a) set the "tone at the top" through a visible and active leadership commitment to zero tolerance of corruption in all its forms; (b) build an internal commitment to "a culture of" zero tolerance that encourages, recognizes and provides positive support for ethical conduct; (c) foster transparency throughout the organization and in interactions with stakeholders; (d) comply with applicable laws and regulations in the jurisdictions where signatories operate and transact their business; (e) encourage business partners to uphold the same ethical standards that we observe; and (f) engage in PACI and other collective action initiatives to bring a coordinated response to the challenge of corruption, whether in specific geographies or industry sectors. Translating these principles into tangible and measurable actions requires that signatories commit themselves and their organizations to (a) the implementation and ongoing development of an effective anti-corruption program, and (b) playing an active role in advancing the global anti-corruption agenda (*Ibid*.).

Human Rights and Sustainable Development Implications of Corruption

The human rights community has argued that these anti-corruption conventions are not far-reaching enough to explicitly incorporate the connection between corruption and stakeholder issues such as human rights, although the UNCAC preamble makes a passing reference to sustainable development. Articles 34 and 35 deal with the consequences of corruption such as compensation to victims, without the human rights content and implication. However, in recognizing the rights of third parties acquired in good faith, Article 34 requires countries to take measures, in accordance with the fundamental principles of their domestic laws, to address the consequences of corruption. Thus, countries may consider corruption a relevant factor in legal proceedings to annul a contract, withdraw a concession or other similar instrument or take any other remedial action. In addition, Article 35 requires each state party to take such measures accordingly to

[4] This section is drawn from World Economic Forum (2016), *Partnering Against Corruption Initiative* (PACI). Available on: paci@weforum.org, Cologny/Geneva, Switzerland: WEF.

ensure that those who have suffered damage as a result of a corrupt action have the right to initiate legal proceedings against those responsible for that damage in order to obtain compensation. The implication is that victims of human rights abuse can institute damage recovery proceedings against erring companies and their executives. This is the premise of the widely reported settlement by the oil giant, Shell, of the sum of $15.5m (£9.6m) for a legal action in which it was implicated in the execution of Ken Saro-Wiwa and eight other Ogoni leaders in Rivers State, Nigeria. (Guardian Newspaper, 2009)

The Relevance of Anticorruption Conventions to Business Decision-making

The exhaustive coverage of these anti-corruption conventions is a testament to the multidimensional impact of corruption on economies and societies. The conventions provide frameworks to signatory nations to amend and adapt their local laws accordingly. International business agreements and jurisdictional issues are still challenges that need to be streamlined before the conventions acquire biting teeth. These and many other challenges offer businesses, especially MNEs, an escape route to circumvent corruption-related situations and attendant culpability in the maze of current anomalies in law, asymmetric enforceability and jurisdictional issues.

Corruption and its Discontents

The intention of this section is to sketch the global agenda for the economic, political, distributive and distortionary consequences of corruption. Although bribery is perceived as the predominant mode of corruption in government and public service, other manifestations of official corruption include inflated and unimplemented contract awards, discriminatory procurement practices, and official favoritism (nepotism and cronyism). The prognoses of all anticorruption crusades (national and international) emphasize that corruption breeds waste and fiscal indiscipline which together limit the effectiveness of government fiscal policies. For example, the motive for bribery is to obtain government benefits and to evade costs. The TI suggest four ways in which corruption impacts society, to wit: economic, political, social and environmental (https://www.transparency.org/what-is-corruption#define). On the economic front, corruption corrodes the decision-making process, obfuscates economic policies (fiscal, monetary, and trade policies) and distorts implementation thereof. When budgetary allocations meant for wealth-creating projects and for procurement of public goods and services are diverted into private pockets, not only is socioeconomic development attenuated, but also national growth and wealth is resultantly depleted. Non-implementation and diversion of budget allocations (public funds) into private pockets constitute a crime against the state.

