

WHISTLE BLOWERS

Head Office:
684 Umgeni Road
Stamford Hill, Durban
+27 (086) 000 5111
www.whistleblowing.co.za

Dear Valued Reader,

If you are in business, these summaries from the “Research Report on Corruption in the South African Private Sector” (commissioned by Business Against Crime South Africa) will undoubtedly be of interest to you!

The Overview:

How much corruption is there?

- 11.5% of companies had bribes offered to them which they did not accept
- 7.3 % of companies had individuals who accepted bribes
- 16% of companies had bribes demanded from them which they did not pay
- 5.5% of companies had individuals who paid bribes

Those who demanded or accepted bribes from companies were from:

- Another company - 26.3%
- Third parties/intermediaries - 22.5%
- Local government - 19.6%
- Provincial/National Government - 10%



Those who offered the bribes were from:

- Another company - 48.1%
- Third parties/intermediaries - 17.5%

Most common form of corruption:

- Corruption in the private sector is most prevalent in the obtaining of business (competing for and awarding of quotes and tenders)

Value of bribes:

- The majority (61%) of ‘bribes experienced’ were between R1 – R10 000. There were four mentions in excess of R1 million

The most common type of bribe:

- Monetary bribes, kickbacks and gifts

Cost of corruption:

- 14.1% of respondents said their company had lost contracts due to bribery
- 1.7% of respondents said their companies had declined from making further investments due to corruption fears

Why do companies get involved in corruption?

- 87.9% agree with the statement “To get approvals to which they are not entitled”
- 87.9% agree with the statement: “To bypass difficult/arduous regulatory requirements”

The Lessons:

Detection of corruption

Protected Disclosures policy	43.7%
Only internal whistleblowing hotline	16.5%
Only external whistleblowing hotline	6.6%
Both internal and external hotlines	25.9%
Companies with hotlines	48.9%
Database kept of incidents detected	45.8%



“Just under half of all companies have some form of hotline. This increases to 67.6% of companies among large enterprises. This is a relatively good sign, but considering that most instances of corruption are discovered by an employee, it would be prudent for more companies to have hotlines or other reporting mechanisms and to actively work on creating a culture where people are not afraid to be the bearers of bad news.”

“The fact that corruption is most often discovered by employees, makes it all the more important that they must be clear on what constitutes a violation and where to report it. They must also be reassured that reporting corruption will not be held against them (in fact praise should be forthcoming). Training on corruption prevention, controls and reporting lines is therefore crucial, especially for employees working in high-risk areas like procurement, BEE, etc.”

“Sharing information of unfortunate incidents in one business can prevent the same from happening elsewhere. Sharing is caring!”

Reg Aarne
Managing Director

‘Different solutions for different circumstances’