Berta van Schoor

Fighting Corruption Collectively

How Successful are Sector-Specific
Coordinated Governance Initiatives
in Curbing Corruption?

Springer VS

Wirtschaftsethik in der globalisierten Welt

Herausgegeben von
Ch. Lütge, München, Deutschland

Die Ordnungsethik analysiert die normativen Grundlagen moderner Gesellschaften einschließlich ihrer ökonomischen Aspekte und macht sie für die praktische Gestaltung zugänglich. Dies umfasst sowohl systematische als auch historische Perspektiven der Wirtschaftsethik sowie verwandter Gebiete der Philosophie, Ökonomik, Geistes- und Sozialwissenschaften.

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List of Abbreviations

ACC ....*Association of Corporate Counsel*
ACQ ....*Association de la Construction du Québec*
AML........................*Anti-Money Laundering*
API ....*American Petroleum Institute*
BIAC ....*Business and Industry Advisory Committee*
BMWi......................*Bundesministerium für Wirtschaft und Energie*
BnEI ....*Banknote Ethics Initiative*
BSR ....*Business for Social Responsibility*
CGIs ....*Coordinated Governance Initiatives*
CoST ....*Construction Sector Transparency Initiative*
CPI ....*Corruption Perceptions Index*
CSR ....*Corporate Social Responsibility*
EITI ....*Extractive Industries Transparency Initiative*
EMB ....*EMB-Wertemanagement Bau e.V.*
EU ....*European Union*
EUBestG ....*Gesetz zu dem Protokoll vom 27.9.1996 zum Übereinkommen
                            über den Schutz der finanziellen Interessen der Europäischen
                            Gemeinschaft*
FCPA ....*Foreign Corrupt Practices Act*
FDI ....*Foreign Direct Investment*
GDP.........................*Gross Domestic Product*
GRECO ....*Group of States against Corruption*
GRI..........................*Global Reporting Initiative*
ICC ....*International Chamber of Commerce*
ICCA ....*International Center for Collective Action*
ICMM ....*International Council on Mining and Metals*
IFBEC ....*International Forum on Business Ethical Conduct*
ILO ....*International Labor Organization*

IMF ....*International Monetary Fund*
IntBestG ....*Gesetz zur Bekämpfung internationaler Bestechung*
IRU...........................*International Road Transport Union*
MACN......................*Maritime Anti-Corruption Network*
MeTA ....*Medicines Transparency Alliance*
MNCs ....*Multinational Corporations*
MSGs ....*Multi-Stakeholder Groups*
NCP..........................*National Contact Point*
NGOs ....*Non-Governmental Organizations*
NPO..........................*Non-Profit Organization*
OECD.......................*Organization for Economic Co-operation and Development*
PWYP.......................*Publish What You Pay*
SAI ....*Social Accountability International*
SEC ....*Securities and Exchange Commission*
SMEs........................*Small and Medium Enterprises*
SOEs ....*State-Owned Enterprises*
SWIFT......................*Society of Worldwide Interbank Financial Telecommunication*
TI.............................*Transparency International*
UK ....*United Kingdom*
UN ....*United Nations*
UNCAC....................*United Nations Convention against Corruption*
UNDP.......................*United Nations Development Programme*
UNEP ....*United Nations Environment Programme*
UNGC ....*United Nations Global Compact*
US ....*United States of America*
WBI..........................*World Bank Institute*
WEF ....*World Economic Forum*
WGI..........................*Worldwide Governance Indicators*
WHO ....*World Health Organization*

Danksagung

Diese Arbeit wäre vermutlich nicht entstanden ohne die Unterstützung und Ermutigung zahlreicher Menschen. Ihnen möchte ich an dieser Stelle danken. Zunächst gilt mein Dank meinem Doktorvater Prof. Christoph Lütge, der sich bereit erklärte, mein Thema anzunehmen und mir bei der Entstehung dieser Arbeit viele Freiräume ließ. Des Weiteren danke ich Prof. Michael Schramm herzlich für die Übernahme des Zweitgutachtens sowie Prof. Claudia Peus für die Übernahme des Vorsitzes der Prüfungskommission. Mein Dank gilt auch Prof. Bernd Noll für viele Anregungen und Literaturhinweise in der Anfangszeit meines Forschungsprojekts. Ich danke Johann Steudle und Jamie-Lee Campbell für ihre Initiative bei der Gründung des Netzwerks junger Korruptionswissenschaftler KorrWiss und dafür, dass ich die Gelegenheit hatte, dort meine Arbeit in einem frühen Stadium vorzustellen. Friederike Hablizel und Jan Alpmann bin ich dankbar für ihre Gastfreundschaft bei meinen zahlreichen Aufenthalten in München. Ein ganz herzliches Dankeschön geht an meine Leidensgenossin Carola Normann. Der intensive Austausch im Rahmen der zahlreichen Treffen an der Hochschule Pforzheim war eine echte Bereicherung. Danke auch meinen Konstipendiatinnen Theresa Beilschmidt und Sara Heinze für motivierende Skype-Gespräche. Ganz besonders bin ich unserem TI-Mitglied Prof. Gerd Addicks zu Dank verpflichtet für die vielen Diskussionen, die wertvollen Hinweise, und die neuen Perspektiven auf das Thema, die er mir vermittelt hat. Danke auch an meine Freunde, die mich beim Korrekturlesen unterstützt haben, insbesondere Vera Erbes, Katharina Hetze, Isabel Klein und Joanne Popp. Ebenso danke an Charis Borrmann, Kim Hausberg, Sarrah Nachi und Christina Striebich für gelegentliche Treffen und Gespräche, die mich auf andere Gedanken gebracht haben. Außerdem danke ich meiner Familie für die fortwährende Unterstützung über diesen langen Zeitraum hinweg. Zu guter Letzt danke ich meinem Freund Boris Engelfried, der mich durch alle Höhen und Tiefen begleitet hat und immer fest an meiner Seite stand. Der Konrad-Adenauer-Stiftung möchte ich für die großzügige finanzielle Förderung meiner Dissertation danken.

Abstract

Although both the problem of corruption and its detrimental effects on society, the economy, and the environment has widely been recognized, corruption remains one of the most challenging problems of our times. In light of globalization, corruption has developed into a transnational governance challenge. Against this background, the exclusive regulatory power of nation states appears to decline, resulting in governance gaps. As a consequence, new governance mechanisms characterized by the involvement of non-state actors have emerged, in an attempt to fill this gap. These Coordinated Governance Initiatives (CGIs) in which companies along with representatives of other societal sectors join forces to tackle corruption have not been in the focus of research so far. Therefore, exploring this novel collective anti-corruption approach, particularly in view of its effectiveness, can contribute invaluable insights to the growing body of scholarly work in this realm.

This dissertation addresses this research gap by identifying potential success factors of CGIs by means of a qualitative multiple-case study. Twenty semi-structured interviews have been conducted with members of three initiatives from different, particularly corruption-prone sectors. Additionally, secondary data sources such as online articles, press releases, and blog posts have been examined.

The multiple-case study provided deep insight into the functioning of sector-specific Coordinated Governance Initiatives. Six success factors have been identified: the initiatives' company composition, situations of crisis and external threats as initiating factors, the existence of a supportive institutional framework, the continuing commitment of participants, the complexity-dependent governance structures and procedures, and effective enforcement mechanisms for reputation protection. The findings add to the debate of how moral concerns can be taken into account under competitive conditions. Collective anti-corruption efforts can foster the integrity of a whole sector if rules are set in an incentive-compatible manner.