It is bad enough that ordinary citizens and communities are ravaged by poverty and infrastructure deficit (roads, schools, electricity, potable water, etc.), but the awareness that funds earmarked for the improvement of their lot are corruptly diverted to enrich a privileged few galvanizes the youth to militancy. In general, corruption hinders the development of markets, creates egregious disparity in income distribution and uncertainty, all of which distort competition, and impede trade and investment. Central to the analysis of developing countries' challenges of fiscal indiscipline, political instability, dwindling revenues, insecurity and regional/tribal unrest, unemployment, poverty and crisis of the state, is the high level of state corruption cum visionless leadership. In recent times, a new terminology designating a type of corruption in government has crept into Nigeria's corruption lexicon, known as "budget padding". What does it mean to "pad a budget"?

Padding is used in a variety of manipulative or opportunistic ways to literally depict "false entry". For example, padding is used opaquely to manipulate (inflate) population census and election figures, budget and contract figures or values, and personnel costs (the phenomenon known as "ghost workers"). Budget padding is, *sensu stricto*, a corrupt way of inflating or manipulating budget figures with the aim of obtaining an undue pecuniary advantage to the detriment of the economy and society. Padding the budget means increasing the budget proposal beyond the actual estimates. In an economy, that fraudulent financial advantage constitutes economic sabotage and betrayal of public trust.

That corruption is pervasive and the root cause of all the evils that afflict a country's governance, economic slowdown, poverty, and underdevelopment is a sentiment that is widely shared. Writing for The Times of India in 2006, Asim Kumar unequivocally claims that corruption is the stumbling block in the way of India becoming a superpower. This is true in other developing countries like Nigeria which is one of the largest oil producing and exporting countries in the world, but has no functioning refinery and imports its petroleum products; has one of the largest arable lands in the world but cannot grow its food crops, and is one of the largest importers of agricultural products; has abundant minerals but cannot exploit any. In short, Nigeria, like many developing countries, is a country of paradoxes. At the risk of oversimplification, most pundits see government corruption as the cause of all that has gone amiss in the economies of most developing countries and therefore believe that limiting government intervention in public contract and procurement awards is necessary to improve the situation. The reality is that public money is looted directly or indirectly by those in authority or positions of power. The strength of Asim Kumar's emotion is such that "all right-thinking citizens should unite and wage a war against this cancer of corruption on our socio-political fabric ruining our economy and lives of citizens. The corrupt should be shamed publicly and ostracized and if the charge is proved they should be even hanged because they deprive others of a normal happy life."

Preventive Methods of Corruption

Following the collapse of many large and erstwhile too-big-to-fail corporate organizations due to corruption and in response to the UN Global Compact, there is increasing corporate commitment to international best corporate governance practices, including the global conventions and initiatives in their bid to attenuate corporate vulnerability to corruption and bribery (see for example, Stachowicz-Stanusch, 2010). The author shows that the declared anticorruption policies and measures of largest companies, like The Fortune Global 500 companies, often include practices such as whistleblowing, gift management,[5] and initiatives to improve internal integrity, transparency and accountability. Further, the focus of most companies' anticorruption policies is on anticorruption and bribery as well as prevention measures against kickbacks and money laundering. A growing trend is that more organizations are realizing the importance of, and are evolving policies that emphasize the need for, employee training on anticorruption issues. Research further shows that in applying their own corporate anticorruption policies, many large companies vicariously implement the Global Compact principles (*Ibid.*). In terms of the implementation of anticorruption policies, the average mechanisms tend to be through a code of conduct and specified compliance offices.

