

MULTINATIONAL BUSINESS ARENA AND THE ROLE OF CORRUPTION IN DEVELOPING COUNTRIES

JENOVA MARY. T & SUDHA.T

Research Scholar in Commerce, St. Joseph's College (Autonomous), Tiruchirappalli

ABSTRACT

Corruption in business occurs in situations of a quid pro quo relationship between public officials and business managers representing corporations. Many a time, such corrupt situations can harm stakeholder interests. Managers, as decision-makers, in corruption-related situations may fail to understand the impact of their decisions in such situation for they operate from a position of "position-dependent objectivity" focusing on economic objectives usually. Some corporations are willing to increase their profits through indulging in bribery, corruption and money-laundering, which has a tendency to degrade the governing system in the developing country. The paper seeks to explore and demonstrate the intensification of the role of MNCs in anti-social practices in a developing country, even though this role is in contradiction of the claims of MNCs to be socially responsible and accountable.

INTRODUCTION

Corruption in business is amongst the serious problems confronting global society today. United Nations, World Bank, OECD, and other international bodies acknowledge its occurrence in international business. However, corruption is not a recent phenomenon nor is it a creation of a particular society or civilization or present day business operations. The incidence of corruption was observed in all ancient civilizations.

Corruption continues to be a part of the contemporary social structures. We hear and read about the occurrence of corruption on a daily basis, in the media and the works of anticorruption bodies such as Transparency International. The phenomenon of corruption cuts across all cultures and continents. Corruption in business conduct is a sub-set of a wider phenomenon of corruption prevalent in all parts of the world.

Corruption in business usually occurs during the interface between business managers and public officials. Business managers seek dispensation of favours (both legitimate and illegitimate) and public officials command the discretion to dispense those favours.

There are several types of corruption. The distinctions can be useful in designing and developing reform programs and strategies:

- 1. Petty corruption** - practiced by public servants who may be basically decent and honest individuals but who are grossly underpaid and depend on small bribes from the public to feed and educate their families;
- 2. Grand corruption** - high-level public officials and politicians make decisions involving large public contracts or projects financed by external donors. This corruption is motivated by personal greed. The money or assets from such corruption usually is transferred to individuals or political party coffers.
- 3. Episodic corruption** - honest behaviour is the norm, corruption the exception, and the dishonest public servant is disciplined when detected; and
- 4. Systemic corruption** - channels of malfeasance extend upwards from the bribe collection points, and systems depend on corruption for their survival;

Corruption can also be categorized in other ways. A distinction can be made between benefits that are paid willingly (bribery) and payments that are exacted from unwilling clients (extortion). Another way to categorize is to differentiate between bribes paid for what a client has a legal right to receive and bribes paid to receive benefits belonging to others.

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Current approaches from the organization for economic co-operation and development, the World Bank, and furthers on the issue of bribery have taken extensive concentration. Though, this is found that the occurrence of corruption is directly related with, recognitions and privatization where MNCs depended in organization for economic co-operation and development nations place to increase gainful trade.

The support of privatization through the World Bank, and the financial advantage to organization for economic co-operation and development MNCs from this trade, signify that activity alongside bribery requires to engage successful permits through growing nations against MNCs which involve in dishonest efforts; better political clearness to eradicate the confidentiality below which bribery increases; and confrontation to the unsuspecting expansion of privatization. Bribery takes several diverse shapes, from the regular matters of corruption otherwise minor exploitation of authority that is said to 'oil the structure', by to the growth of impressive individual prosperity whether by misuse otherwise by more corrupt indicates.

corporations is able to increase superior incomes: also through attractive agreements otherwise allowances which they would not or else have succeed, otherwise through achieving deals otherwise allowances on further favourable, and thus extra gainful, conditions. This creates it a grave difficulty for public powers and the community. Primary, as it creates the facility for extra expensive than it would be or else. Next, as it distorts autonomous procedures and normal decision-taking process.

EFFECTS OF CORRUPTION IN DEVELOPING COUNTRIES

Reality in many developing countries today is still shaped like this: relatively underdeveloped public institutions, small upper class elites, and huge differences in wealth and income-with the concomitant possibilities of wielding power and exercising authority. Under these conditions corruption has especially deplorable effects. Where it spreads no bedrock remains in the long run; habituation to dishonesty destroys all sense of honesty. The disposition to corrupt and be corrupted rather than qualifications comes to determine relations between people. Corrupt conduct in office ends up as flagrant disregarding of community interests.

The ones short-changed by all this are the socially powerless and decent people, for they either cannot or will not join in playing the crooked game. Because of their poverty or uprightness they constantly get short shrift in comparison with those who have the wherewithal to influence decisions and the way things are handled to their advantage and are not shy about doing so.

When it comes down to cases this often means that quite normal services to which all citizens are nominally entitled by the constitution and the law are denied persons from the underclass, already under severe social duress, unless they cough up. It starts with giving someone who needs a certificate of birth or death a hard time, continues where children are enrolled in school, testimonials are required for job applications or positions with government are filled, and does not stop even when, following a catastrophe, the state distributes free or subsidized relief goods such as food.

Those, on the other hand, who thanks to their connections and social status and the pull these confer, are better off and in a position to dispense pecuniary or other favors need not fear mistreatment. Oftentimes they do not even have to pay their full taxes or other levies. Thus privileged, they regularly

enjoy the benefits of government-provided services that, in view of their social position, they ought not and certainly have no need to profit from.

PREVENTION: AN IMPORTANT TOOL IN FIGHTING CORRUPTION

Corruption is viewed as a systemic issue requiring the donors to work on several fronts and to collaborate with all branches of government and many parts of society. The approach to promote good governance through among other things, prevention, is to help client countries curb corruption and build integrity, and therefore, improve their public services and create an enabling environment for the private sector. The Governance and Anti-Corruption program comprises three principal activity areas:

- (a) improving public sector service delivery by focusing on public sector accountability and legal reform in order to re-introduce rule of law;
- (b) building integrity by promoting governmental accountability and transparency; and
- (c) building an prevention and anti-corruption capacity of the public sector-including parliament, watchdog and enforcement agencies, and the judiciary-and of civil society, particularly by strengthening non-governmental organisations (NGOs) and the media.

CONCLUSION

Although corruption exists in all countries it is more widespread in low income countries. This is not because people in poor countries are more corruptible than their counterparts in rich countries. It is simply because conditions in poor countries are more conducive for the growth of corruption.

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