INTRODUCTION

<div style="text-align:right">**1**</div>

Corruption is one of the most pressing problems of our globalized world. It is a major threat to the rule of law, democracy, and human rights; it hampers economic development and endangers the stability of democratic institutions and the moral foundations of society. Corruption is a recurring theme in the media and has become a central topic for academia, politics, and international organizations such as the World Bank and the International Monetary Fund (IMF) in the last two decades (Rothstein & Varraich, 2014).

The average European Union (EU) citizen perceives corruption as a significant threat: Three out of four (76%) EU citizens think corruption is widely spread and more than half of them (56%) believe that the level of corruption in their country has increased throughout the last three years (European Commission, 2014b, p. 6). Across the world, on average, one in four (27%) people have to pay a bribe to at least one out of the following public service providers: Police, judiciary, registry, land, health, education, tax, and utilities (TI, 2013b, pp. 9 et seqq.). In addition, one in four (27%) enterprises worldwide is expected to give gifts to public officials to secure government contracts (World Bank, 2016a). The first EU anti-corruption report estimates the damages caused by corruption to be €120 billion per annum, solely in the EU (European Commission, 2014a, p. 3). According to a recent study by the IMF, the worldwide annual cost of bribery alone is estimated to be at about US$1.5 to US$2 trillion, which corresponds to roughly two percent of the global Gross Domestic Product (GDP) (IMF, 2016, p. 5).

Irrespective of the cost estimates, which are sometimes based on relatively arbitrary assumptions, the extremely deleterious effects to economy and society at large are quite evident. Corruption leads to massive distortions of competition, loss of efficiency and often a decrease in investment and growth (Aaronson, 2011). It undermines confidence in authorities and institutions and threatens the stability of society as a whole. Corruption distorts the incentives for productive activities in business, politics, and administration and instead promotes unproductive activities such as rent-seeking. Overall, corruption

represents not only the result of bad governance, but at the same time the cause of it (Pies, Sass, & Meyer zu Schwabedissen, 2005, p. 3).

Although these detrimental effects of corruption have been widely recognized, corruption remains to be one of the most challenging problems of our time. Throughout the last two decades there have been a number of government-centric approaches to a globalized anti-corruption regulation. Major intergovernmental agreements include: The Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention) adopted in 1997 by the Organization for Economic Co-operation and Development (OECD) (OECD, 2011a), the Criminal Law Convention and the Civil Law Convention, adopted in 1998, 1999 respectively by the Council of Europe (COE, 1999) as well as the United Nations Convention against Corruption (UNCAC) in 2003 launched by the United Nations Office on Drugs and Crime (UNODC, 2004).

However, these great efforts to adjust and enhance existing regulatory anti-corruption frameworks have not resulted in a considerable decrease of corruption in the countries most affected (Hough, 2013, pp. 22; 29; Persson, Rothstein, & Teorell, 2013). As a renowned anti-corruption expert puts it, *"It is quite sobering to see, …, that, on average, the quality of governance worldwide has remained stagnant"* (Kaufmann, 2005, p. 87).

One of the reasons why corruption is so difficult to tackle is that it represents a transnational governance challenge (Rasche, 2012; Scherer & Palazzo, 2008, p. 423). This makes it extremely problematic for a single nation-state to effectively combat corruption, all the more as in a globalized world the power of nation-states tends to decline (Scherer, Baumann-Pauly, & Schneider, 2013). Thus, new governance mechanisms have been emerging in recent years in an attempt to fill this global governance gap. These new governance regimes are often characterized by the involvement of non-state actors, such as non-governmental organizations (NGOs) or private companies (Scherer et al., 2013). Scholars have especially highlighted the crucial role of the private sector[1] – in particular multinational corporations (MNCs) – in combating corruption (Kaufmann, 2005; Petkoski, Warren, & Laufer, 2009; Pies, 2002, pp. 39 et seq.; Rose-Ackerman, 1999b, p. 54). This is in line with a recent trend in Corporate Social Responsibility (CSR) literature where the corporation is conceptualized *"as a participant in collaborative (global) governance processes"* (Rasche, 2012, p. 680). Coordinated Governance Initiatives that aim to curb corruption can be regarded as a novel governance mechanism.

To date, the body of knowledge concerning Coordinated Governance Initiatives is relatively small and is just beginning to evolve as a distinct field of research. This is illustrated by a lack of consistent labeling for such initiatives (Pieth, 2012, p. 5) and particularly by the fact that there is little empirical research regarding their effectiveness or outcome (Corrigan, 2014, p. 18; Frynas, 2010, p. 168; Lucke & Lütge, 2011, p. 298; Meissner, 2013, p. 7; Søreide & Truex, 2013, p. 205). In order to be able to assess an initiative's effectiveness, it is necessary to identify potential success factors or conditions for success first.

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1   By 'private sector' it is referred to all non-state actors, which generally includes both the business sector and civil society.

This is the core issue of the present study which addresses the following research question: What are success factors of sector-specific Coordinated Governance Initiatives that aim to curb corruption?

As the research question is relatively broad and the research field can be described as a nascent or emergent field of research (Beschorner, Hajduk, & Simeonov, 2013, p. 34; Edmondson & McManus, 2007), a qualitative research approach, namely a qualitative multiple-case study, has been chosen. The goal of this research project is to identify success factors. It is neither about testing existing success factors nor about measuring, how successfully initiatives have been so far. First, the literature review reveals that there are very few studies, most of them being conceptual research. Second, measuring the success of anti-corruption initiatives poses special difficulties to corruption researchers which shall be discussed later in the text.

The theory of order ethics, which attributes special importance to rules, supplies the background for this dissertation (Homann & Lütge, 2013; Lütge, 2005a, 2010b; Suchanek, 2007). Formal and informal rules build the order framework within which economic subjects interact (Lütge, 2012a). It is here, where moral norms ought to be implemented. Globalization though, poses a problem to order ethics insofar as a legal framework for the global society has yet to be developed. Nation-states are typically regarded as being responsible for establishing an effective legal framework. However, on a global level their regulatory power is limited, due to the fact that nation-states compete against each other, e.g. for investment or human capital (Homann, 2007, p. 3). This situation has resulted in the emergence of governance gaps in the global economy (Scherer et al., 2013). New players, namely MNCs (but also NGOs from civil society), have emerged in the global arena and attempt to fill these governance gaps, thereby taking on a more political role and contributing to the development of a new social order (Beckmann & Pies, 2008; Habermas, 2001, pp. 58–112; Homann, 2007, p. 4). As a consequence, political authority is shifted laterally from governments to private corporations (Lake, 2006, p. 769). From a business ethics theory perspective, this development implies that the different levels of responsibility partly lose their discriminatory power: The meso level, addressing moral concerns at the level of the company, and the macro level, formerly addressing exclusively politics, have now started to blur (Noll, 2010, p. 322).