Table 2: Methods of Fighting Against and Preventing Corruption

1	Corrupt or unethical behavior in an organization can be reduced or eliminated by cultural change within it - involves both formal and informal elements.
2	An organization can build effective immunity to corruption through developing, and then managing, a positive corporate and organizational identity, which provides a moral frame for legal and ethical behavior by members of the organization, and of the organization itself.
3	Corruption can be mitigated by the extensive ethical education of business people and, more broadly, people in all professions.
4	Various international initiatives to fight corruption and the implementation of measures at the national level: The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention) (…) established legally binding standards to criminalize the bribery of foreign public officials in international business transactions and provided for a host of related measures to bolster its efficacy. The United Nations Convention against Corruption (UN Convention) (…) [Its] role is to provide States with practical assistance and build the technical capacity needed to implement the Convention, (…) development of anticorruption policies and institutions, including preventative anticorruption frameworks (UNODC and Corruption). The UN Convention covers the following four main areas: (1) prevention, (2) criminalization, (3) international cooperation, and (4) asset recovery. UN Global Compact An initiative was begun by the United Nations that serves as a policy platform and a practical framework for companies which are committed to sustainability and responsible business practices.
5	Exemplary spiritual leadership based on values, ethical conduct, idealized influence, individualized consideration and transcendental goals could form part of the development of leaders in the corporate world as the corporate world needs ethical leaders more than ever before to prevent corruption and promote integrity.
6	Implementing extrinsic regulation programs to prevent, detect, and punish legal violations is not enough to prevent corruption. What is required is a culture that embeds support for ethical conduct throughout the formal and informal corporate governance systems.
	Source: Stachowicz-Stanusch, A. (ed.) (2010), *Organizational Immunity to Corruption: Building Theoretical and Research Foundations*. Charlotte, NC: IAP.

[5]One of the often neglected and abused privileges of office is gift, especially in public sector organizations. However, the growing awareness of this abuse has led to UN measures, practices, and implementation mechanisms that codify the management of gifts. The term "gift management", encompasses the offering, giving, solicitation or acceptance of a gift, entertainment, meal or travel (Stachowicz-Stanusch and Wankel, 2011).

Whistleblowing Policy as an Anticorruption Policy

Since the financial scandals of the late 1990s involving some of the world's largest companies—Enron, WorldCom, Tyco, Adelphia, Global Crossing, Haliburton, Xerox, Parmalat, Arthur Andersen, etc.,—and the subsequent collapse of some of them, there has been much public outcry about perceived corporate governance failure amid fraud allegations. Corporate organizations and governments around the world have not only raised their levels of consciousness about the nefarious effects of corruption and fraud but also have devised mechanisms to stem their rising tide. Whistleblowing has become a global phenomenon and perhaps the most popular, potent, and rewarding anticorruption practice. Whistleblowing is the reporting by employees or anyone with intimate knowledge of, or useful information about suspected misconduct, illegal acts or related suspicions, or violations of anticorruption policies of an organization. Whistleblowing entails disclosure by persons with subterranean or inside knowledge of illegal, immoral, or fraudulent practices perpetrated against an organization or government to the relevant authority or executive in the organization that may be able to institute appropriate remedial action (see also, Micelli and Near 1992; Micelli, Near, and Dworkin, 2008). It is guided by specific procedures and internal rules as outlined in the country's or organization's corporate whistleblowing policy. Accordingly, companies institute policies to embolden employees and others who have serious concerns about ethical implications of the organization's operations to avail it of such concerns. For this, legislations are enacted to protect whistleblowers.

Recently, a number of countries have instituted the whistleblowing policy to encourage anyone with information about a violation of financial regulations, mismanagement of public funds and assets, financial malpractice, fraud and theft to come forward with such. The policy has recorded successes by helping governments to uncover both the corrupt persons and their concealed corruptly acquired funds and physical assets. With the heightened level of public concern about the prevalence and consequences of corruption and fraud in the society on the one hand, and the growing need for systematic public enlightenment, education and training in fraud prevention and awareness, on the other hand, an important concern is how to develop stronger anticorruption and antifraud education and training. While the foregoing methods are useful, they are largely perfunctory rather than consummate in nature. Although there is no second-guessing that "training for idiosyncratic jobs ordinarily takes place in an on-the-job-context" in preference to classroom training as argued by Williamson (1975), however, more generally, tertiary education prospectively provides a better knowledge base for acquisition of requisite skills, intellectual leadership, managerial competence, and innovative contributions to the workplace. The dynamics of globalization imply that developing countries, in particular, face significant emerging trends in the global environment that affect the shape and mode of knowledge and job interactions. Besides, on-the-job training argument of Williamson may be limited in bounded rationality respects.

Longer education and training provide a sustained, comprehensive curriculum for educational institutions and professional bodies in developing the frontiers of knowledge and skills to combat corruption and fraud. In this respect, the following observation by Herbert, Tsegba, Ene, and Onyilo (2017a) aptly speaks to the need for systematic education and training for fraud examination and forensic accounting (FEFA).

