

Confronting Corruption in Global Business

Conference Summary

by Chile Hidalgo T'08, Allwin Initiative Student Roundtable

Hanover was an unlikely center of global corruption on April 5 and 6, 2007 as Tuck's Center for International Business' fourth annual Tuck International Forum, "Confronting Corruption in Global Business," attracted experts from Boston to Nigeria. Co-sponsored by the Allwin Initiative for Corporate Citizenship, the Tuck International Club, and Dartmouth College's Dickey Center, the event covered topics from the role of multinational corporations to the effects of corruption on development.

Members of the student-driven Center for International Business chose corruption as the focus of the conference because they believe that global managers must be aware of it. "I need to start understanding the corruption discussion if I want an international career," said Cris Rivera T'08, who helped organize the conference. "More importantly, I need to understand what corporations can do to change the existing dynamic."

"Corruption is a cross-cutting issue," noted Professor Andrew Bernard, the Senior Associate Director of the Center and professor of international economics. "It is a mistake for anyone at Tuck to think that they are not going to deal with the topic."

To kick off the event, Frank Vogl, founder of Transparency International, delivered the Ariel Halpern Lecture on Ethics and Social Responsibility on Thursday evening. Vogl argued that corruption weakens confidence in the free market system, stifles economic growth and trade, negates the effect of programs to alleviate poverty, threatens security and undermines democratic institutions and human rights.

Public awareness has increased, driving research at universities and think tanks and causing reforms in corporate governance and civil society. But, Vogl noted, "In the war on corruption, we're at base camp, and have an Everest of corruption to climb." He closed by challenging business leaders to become "shining beacons of integrity for the community."

"I was inspired by Frank Vogl's passionate plea," Anand Mamidipudi T'08 said. "Some may feel his ideas are coated with impractical idealism, but as a student of the best business school in the world, I see no reason why I cannot be the leader that Frank asks me to be."

The second day of the conference featured panels designed to highlight the challenges that leaders dealing with corruption face on a day-to-day basis. "This conference was designed to show how companies are tackling corruption, so our students are better prepared to face its challenges with success," said Pat Palmiotto, Director of the Allwin Initiative.

The first panel addressed whether corruption was necessary for development, and featured Mallam Nuhu Ribadu, the Executive Chairman of Nigeria's Economic and Financial Crimes Commission, Tom Vallely, Director of the Vietnam Program at the Kennedy School of Government, and Jenik Radon, Adjunct Associate Professor of International and Public affairs at Columbia University.

Mr. Ribadu cited Nigeria as a prime example of a country that could not progress because of corruption. "In our system, corruption overwhelms us and becomes a way of life. Whatever you do, expect to pay for it," he said.

What are the costs of corruption for developing countries? Vallely gave examples of its effect on foreign direct investment, noting that, after adjusting for money laundering and oil investments, Vietnam—with relatively strong anti-corruption controls—receives nearly 10 times the FDI Russia receives.

Experts on the second panel offered tools to help leaders address corruption. Jacqueline M. Beckett, Senior Corporate Counsel of Newmont Mining Corporation, said that an effective anti-corruption program will attack possible sources of corruption before they become problems. "Instead of waiting for someone to come and ask for a handout before acting, explain to them how your company does business when you arrive," she suggested.

Marisa Lago, Global Head of Compliance, Corporate and Investment Banking for Citigroup, said that while it is relatively easy to spread a message about corruption at the top of an organization, it is more difficult to reach the entire organization. She stressed control systems, committed leadership from top executives in the organization, and internalization of anti-corruption practices into HR and audit procedures as key components to achieving this.

Howard Weissman, Vice President and Associate General Counsel for Lockheed Martin Corporation, stated that a compliance policy must offer operational direction and stress that compliance is more important than acquiring new business. Clear financial and accounting prohibitions, as well as ongoing training, is also essential.

At the conclusion of the second panel, Dean Robert Hansen announced Joel Obillo T'08 as the winner of the conference essay competition on facilitating payments, wrapping up the 2007 Center for International Business' International Forum.

"The Center for International Business is fantastic," said Rivera. "It's very organized and very student-focused, and promotes students as the face of Tuck." Rivera also noted that the Center contributes to creating a global culture on campus. "It might seem kind of strange that we're in Hanover, New Hampshire, but at the same time we can be so in tune with what's going on in the world and have the kind of access that we do to world-renowned experts," he said. "The people in the Center foster that environment."