So far, there is little coordination among the corporations' activities or they merely act on a regional level. Yet, they need to act together in order to contribute to the creation of a global governance framework (Homann, 2007, p. 5). Coordinated Governance Initiatives[2] represent a new governance mechanism that allows MNCs along with representatives of other societal sectors, such as NGOs and sometimes also the public sector, to work together on transnational governance challenges like environmental or social issues, including

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2   Although the present research project focuses primarily on how to deal with the transnational challenge of corruption, it was nonetheless decided to label the main object of analysis 'Coordinated Governance Initiative', not 'coordinated anti-corruption initiative' as some initiatives under study pursue targets exceeding the notion of 'anti-corruption'.

corruption. The term 'coordinated governance' describes a novel concept where public and private actors align their efforts to develop and implement a solution to a shared global or transnational problem, contributing to a globalized regulatory framework (WEF, 2013, p. 3). This is in line with Coase's (1960) and Williamson's (1985) understanding of governance structures as regulatory institutions designed to align collective and private interests. The expression 'initiative' was chosen, on the one hand, because it is widely used by practitioners and, on the other hand, because it is suitable to describe different forms of cooperation (Beschorner et al., 2013, p. 31).

Regarding the problem of corruption it has long been a common approach to expand the regulatory framework by sharpening laws, thereby strengthening criminal codes and punitive structures. However, such compliance-oriented measures often have appeared to be ineffective (Misangyi, Weaver, & Elms, 2008, p. 752). Especially in light of globalization, more punitive approaches seem to be less feasible at the global level (Levy, 2011, p. 5). The governance gap with regard to anti-corruption manifests itself not so much in a lack of regulation, but more in a lack of enforcement of existing regulatory frameworks. The UNCAC might illustrate the current situation. The convention has been adopted and ratified by 140 signatories[3] (UNODC, 2015). However, this does not necessarily mean that the Convention is applied and enforced adequately in all these countries. Rather, one has to assume that in many of those countries there is a great discrepancy between internationally adopted legal frameworks and the practice of law enforcement and legal prosecution (Khaghaghordyan, 2014, p. 157).

If the desired outcome is not achieved by the focus on enforcement and prosecution because laws are existent to a large extent, but not applied, it may be time for a paradigm shift towards a more indirect and incentive- and prevention-based approach to corruption. This is at least what leading scholars in the field, such as Kaufmann (2005), Lambsdorff (2007), Mungiu-Pippidi (2011), Rothstein (2011), and Pieth (2012) suggest. In particular, Kaufmann (2005, p. 88) has criticized that in the past too much emphasis has been put on prosecution and not enough on prevention. Similarly, Rose-Ackerman pointed, as early as 1975, to the fact that it does not merely depend on surveillance and law enforcement whether corruption will be discovered (Rose-Ackerman, 1975).

By contrast, the concept of Coordinated Governance Initiatives as a novel approach to combating corruption, stresses the need for self-regulatory efforts and the involvement of the business sector. In actual fact, it is increasingly in the interest of MNCs to refrain from corruption. First, the payment of bribes causes direct costs for companies. Second, as corruption is highly disapproved by society, companies caught bribing face considerable reputational risks in addition to financial risks due to the imposed fines (Hess, D., 2009). Third, as anti-corruption enforcement has been improved in recent years, companies today face a higher risk of being caught and paying higher fines (Humborg, 2009, pp. 70–74; Pieth, 2012, p. 6). On the other side, companies that engage in anti-corruption activities, thereby opting for integrity instead of corruption, may run the risk of being 'exploited' by

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3   As of December 1, 2015.

their competitors. Therefore, there is a strong case for MNCs to act collectively by participating in Coordinated Governance Initiatives. In doing so, they are able to create a level playing field together with like-minded competitors (Pieth, 2012; WBI Working Group, 2010).

Although the need for new approaches to combat corruption has been recognized in recent years by international organizations, the public and the private sector as well as by academia, the initiatives that surfaced subsequently have not been examined in depth. Scholars have only recently begun to discover these initiatives as an emergent field of research. Still, the body of knowledge about Coordinated Governance Initiatives is relatively small.

Two principal research gaps exist according to the author. The first one is linked to questions concerning the way governance structures of anti-corruption initiatives are built. The second focuses on the effectiveness of these initiatives. Coordinated Governance Initiatives are generally built around a set of three functions: rule-making, monitoring and enforcement (Levy, 2011, p. 2). Each of these functions can be realized by actors from different sectors. Either they can be exclusively public or exclusively private or they come together in various configurations of the two, at a global and national level (Levy, 2011, p. 2). This research project concentrates on governance initiatives that involve either only private sectors or a combination of private and public sectors (i.e. multi-stakeholder initiatives). The great variety of governance mechanisms generates a considerable number of different labels, all alluding to the concept of coordinated governance. Scholars make frequent use of the following terms to refer to a similar concept: collective action (Dixit, 2014; Lucke & Lütge, 2011; Petkoski et al., 2009; Pieth, 2012; WBI Working Group, 2010), transparency initiative (Frynas, 2010), self-regulation initiative (Scherer & Palazzo, 2008), voluntary agreements[4] (Meyer zu Schwabedissen, 2008; OECD, 2007; Pies, 2002; Pies et al., 2005; Wieland & Grüninger, 2000), multi-stakeholder initiative (Hess, D., 2009; Mena & Palazzo, 2012; Moberg & Rich, 2012; Rasche, 2012; Søreide & Truex, 2013) or public-private partnership (Aaronson, 2011). Therefore, it comes as no surprise that Pieth (2012, p. 14) calls for categorizing *the complex patchwork of current initiatives.”* Finding a consistent and comprehensive classification system for all initiatives would exceed the possibilities of this research project. Nevertheless, a refined classification system based on an earlier classification by the World Bank Institute (WBI) is presented in chapter 2.2.3.

The second major research gap identified refers to the effectiveness and success of governance initiatives which are in the focus of this research. Baumann-Pauly, Nolan, Heerden, and Samway (2016) rightly name effectiveness (alongside legitimacy and accountability) as the current most important research topic, particularly in relation to multi-stakeholder initiatives. Many of the anti-corruption initiatives only came into existence a few years ago. At the same time, it may take a while until the first results of the collective

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4   The English term 'voluntary agreement' has been used to summarize the work of German
     scholars that employed the terms 'Freiwillige Selbstverpflichtung', 'Freiwillige Selbstbindung', and 'Selbststeuerung'.

effort become discernible as Coordinated Governance Initiatives represent very complex anti-corruption interventions. Consequently, there is only scant empirical evidence about their actual effectiveness. According to Easton (1979), it can be distinguished between short-term effects (i.e. output), medium-term effects (i.e. outcome or effectiveness), and long-term effects (i.e. impact). This dissertation focuses for the above mentioned reasons, on the medium-term effects or effectiveness of initiatives. Initiatives' effectiveness will be analyzed by way of a qualitative multiple-case study. In conducting the multiple-case study, potential success factors for Coordinated Governance Initiatives will be identified. This can be considered as a first step in the assessment of such initiatives. It is beyond doubt that further steps will have to be taken in order to arrive at a thorough analysis of the initiatives' effectiveness. However, these later steps, such as measuring the impact or long-term effects by quantitative means, are not part of this dissertation.