> Being a forensic accountant or fraud examiner requires professional possession of multidisciplinary backgrounds and skills and knowledge to comprehend the trajectories of international crimes and fraud. In this respect, traditional accountants are both conceptually and professionally ill-equipped to deal with complex fraud, financial crimes, occupational abuse and corruption. This has induced the growing need for specialized skills in forensic accounting and fraud investigation in this twenty-first century of globalization, electronic commerce, and the internet.

Developing the Frontiers of Knowledge and Skills in Fighting Corruption Through Education and Training

What is the peculiar knowledge and skills base that is putatively required to combat corruption and fraud? It is widely felt that governments, corporate organizations and the society at large have faith in the ability of fraud examiners and forensic accountants to checkmate the rising trend of corruption and fraud. Increasingly, society expects FEFAs to use their distinctive skills and knowledge to repress these criminal activities, and therefore meet public expectation. This prospect is an implicit concession to bounded rationality which can be mitigated by dovetailed education and training. The education and training require, in turn, a pedagogic process that is totally different from orthodox teaching and learning methods. An appropriate starting point is to identify the ontological and epistemological dimensions of fraud examination and forensic accounting (Herbert, Tsegba, Ene, and Onyilo, 2017a). What are those critical skills and how can they be faithfully imparted to combat corruption and fraud?

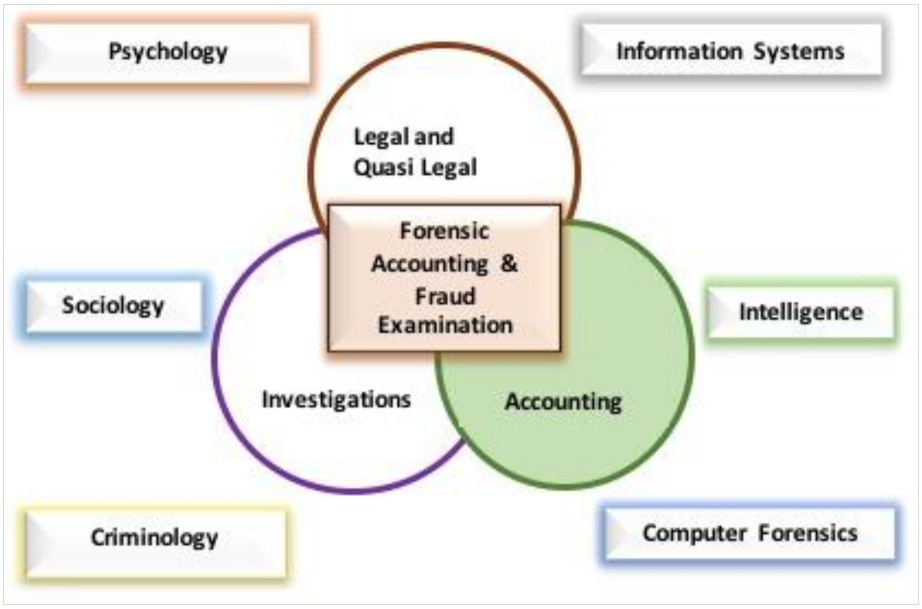
Characteristics and Professional Skills Required to Combat Corruption

There is no literature discussion on what are or should be the characteristic skills and technical abilities required to fight corruption. However, there is a growing literature on what the skills and technical competencies of forensic accountants and their experience levels (see Cohen, Crain, and Sanders, 1996; Harris and Brown, 2000; Mesmer, 2004; Ramaswamy, 2005; Grippo and Ibex, 2003). I argue that these technical and professional proficiencies are much the same as those required to combat corruption. However, it must be acknowledged that being an effective accountant does not necessarily make an effective forensic accountant (Davis, Farrell, and Ogilby, 2009). Equally, being an effective prosecution lawyer or police officer does not necessarily make an effective prosecutor for fraud, corruption and affiliated crimes. With the rising rate of corruption, particularly in developing countries with weak prosecutorial institutions and judiciary, the involvement relations of untrained and uncertificated forensic accountants and lawyers in fraud investigation are bound to suffocate, and could be detrimental to, the intricate task of corruption investigation and prevention. Nigeria's lingering cases of corruption (over ten years in many cases), without much prosecutorial success, is an evidence of conceptual as well as organizational failure in task-specific education and training. In Nigeria as in many developing countries, the primary mandate of law enforcement agencies in corruption and fraud investigation and prevention suffers from adverse selection. Precisely, the agencies are largely staffed by traditional crime-fighting officers, drawn mainly from the Police Force, whose antecedents and authenticity in policing and law enforcement, and historicity in crime prevention and prosecution are matters of public disapproval.