When studying anti-corruption governance initiatives, one can distinguish between cross-sector initiatives and sector-specific[5] initiatives. Well-known examples of cross-sector initiatives include the Partnering against Corruption Initiative, which was established by business leaders during the World Economic Forum (WEF) in 2005 (Hess, D., 2009), or the Business Principles for Countering Bribery issued by Transparency International (TI) (TI, 2013a). The Extractive Industries Transparency Initiative (EITI) (EITI International Secretariat, 2016) or the Wolfsberg Anti-Money Laundering Principles (Wolfsberg Group, 2012) might well serve as examples for sector-specific initiatives. Sector-specificity means that companies target corruption in one specific sector, e.g. in the construction sector. Usually, this implies that companies pertain to this specific sector. However, in some cases, there might be some overlap, in that a company belongs to one sector, but is interested in combating corruption in another, adjacent sector. For instance, extractive companies may have an interest in fighting corruption in the maritime sector as their goods are transported primarily by ship. The focus in this dissertation will be on the latter type of initiatives, i.e. sector-specific initiatives.

The decision to narrow down the object of analysis to sector-specific initiatives has been taken for two reasons. First, there are sectors that are more prone to corruption than others (Bannenberg & Schaupensteiner, 2007, p. 55; Rose-Ackerman, 1975). This is true for sectors with a high degree of complexity as *"it is difficult for outsiders to effectively monitor service delivery"* (Truex & Søreide, 2011, p. 478). According to the OECD Foreign Bribery Report (2014, p. 22), almost two-thirds of the analyzed cases of bribery take place in just four sectors, the extractive sector, the construction sector, the transportation and storage industry and the information and communication sector. How susceptible an industry is to corruption, is obviously closely related to its specific characteristics. Thus, initiatives which bring together actors of one particular industry can take into account

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5   In the present research the term 'sector-specific' is used synonymously with 'industry-specific'. Moreover, the names that have been used in this dissertation to designate particular industries are not necessarily congruent with those of the commonly used UN industry classification system.

peculiarities of that industry when designing the initiative (Beschorner et al., 2013, p. 28). This in turn could result in a more effective anti-corruption initiative.

Second, it is of great importance to take into account the competitive situation companies find themselves in. One of the main reasons why it is so difficult to curtail corruption effectively is that companies acting in markets where corruption prevails face a dilemma. Every competitor thinks it needs to bribe in order to do business. At the same time, they know that everyone would be better off if no-one paid bribes (Rose-Ackerman, 1999b, p. 50). This dilemmatic situation can only be solved by implementing moral norms in a competitive-neutral manner (Homann & Kirchner, 2003; Lütge, 2005a; Noll, 2010). Coordinated governance initiatives can be regarded as such a competitive-neutral institutional arrangement apt to overcome the dilemma situation by bringing together like-minded organizations and thus leveling the playing field among competitors (Petkoski et al., 2009; Pieth, 2012, p. 5; WBI Working Group, 2010). However, the dilemma described above arises only among competitors, thus within a particular market or within a particular sector. Consequently, sector-specific initiatives address the challenges linked to combating corruption under competitive conditions better than cross-sector initiatives.

Figure 1 gives an overview of the structure of the dissertation, thereby highlighting the guiding questions for each chapter. In chapter 2 the theoretical foundations of this dissertation are presented in detail. Corruption is construed as a transnational governance challenge, which can be tackled neither by a single nation nor by single corporations. Instead, cooperation of different actors is required to be able to address this complex and multi-faceted problem adequately. In addition to the dominant perspective of order ethics, two further ways of conceptualizing corruption are presented: corruption as a principal-agent problem and corruption as a collective action problem. Sector-specific Coordinated Governance Initiatives can be addressed on the basis of these three theoretical approaches which complement each other. It will be explained how Coordinated Governance Initiatives have evolved throughout recent years as a novel approach to prevent corruption. Furthermore, the object of investigation is narrowed down to sector-specific Coordinated Governance Initiatives as there are certain sectors that are especially prone to corruption (Truex & Søreide, 2011).

In chapter 3 the methodological approach of this research project is explained. Given the broad research question and the fact that there is a lack of sound empirical research regarding the potential and the conditions for success of Coordinated Governance Initiatives combating corruption, a qualitative research approach is deemed appropriate here. This dissertation aims to identify success factors of sector-specific Coordinated Governance Initiatives that try to curb corruption. As seen by the author, the research aim can be best achieved by conducting a case study. Case studies are used when investigating a contemporary phenomenon in depth and within its real-world context (Yin, 2014, p. 16). Multiple-case studies normally yield more robust theoretical insights than single case studies (Eisenhardt & Graebner, 2007). Therefore, a multiple-case study approach is chosen here, interviews and documents being the main sources of information. In the present dissertation, three rather different governance initiatives – the Bavarian Construction Industry's

Ethics Management (EMB) Initiative, the Extractive Industries Transparency Initiative (EITI), and the Maritime Anti-Corruption Network (MACN) – are selected in order to study them in detail.

In chapter 4 the empirical results of the multiple-case study are presented. Using replication logic, cases have been selected for the likelihood that they will offer theoretical insights, thus contributing to theory development. The cycle in figure 1 indicates that the process of data collection is not always a linear process, but rather an iterative one. The first case is selected and analyzed. Then the next case is selected so as to replicate or extend emerging hypotheses generated from the previous case. The third case is again selected according to theoretical considerations with the aim of making the emerging hypotheses more robust. Thus, the researcher moves back and forth between the case data in order to decide which case could bring additional new insights or replicate findings already made. This replication logic is essential for building theory from cases (Eisenhardt & Graebner, 2007).

The first case, the EMB, aims to curb corruption in the construction sector. Its members[6] commit themselves to implementing a comprehensive value management system within their organization which is certified by an external auditor on a regular basis. The main goal of the second case, the EITI, is to promote transparency – and hence to contribute to reducing corruption – in the extractive industries by obliging members to disclose payments made to governments and vice versa. The third case, the MACN, attempts to combat corruption, especially the widespread facilitation payments, in the maritime sector. Participants need to adopt and implement seven anti-corruption principles. All three cases will be analyzed individually using template analysis, a certain style of thematic analysis (Braun & Clarke, 2006; King, 2012; King & Horrocks, 2010). This procedure allows for in-depth examination of each case without drawing hasty conclusions.

In chapter 5, a cross-case analysis is conducted by comparing the results of the three cases. The cross-case analysis is just as important as the analysis of the separate cases as it helps to increase the generalizability of the findings and supports theory building (Miles, Huberman, & Saldaña, 2014, pp. 100–104). Subsequently, the new empirical results are discussed in reference to the existing body of knowledge and with the underlying order ethics theory. Chapter 6 summarizes the findings. It outlines under which conditions Coordinated Governance Initiatives could further evolve as a successful means of preventing corruption. Moreover, promising starting points for future research that could extend the findings of this work are highlighted.

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6   In this dissertation the terms 'member' and 'participant' are used interchangeably to refer to individuals or organizations that take part in a CGI. The expression 'stakeholder' has a broader meaning here. On the one hand, it is used to designate individuals or organizations that belong to one of the three main societal sectors: the public sector, the private sector, and civil society organizations. On the other hand, the term is also employed to refer to the members of the EITI as it is a so-called multi-stakeholder initiative where the members by definition belong to different stakeholder groups. To avoid confusion, the label "external stakeholder" is used when referring to actors that are not part of the CGI but that have a legitimate interest (or 'stake') in it.

THEORETICAL BACKGROUND
Corruption as a Societal Challenge in the 21st Century (chapter 2.1)
How is corruption conceptualized and how does order ethics contribute to tackling the problem of corruption?

THEORETICAL BACKGROUND
Sector-Specific Coordinated Governance Initiatives as a New Approach for Curbing Corruption (chapter 2.2)
What are Coordinated Governance Initiatives, how did they evolve and which success factors can be derived from literature?

METHODOLOGICAL APPROACH (chapter 3)
Which research strategy and research design is applied and how does this address the research question?

MULTIPLE-CASE STUDY ANALYSIS (chapter 4)
Identifying Success Factors Using a Qualitative Case Study Design
What do initiatives look like and which success factors can be derived from each case?

Case 1 EMB (4.1)

Case 3 MACN (4.3)

Case 2 EITI (4.2)

CROSS-CASE ANALYSIS AND DISCUSSION (chapter 5)
Which success factors can be derived from comparing the three cases and how do results relate to earlier findings?

SUMMARY AND CONCLUSIONS (chapter 6)
What are success factors of sector-specific Coordinated Governance Initiatives and which questions remain to be answered in future research projects?

Figure 1   Overview Chapters

Source: own representation

2.1   Corruption as a Societal Challenge in the 21st Century

Corruption is one of the big challenges to society in the 21st century. There are several reasons that give rise to this claim. First, as explained above, this is a transnational governance challenge that is very difficult for any government to tackle (Rasche, 2012, p. 679; Scherer & Palazzo, 2008, p. 423). Second, corruption is a phenomenon that is difficult to grasp as it occurs in so many different forms. Third, the sheer magnitude of corruption and the profound negative consequences that creep into all spheres of society make corruption one of the great challenges of this epoch.

Before presenting Coordinated Governance Initiatives as a novel approach to combating corruption, it is important to answer the question of what corruption actually is and why it is considered so harmful. The need to adopt an approach of *"self-interested voluntariness"* (Lütge, 2010b) if the private sector, and particularly MNCs, are to be involved effectively in combating corruption is also demonstrated.

2.1.1   Delimiting Corruption

Corruption is undoubtedly an enigmatic term that has gained prominence in recent years in the media[7] as well as in academia and among politicians and business leaders. Peter Ei-

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7   In actual fact, there seems to be more comprehensive media coverage of corruption cases in recent years. A simple search in the archive of the German news magazine 'Der Spiegel' provides evidence on this interesting development: From January 1, 1986 to December 31, 1995 the magazine lists 57 articles that contain the word 'corruption' either in the heading or in the lead paragraph; from January 1, 1996 to December 31, 2005 the amount of articles rises to 216. In the last decade, from January 1, 2006 to December 31, 2015, the magazine featured not less

gen, former World Bank manager and founder of TI, once referred to corruption as being the *"fundamental evil of our times"* (Eigen, 2003, p. 11). Similarly, the World Bank has called corruption *"the largest obstacle to economic and social development"* (Aguilera & Vadera, 2008, p. 431). Nevertheless, it is hard to tell what corruption exactly is as the term is used so frequently on very different occasions. From an etymological point of view, 'corruption' goes back to the participle 'corruptus' of the Latin verb 'corrumpere'. The radical '-rumpere' can be translated as 'to break' and 'corrumpere' meaning 'to destroy', 'to ruin', and 'to break entirely', hence 'to break up morally' (Klein, 1966, p. 357; Partridge, 1958, p. 576). The noun 'corruption' thus implies the breach of moral rules and suggests that the word is linked to the society's prevailing concept of morality. However, these conceptions are subject to constant change and hence what is perceived as corrupt can vary according to time and place (Abele, 1993, col. 573; Klitgaard, 1988, pp. 3; 23).

Before presenting a definition of corruption[8], which shall be used for this research project, three often heard prejudices about corruption shall be refuted in order to approach this multifarious term. First, from a historical perspective, corruption is not a new phenomenon, but can be traced back to antiquity (Noonan, 1984; Rothstein & Varraich, 2014, pp. 32 et seq.). Although there is the tendency to bemoan an alleged or actual moral decay in Western societies, corruption as the embodiment of moral decay par excellence is not a problem that is exclusive to our modern age. On the contrary, corruption existed in ancient times as archives from the ancient Egypt and the Greek city-states show. For example, Plato points to the problem of bribery in his famous Nomoi, especially when it is public officials accepting such undue advantages (Platon, 1959, p. 311). Likewise documents of medieval times and sources of the ancient Rome demonstrate the existence of corruption in those days (Abele, 1993, col. 573). Furthermore, Machiavelli advises on how to deal with corruption in 14th century Florence in his seminal work 'Il Principe' as he considered corruption to be one of the greatest ills in governance (Aguilera & Vadera, 2008, p. 431; Rothstein & Varraich, 2014, p. 34). However, as a result of ongoing globalization processes the world today is much more interconnected, thus making the negative impact of corruption more visible.

A second often heard presumption is that corruption is mostly an issue for developing or emerging nations (Schneider & Pritzl, 1999, p. 310). Although this one-sided perception of corruption has been challenged in recent years by numerous corruption scandals in Western countries, corruption is associated most often with the rampant type of corruption that can be found in many African countries. In actual fact, corruption is a ubiquitous phenomenon which can be found in all societies, including the industrial nations (Heimann & Mohn, 1999, p. 531). However, it can vary greatly from one country to another in

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than 719 stories on the topic of corruption. However, this is probably the result of an increasing awareness of the corruption problem, not a rise in corruption cases itself. [Archival search conducted on June 2, 2016]

8   In this dissertation corruption and bribery are frequently used synonymously. This may be justified given that bribery is probably the most common form of corruption.

terms of its scope and the consequences that may ensue for society and economy. This depends among other things on the existence of robust institutional frameworks and well-designed systems of governance. For example, petty corruption or bureaucratic corruption can be widely observed in developing or emerging countries, whereas grand corruption or political corruption is also frequently found in developed economies (Rose-Ackerman, 1999a, pp. 27 et seq.). Irrespective of these different manifestations of the phenomenon, corruption and bribery are universally condemned. There is not a single country in which corruption is legally permitted – at least not in any law book – or regarded as morally acceptable (Noonan, 1984, p. 702).

Third, it is often stated that corruption affects all members of society equally and pervades every branch of industry. This is not true. Some sectors are more prone to corruption than others (Bannenberg & Schaupensteiner, 2007, p. 55). The different degrees of susceptibility to corruption across sectors can be ascribed to the structural characteristics of these sectors. Sectors with highly complex structures usually are more susceptible to corruption than less complex ones (Truex & Søreide, 2011, p. 478). Also, corruption is more common within narrow market segments or on markets characterized by oligopsonies. Incentives for bribery are particularly high when the government is the sole purchaser of a good, as it is often the case in the construction sector (Rose-Ackerman, 1975).

2.1.2 Defining Corruption

Homann (2003, p. 239) and Noll (2013, p. 147) both refer to the fact that there is no clear and commonly accepted definition of corruption. The difficulty in finding an adequate definition also becomes apparent when looking at international organizations: Neither the OECD, nor the Council of Europe, nor the UN Conventions define corruption (OECD, 2008). Corruption merely represents an umbrella term for a multidimensional phenomenon that has enormous variation, both in types and frequency as well as location (Rothstein & Varraich, 2014, p. 16).