Studies, such as Wells, Kranacher, and Riley (2011), have identified at least seven critical knowledge and skills set which FEFAs should possess, namely: (a) Basic Accounting Concepts, (b) Basic Auditing Concepts, (c) Transaction Processing Cycles and Control Environment, (d) Basic Finance and Economics, (e) Business Law Concepts, (f) General Business Communications Skills and Business Ethics, and (g) Basic Computer Skills. It is widely felt that education and training have an important, if not fully determinative, influence on the development of forensic accountants. The leading reason for this is the peculiar nature of their education and training. Indeed, their education and training template is affected by an understanding of the elemental traits, characteristics and core skills appropriate to or necessary for the practice (Davis et al., 2009). The features are encapsulated in these sixteen idiosyncratic propositions, in sequence: analytical, detail-oriented, ethical, responsive, insightful, inquisitive, intuitive, persistent, skeptical, evaluative, confident, adaptive, drive to function under pressure, capacity to generate new ideas and scenarios, make people feel at ease and, above all, a team player. In addition to these, other functional indivisibilities that enhance the skills of forensic accountants include: effective oral and written communication skills; ability to simplify information or data; critical and strategic thinking both like the fraudster and as the solution-provider; capacity to identify key issues; auditing and investigative skills, including investigative intuitiveness; ability to synthesize results of discovery and analysis; research skills with ability to comprehend the goals of a case, tell the story, see the big picture, organize an unstructured situation; and ability to solve both structured and unstructured problems. These skills constitute the pedagogic non-separabilities that define the professional competencies and integrity of the fraud examiner and forensic accountant. They are designed to equip them with the functional competencies to: (a) analyze and interpret financial statements; (b) testify in law courts in accordance with general knowledge of rules of evidence in civil and criminal procedures; (c) adapt to relevant professional standards; (d) provide audit evidence and internal controls; (e) engage in interviews and investigations; (f) undertake fraud detection and prevention, asset tracking, electronic trails; and content, and text analyses; and (g) provide mechanisms for conflict negotiation and dispute resolution. These enhanced core skills both determine the effectiveness of forensic accountants and distinguish their education and training from traditional accounting or legal disciplines. They are the requisite skills to fight corruption.

The atmosphere of forensic accounting education is summarized by the schematics in Figures 1 and 2. The main issues are the inter-disciplinary nature of forensic accounting education, training and practice. In Figure 1, forensic accounting lies at the heart or intersection of professional practice that is anchored in accounting, legal, and investigation skills. In practice, forensic accountants are licensed through anti-fraud training and education in the triad of technical competency, investigative proficiency, and critical thinking skills. These skills prospectively equip forensic accountants to meet labor market expectations and justify the perceived relevance and benefits of their specialized education. The cognitive domain of forensic accountants is distinctive and draws from a dichotomy of behavioral sciences (psychology, sociology, criminology) and digital forensics (information systems, intelligence, and computer forensics) (Figure 2).