From a legal perspective, it is interesting to note that the German Criminal Code ('Strafgesetzbuch') does not contain the term 'corruption' at all (Stierle, 2008, p. 19). Instead, the most important elements of a crime that are commonly subsumed under the term 'corruption' can be found in §§ 331 to 335 of the German Criminal Code, dealing with malpractice in office. § 331 contains the unlawful acceptance of benefits, § 332 deals with taking bribes, § 333 addresses the granting of an undue advantage, § 334 is about giving bribes, and § 335 deals with especially grave cases of unlawful acceptance of benefits or giving bribes. Six additional paragraphs need to be mentioned here, that is: taking and giving bribes in commercial practice (§§ 299, 300); the taking and giving of bribes in the health care sector[9] (§§ 299a, 299b); bribing voters (§ 108b) and bribing delegates

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9   This law on combating corruption in the health care sector is the most recent anti-corruption law in Germany, adopted in April 2016 (Deutscher Bundestag, 2016).

(§ 108e)[10] (Bannenberg, 2002, p. 25; Bannenberg & Schaupensteiner, 2007, p. 27). Moreover, fraud, embezzlement, extortion as well as accounting fraud, price rigging, and bid-rigging, among others, are frequently named as offenses that accompany the aforementioned, often in order to obfuscate other crimes committed (BKA, 2016a, p. 4).

However, the legal perspective alone does not capture all aspects of this multi-faceted phenomenon. Rothstein and Varraich (2014, p. 28) explain, *"The problem with this legal type of definition is that this excludes many forms of what others may define as corruption such as various types of favors in which money is not involved."* Besides, the legal understanding of corruption is too narrow as it fails to consider acts that might be regarded as ethically wrong, even if they are not illegal. In other words, not only do illicit acts, such as bribery, embezzlement, extortion, and fraud, fall under the term 'corruption', but also acts typically perceived as illegitimate such as nepotism, cronyism, and clientelism[11]. The former represent specific elements of an offense as stipulated in the codes of law. The latter three pertain to a group of rather diffuse forms of ethical misconduct. Hence, the concept of corruption is clearly a heterogeneous one (Forte, 2004, p. 123).

Therefore, it might be useful to widen the focus and take a look at definitions that other disciplines have coined. Aside from the legal perspective, political scientists and economists show a mounting interest in corruption and have developed a number of different definitions. Table 1 gives an overview of some of the more prominent ones.

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10   The German Federal Office of Criminal Investigation (BKA) provides detailed annual statistics about criminal investigation proceedings of corruption offenses in its 'Bundeslagebild Korruption' report (BKA, 2016a). However, as the authors concede the report only sheds light on a very small segment of corrupt offenses. The great majority of the cases remain undisclosed. Therefore, the validity of those numbers is limited since they do not reflect the real situation.

11   Nepotism, cronyism, and clientelism as well as favoritism and patronage all represent concepts which resemble the concept of corruption in many aspects, yet they differ in nuances from each other. For example, nepotistic relationships are characterized by the good or service that is exchanged between the parties involved. As opposed to typical corrupt relationships, it is not money that is exchanged between agent and client in nepotistic relations. Instead, the agent has a special social relation to the client and can lay a general claim to a service in return against the client at a later moment (Dietz, 1998, p. 38). For definitions on these similar phenomena see the glossary of the U4 Anti-Corruption Resource Centre (2016) or TI's Anti-Corruption Plain Language Guide (TI, 2009a). Rothstein and Varraich (2014) additionally list particularism, patrimonialism, and state capture as phenomena which have an overlap with the concept of corruption, and describe the differences in detail.

Table 1   Selection of Scientific Definitions of Corruption (in alphabetical order of the respective authors)

Definition	Source
Corruption represents *"transactions between the private and the public sectors such that collective goods are illegitimately converted into private-regarding payoffs"*.	Heidenheimer & Johnston, 1989, p. 6
Corruption is *"the privatization of public policy"*.	Kaufmann, 2005, p. 82
"Corruption is divergence between the principal's or the public's interest and those of the agent or civil servant: corruption occurs when an agent betrays the principal's interests in pursuit of her own."	Klitgaard, 1988, p. 24
"Corruption is behavior which deviates from the formal duties of a public role because of private-regarding …pecuniary or status gains."	Nye, 1967, p. 419
Corruption is *"an illegal payment to a public agent to obtain a benefit that may or may not be deserved in the absence of payoffs"*.	Rose-Ackerman, 2009, p. 353
Corruption is *"the sale by government officials of government property for personal gain"*.	Shleifer & Vishny, 1993, p. 599

What all those definitions have in common is the Weberian distinction between the public and the private sphere (Andvig & Fjeldstad, 2000, p. 11). One speaks of corruption when the borderline between those spheres is blurred. The distinction between the two spheres is sometimes made explicitly, for example by Heidenheimer and Johnston (1989), Kaufmann (2005), and Nye (1967), and sometimes more implicitly, for instance by Klitgaard (1988), Rose-Ackerman (2009), and Shleifer and Vishny (1993). According to these definitions, corruption occurs at the interface of the public and the private sector.

Despite the great variety of definitions, there seems to be a universal understanding of corruption, which also goes back to the public/private distinction. Rothstein and Varraich (2014, p. 49) call this *"the public goods approach"* to corruption. They argue that every society needs to cater for a minimum of public goods like security, national defense, and basic infrastructure. A public good has to be managed and distributed according to principles that differ significantly from those principles that are valid for the management and distribution of private goods. Most notably, public goods are not to be distributed according to the private wishes of those in charge of managing them. The authors remark, *"When this principle for the management and distribution of public goods is broken by those entrusted with the responsibility for handling the public goods, the ones that are victimized see this as …corruption"* (Rothstein & Varraich, 2014, p. 50).

Some scholars have pointed out that corruption is not only a public sector phenomenon, as there can also be private-to-private corruption (Azfar, 2004). Private-to-private corruption refers to corrupt practices within and between legal entities that do not belong to the public sector (TI, 2014). Argandoña (2003, p. 255) defines private-to-private corruption as the

type of corruption *"that occurs when a manager or employee exercises a certain power or influence over the performance of a function, task, or responsibility within a private organization or corporation"*. Hence, this definition also applies to NGOs, associations or foundations. § 299 and § 300 of the German Criminal Code deal with this form of corruption.

Private-to-private corruption has gained increasing attention in recent years, not least due to a number of big corruption scandals. The FIFA scandal over payments allegedly made to high-ranked FIFA officials to influence the decision concerning the future Soccer World Cup sites is one of the most recent and most famous examples of a corruption scandal. There is, however, more than anecdotal evidence for the growing awareness of corruption within the private sector. TI's Bribe Payers Index provides empirical evidence that corruption is also common practice within the business community, whereby the perceived likelihood of this form of bribery is nearly as high as bribery of public officials across all sectors (TI, 2011, p. 19).

However, public sector corruption has usually been seen as more detrimental as it undermines confidence in public institutions. Moreover, in order to control 'private' corruption it is necessary to control corruption in the public sector first (Andvig & Fjeldstad, 2000, p. 14). The focus of the case studies analyzed in this research project is clearly on fighting public-to-private corruption. For this reason, private-to-private corruption will not be addressed beyond this short excursus.

So far, legal definitions and a number of definitions by political scientists and economists with common features have been presented. One of the most frequently used definitions, however, TI's *"abuse of entrusted power for private gain"* (TI, 2006, p. 14, 2016c), does not fit in with any of these general groups. This definition, also employed by the World Bank (1997), is a typical policy definition (OECD, 2008, pp. 22 et seqq.), which tends to be broader and lacks the precision of the aforementioned definitions. Nevertheless, TI's definition has the advantage that it is easy to remember and is widely used. It is composed of three parts: The term 'private gain' or 'private benefit' refers to receiving money or an in-kind substitute. A private gain may also consist of receiving promises for future favors for relatives or friends. The term 'entrusted power' includes both entrusted public power exercised by bureaucrats and politicians and entrusted private power exercised by any individual of the private sector. In the present context, however, the focus is on entrusted public power. Typical situations in which bureaucrats can exercise power include the granting of permits or the awarding of a contract in public procurement. The term 'abuse' or 'misuse' insinuates public servants exhibiting a behavior which deviates from the formal duties of a public role (Lambsdorff, 2007, p. 16).

2.1.3   Categorizing Corruption

The definitions presented above capture various forms of corruption, such as bribery, embezzlement, extortion, and fraud. One can also distinguish among several types of corruption that are based on different criteria (Lambsdorff, 2007, p. 20). For instance,

scholars frequently make use of the conceptual pair 'petty' and 'grand' corruption. The terms 'bureaucratic' and 'political' corruption can be found in the literature as well. Last but not least, situational versus structural corruption and decentralized versus centralized corruption are commonly made distinctions. Table 2 elucidates which criteria are used by scholars to distinguish the different types or categories of corruption.

Table 2   Frequently Made Distinctions of Corruption

Label	Criterion	Explanation
Petty vs. grand	• Amount of money paid • Level of hierarchy at which corruption takes place	• Petty corruption refers to small sums of money that are usually demanded by low-level public officials; sometimes called 'corruption of need' because the person demanding the bribe depends on the money to supplement his low income. • Grand corruption refers to larger sums of money paid to high-level officials. It distorts policies and the central functioning of the state. (Azfar, 2004, pp. 126–130; TI, 2009a, pp. 23; 33)
Bureaucratic vs. political	• Key actors involved, i.e. either bureaucrats or politicians	• Often used synonymously with petty and grand corruption (U4 Anti-Corruption Resource Centre, 2016). • Secondary meaning of political corruption: refers to the practices of rulers abusing laws and regulations for their own benefit; associated with weak legal institutions (Andvig & Fjeldstad, 2000, pp. 18 et seqq.).
Situational vs. structural[A]	• Duration and strength of relationship between briber and bribee	• Situational corruption: spur-of-the-moment decision, offense was not specifically planned in advance. • Structural corruption: corrupt acts which have been planned consciously and build upon long-term corrupt relationships (BKA, 2016a, p. 3).
Decentralized vs. centralized	• Predictability of bribing system	• Decentralized corruption: occurs when there is a weak central government; different public agencies provide complementary government goods or services independently (independent monopolists); e.g. to receive a permit, a number of different officials need to be bribed; very fragmented, often anarchic system of bribery. • Centralized corruption: agency providing the same goods or services; has less adverse effects on efficiency than decentralized corruption as it is more predictable (Bardhan, 1997, pp. 1324–1327).

A   With 85% of the court procedures belonging to the category of structural corrupt acts and only 15% falling under the label 'situational corruption', Germany is apparently more affected by cases of structural corruption (Bannenberg & Schaupensteiner, 2007, p. 33; BKA, 2016a, p. 3).

Attempts were undertaken to present clear demarcating criteria for each conceptual pair of corruption. This clear distinction does not work in all cases. Some of the categories' features overlap. For instance, petty corruption and situational corruption have some overlapping characteristics. They seem to be used almost interchangeably with the only difference that the term 'petty corruption' puts more emphasis on the amount of money to be paid. By contrast, the term 'situational corruption' describes in more detail the general conditions under which the exchange of goods and services takes place.

There is also a clear link between the terms 'grand corruption' and 'structural corruption'. Grand corruption involves contact with high-level public officials or politicians (TI, 2011). The briber needs time and some dedication in order to establish lucrative relationships with decision-makers. Sweeteners of all kinds may be helpful here. Once such a relationship has been established, it seems therefore good advice to keep entertaining these relations and develop a long-term structural 'partnership'. Generally speaking, 'situational corruption' and 'structural corruption' appear to be more common in German language use[12].

Furthermore, some scholars use petty corruption and bureaucratic corruption synonymously (U4 Anti-Corruption Resource Centre, 2016). It is important to mention here that, although petty corruption usually involves relatively small sums, the amounts are not 'petty' for those who are adversely affected by this type of corruption. On the contrary, the poorest members of society suffer the most from petty corruption if they experience requests for bribes on a daily basis. For instance, small sums of money could be requested for all kinds of services in hospitals, schools, at local licensing authorities, police or taxing authorities.

Similarly, grand corruption and political corruption are sometimes used synonymously, whereby in both cases policies and rules are unlawfully influenced (U4 Anti-Corruption Resource Centre, 2016). Another example for political corruption is the financing of political parties and political campaigns.

The conceptual pair of decentralized and centralized corruption focuses more on the different organization of corruption networks within different regimes. For instance, the way corruption was organized in the Soviet Union varied greatly from the organization of corruption in post-Communist Russia (Shleifer & Vishny, 1993). Whereas in former times the Communist party centralized the collection of bribes, in post-Communist Russia a new form of organizing corruption occurred, whereby different ministries, agencies and local governments all tried to maximize their revenue independently and in a decentralized manner (Bardhan, 1997). The latter type of corruption has particularly serious effects on efficiency (Zenger, 2011), not least because it raises uncertainty and diminishes predictability of the decisions of the bureaucratic apparatus.

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12   See also Nagel (2007, pp. 34 et seq.).

2.1.4   Conceptualizing Corruption

In economics, corruption is conceptualized in different ways. For the purpose of this research project a somehow 'eclectic' (pragmatic) approach is chosen, drawing on three different conceptualizations of corruption. These three models are not mutually exclusive, but rather complementary, whereby each one highlights a different facet of the complex corruption phenomenon.

2.1.4.1   Corruption as a Principal-Agent Problem

In the economics literature about corruption, the principal-agent theory plays a pivotal role (see for example Rose-Ackerman (1978), Shleifer and Vishny (1993), Dietz (2000), and Lambsdorff (2007)). Klitgaard (1988) was one of the first to apply the principal-agent theory specifically to the problem of corruption by modeling corruption as a breach of contract between principal and agent[13]. More recent examples of corruption research that are predicated on the principal-agent theory include Arnold, Neubauer, and Schönherr (2012) as well as Andersson and Bergman (2009). The predominance of this approach has also been demonstrated in a meta-study by Ugur and Dasgupta (2011), who analyzed more than 100 research articles on the impact of corruption on economic growth and found that all relied to a certain degree on the principal-agent framework.

Principal-agent theory analyzes problems that arise from the delegation of tasks from a principal to an agent (Picot, Dietl, Franck, Fiedler, & Royer, 2012, pp. 89 et seqq.; Richter & Furubotn, 2010, pp. 173 et seqq.). Difficulties in the principal-agent relation are due to diverging interests between principal and agent, information asymmetries, and monitoring problems. These problems result from the fact that contracts between principal and agent are usually incomplete[14]. The agent has informational advantages over the principal and therefore enjoys discretionary freedom, which she[15] can exploit to pursue her own interests (Jensen & Meckling, 1976; Milgrom & Roberts, 1992). The theory is based on rational choice logic.

Accordingly, scholars who view corruption through the principal-agent lens attribute the existence of corruption mainly to information asymmetries between principal and agent (Noll, 2013, pp. 147 et seqq.). This approach also implies a focus on the individuals' calculations about whether or not to engage in corruption. Furthermore, individuals will take into account the degree of transparency and monitoring they are subjected to and the sanctions they might face when caught violating the rules (Marquette & Peiffer, 2015).