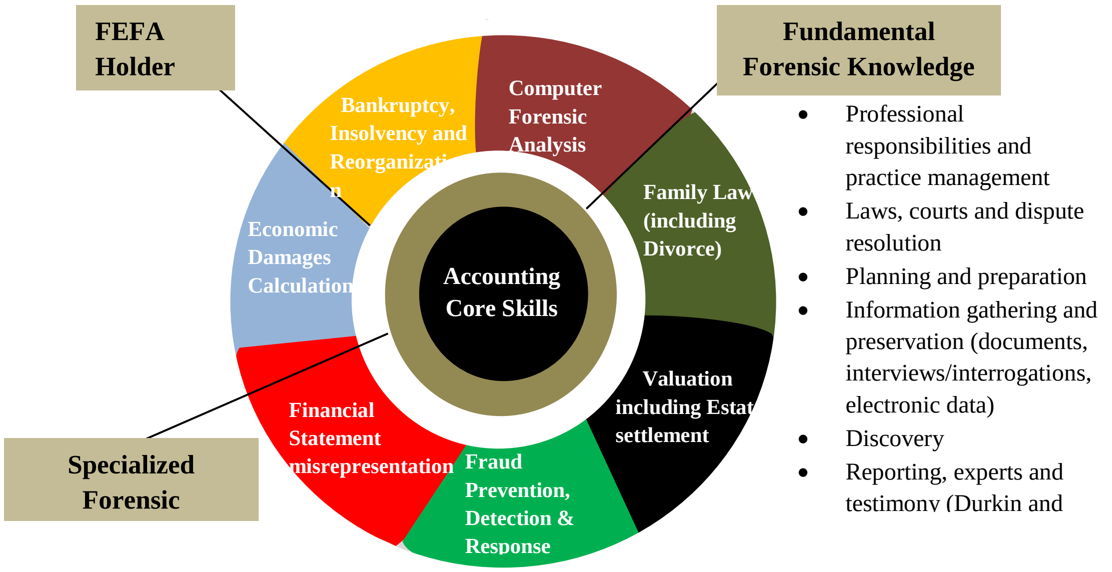
Figure 1: Requisite Skills of the African Forensic Accountant



Source: Adapted with modifications from McIntyre et al., (2014).

The above skills-content guidance helps to expand the choices of instructional tools and modes of delivery for the development of a successful career in fraud investigation and forensic accounting. Furthermore, proper understanding of the ideal DNA of a well-trained and effective fraud investigator and forensic accountant (FIFA) assists in providing a specialized academic and professional landscape to dovetail the training programs and instructional modes to encompass all aspects of forensic accounting. These are new frontiers in the skills kit of the forensic accountant. Because the fraud investigation and forensic accounting discipline is a relatively new one, it requires several years to build up the necessary skills and experience. The foregoing explains why FIFA is reportedly one of the hottest and most profitable career tracks for accounting majors and practicing accountants (Seda and Kramer, 2015; Bundy, Ward and Ward, 2003; Levine, 2002; and MacDonald, 1996). All of the foregoing points to one thing, which is: as the demand for skilled FIFAs is increasing, so is the supply (universities, polytechnics and professional accounting bodies) being strongly inspired to upgrade their curriculum. In most developing countries, the mismatch between the supply and development of, and demand for, FIFAs resonates with Carnes and Gierlasinski's (2001) trepidation whether the supply of FIFA skills will ever catch up to demand.

Figure 2: Focus of Fraud Examination and Forensic Accounting (FEFA)



Source: Adapted from Davies et al., (2009).

Integrating Education and Training of FIFAs: The Way Forward[6]

The perceptible gap between the demand for and supply of skilled FIFAs underscores the need for a structured landscape for education and training. Precisely put, developing countries need intense FIFA education and professional training. How does the supply side achieve this? There are two trajectories. The first and easier route is to integrate FIFA into extant undergraduate and postgraduate accounting programs. The second approach which is more enduring in the supply of requisite FIFA skills is to mount a systematic undergraduate program (B.Sc.). In Nigeria, as in many SSA countries, the absence of NUC's (National Universities Commission, the regulatory body for university education) BMAS (Benchmark Minimum Academic Standards) makes the first option more viable in the short run. On both counts, however, the views and insights from academics and practitioners are useful in integrating FIFA into accounting education or redesigning FIFA courses in the Nigerian university system. Modern practice in curriculum development tends to build synergy with the labor market as the primary user of university graduates. The interaction effects of the synergy identify strengths and deficiencies of graduates and proffer remedial measures to improve their competencies. On-the-job training as well as awareness programs by professional bodies are equally educative.

Conclusion

As a country's developmental trajectory is contoured by its political and economic leadership, poor leadership and bad governance are compelling breeding grounds for corruption which, in turn, nurtures poor policy choices/decisions whose interplay stunts development (Herbert, 2012, 2014a). The economic consequences of corrupt leadership and bad governance are manifestly present in grand corruption, fraud, economic and financial crimes. Corruption undermines democratic institutions by distorting electoral processes and perverting the rule of law, impedes economic exchanges and development, and destabilizes governments and institutions. But merely to harbour corrupt inclinations does not imply that systems are flawed on this account. It is further necessary that environmental factors of uncertainty and a small-numbers condition (monopolistic or oligopolistic contexts) exist. Absent this, rivalry among large numbers of altruistic participants and purveyors of goods and services will render corrupt inclinations ineffectual. The pairing of uncertainty with corrupt mind and the prevalence of weak, corrupt and profligate political leadership when joined with bounded rationality and opportunism give rise to transactional difficulties and socioeconomic and political backwardness. The challenges of weak economic growth, poor infrastructural syndrome and perennial poverty in developing countries have their roots in the systemic corruption that throws up corrupt and weak political leadership with a corrupt vicious circle.

Because corruption has wide-ranging ramifications on socioeconomic and political development of nation states, it has become one of the biggest global issues, not just ahead, but the chief cause, of the vulnerabilities of developing countries. Corruption masks leadership challenges facing these countries, especially those of SSA. Although corruption is as old as humanity, it is only in the past two decades that its terrifying impact on global development got the attention and focus of the international community. From this global perspective, the rationalization of corrupt practices on the grounds of cultural differences is now untenable. The discourse has since shifted to broader definitional analysis, cause and impact contexts, and eradication or remedial measures. Globalization has rendered the postulation of cultural rigidity/practices of condoning corruption redundant in today's world of international trade and business. At every international economic and trade forum, developing countries are enjoined to do two things: rid themselves of their prevailing cultures of corruption, and strengthen democratic governance. The task is to reduce opportunities for corruption, increase transparency, enhance the ease of doing business, and enforce anti-bribery measures. On their part, developed countries are prompted that every bribery requires both a briber and a bribee (a giver and a taker). Too often, the briber comes from a developed country (see Stiglitz, 2006). Also, corruption thrives only because there are safe havens in developed countries.

Finally, corruption weakens public order and personal security, economic and social progress, and prosperity. As no country is immune from corruption, it weakens the legitimacy of international business transactions, and trade and investment; raises serious moral and political concerns; undermines good governance and economic development; and distorts international competitiveness of countries and corporations. To be sure, all countries, organizations, trade unions, CSOs and NGOs have a shared responsibility to fight corruption in their domains of influence. Importantly, combating corruption is not the natural order of things; it depends on ceaseless effort and attention from an honest and effective government with a strong political will. Evidence from developed economies is a pointer that good governance is an effective antidote to such societal malaise.

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[6]The theoretical and empirical dimensions of the issues sketched here are developed in Herbert et al., (2017a, b).

In sum, global corruption issues cannot be solved from the same level of consciousness that created them nor can they be explained from the simplistic conditionalities of the fraud triangle and fraud diamond. I submit that the modelling apparatus of received micro theory is insufficiently microanalytic to deal with the spate and scale of grand corruption and fraud in developing countries. A microeconomic analysis of corruption issues in these climes suggests that the requisite condition for its subsistence is “political connection” or, in the local parlance, “to be in the corridors of power”, where this refers to holding a high political office, having a privileged relationship or connection with holders of such offices, being a high public official (in the executive, legislature, or judiciary), or being closely connected thereto. Corruption and fraud in developing countries do not need or lend themselves to the theoretical precepts of the fraud triangle. Absent petty occupational frauds, the involvement relations of large ticket business-to-government (B2G) procurement service customers are traceable to political connection. The corruption occasioned thereby is not a function of opportunity, pressure, rationalization or capability as canvassed by extant fraud theories. Rather, being in the corridors of power is all that it takes to nurture grand corruption. In the contemporary world where the incidence of corruption and fraud is incomprehensibly rife, the aphorisms of Albert Einstein (1879–1955) and Mahatma Gandhi (1869–1948) are a fitting epilogue to the historicity, foresight and insight into this global malaise. These great minds respectively observed that: “the world is a dangerous place, not because of those who do evil, but because of those who look on and do nothing”, and “the earth has enough for everyone’s need, but not enough for everyone’s greed”.

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