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13   See table 1 above for his definition of corruption.

14   Homann (2003, pp. 234–238) and Lütge (2012c) regard the incompleteness of contracts not so much as a problem, but rather as an essential element of their business ethics approach. They reason that the incompleteness of contracts can increase a company's flexibility enormously if there is a corporate culture of trust and fairness.

15   As it is conventional, the female pronoun will be used when referring to the agent.

Dietz (1998) also draws on the principal-agent approach. However, he criticizes that most definitions of corruption which reference principal-agent theory neglect the crucial role of a third party, the client. According to Dietz (1998, pp. 34 et seq.), one constitutive element of an exchange within the corrupt act is not taken into account. Consequently, Dietz (1998, p. 29) suggests the following description of a corrupt act: The agent, who was granted special discretionary power by signing a contract with the principal, acts and decides contrary to the rules stipulated in the contract and in return receives a service by the client, who benefits from the agent's breach of rule. Similarly, Pies and Sass (2006, p. 346) regard corruption as an offense committed in secrecy and involving at least three actors, two of them being the offenders.

The description by Dietz serves as an underlying definition for this dissertation. Such an act of corruption has four different characteristics:

- The contract between principal and agent is always an incomplete one. Incomplete contracts invariably cause information asymmetries between the actors involved, which in turn make it easier for the agent to hide her being involved in corruption or bribery from the principal (Xun, 2005, p. 156).
- The agent is equipped with special discretionary decision power and capacity of acting exactly through the existence of this incomplete contract.
- Both parties benefit from the exchange of goods that is performed between agent (bribee) and client (briber).
- The breach of a rule by the agent is a major constituent of every corrupt act. This very infringement represents the service delivered by the agent in the context of the exchange between agent and client. (Dietz, 1998, p. 29)

A typical corruption case may develop as follows: A contractor, for instance a construction company (the client), is invited to submit a tender for the modernization of a school building. The company is facing a difficult business situation as it has lost three major bids in a row and therefore is forced to win this tender in order to secure jobs. Thus, the sales manager offers a considerable sum to the public official (the agent) in charge of the tendering process if his company were to win the bid. The bribe is paid using a kickback, whereby the construction company will inflate accounts at the expense of the tax-payer (the principal).

In this example, the public official has discretionary power, in that she alone is responsible for deciding which party will win the bid. Moreover, she is better informed than the principal. Both her direct superior and the tax-payer can be regarded as the principals in this example. The principal is not capable of monitoring the public servant closely enough to prevent her from exploiting this situation for her own personal gain.

In order to avoid principal-agent problems (and thus corruption), it is essential to align the interests of principal and agent. Two options are usually available to achieve this goal: Either monitoring is intensified to reduce the agent's discretion or the agent is given incentives to act according to the principal's preferences (Swedberg, 2005, pp. 377 et seq.).

The conceptualization of corruption as a principal-agent problem implies that the focus of anti-corruption interventions is on the demand-side[16] of corruption (Dixit, 2013). The central question is thus how the agent's (i.e. the one demanding or receiving the bribe) discretion can be minimized to align the interests of principal and agent. It is hence assumed that the principal is benevolent and has a real interest in curbing corruption (Klitgaard, 1988)[17]. Consequently, good governance programs are frequently directed towards these kinds of principals (be it ministries, state-owned agencies or anti-corruption bodies) (Mungiu-Pippidi, 2013). More precisely, anti-corruption interventions include measures such as diminishing the discretion of public officials, intensifying monitoring efforts, and strengthening sanctions for offenders (Marquette & Peiffer, 2015).

One cannot presume such a benevolent principal, however, especially in countries plagued by systemic corruption. Rather, the principal himself often benefits from corruption and therefore has no incentive to credibly commit to fighting corruption (Dixit, 2014). This is due to the fact that individuals usually take on different roles within different relationships in hierarchies. In actual fact, the principal and the agent could even be the same person (Meyer, 2004, pp. 61–64). It is this assumption of a benevolent principal that critics of the principal-agent approach (applied to corruption research) have dismissed as misleading. They contend that this conceptualization has contributed to a great extent to the failure of anti-corruption programs installed in countries most affected by corruption (Mungiu-Pippidi, 2011, 2013; Persson et al., 2013). Therefore, some argue in favor of another conceptualization, namely corruption as a collective action problem.

2.1.4.2   Corruption as a Collective Action Problem[18]

Conceptualizing corruption as a collective action problem leads to a shift in focus to the supply-side of corruption, i.e. the companies or individuals that pay bribes (Dixit, 2013). What benefits do companies obtain from bribery? As previously demonstrated, principals who should monitor their agents' behavior and limit their engagement in corruption often lack the incentives to do so. By contrast, companies acting within a corrupt market environment have a strong interest in avoiding bribery. For them, bribes are perceived as a significant 'tax' (Gray & Kaufmann, 1998), which makes doing business considerably more

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16   The demander of a bribe is an official who has the power to offer e.g. a government contract. The supplier is usually a businessperson who wants these favors. This distinction of demand- and supply-side of corruption largely corresponds to the distinction made between 'passive bribery' and 'active bribery'. According to the OECD, 'passive bribery' is the offense committed by the official who receives the bribe. By contrast, 'active bribery' is the offense committed by the person who promises or gives the bribe (OECD, 2011a, p. 13).

17   Klitgaard (1988, p. 22) himself conceded that a *"highly principled principal* [is] *an unrealistic assumption"*, but introduced it for simplification reasons.

18   In a similar manner, Nichols (2004) discusses corruption as an assurance problem making extensive reference to game theory.

difficult. Unlike for the demand-side of corruption, for companies corruption represents more of a collective action problem (Hess, D., 2009).

Firms compete against each other e.g. for new contracts. In a corrupt market environment they must assume that their competitors will pay bribes to public officials in order to secure the contract at the expense of their rivals. All companies are forced to act in the same manner in anticipation of the other players' behavior, thus trying to out-do competing firms by offering a (supposedly higher) bribe to the public servant. Everyone would be better off if the firms abstained from corruption, but they are not able to credibly commit to not bribing. Instead, they expect that their honesty will be punished by their competitors. Hence, companies find themselves in a prisoners' dilemma, from which they cannot escape on their own (Lucke & Lütge, 2011). Individually rational choices lead to a collectively bad outcome. This kind of dilemmatic situation can only be resolved through coordinated anti-corruption efforts, i.e. through collective action. (Dixit, 2014; Olson, 1965; Ostrom, 1998)

It is here that one must distinguish between short-term and long-term interests of companies[19]. In the short term, firms are interested in paying bribes to try to capture rent. In the long term, however, they would all benefit from abstaining from corruption as when everyone bribes the advantage of a single company's bribe is lost.

In conceptualizing corruption as a collective action problem, Persson et al. (2013, p. 450) describe the situation as follows: *"… the rewards of corruption – and hence the existence of actors willing to enforce reform – … depend critically on how many other individuals in the same society are expected to be corrupt. To the extent that corruption is the expected behavior, at least the short-term benefits of corruption are likely to outweigh the costs."* Although the authors talk of individuals here, the same logic applies to companies and their expected behavior when interacting with each other. In like manner, Marquette and Peiffer (2015) highlight the influence individual decisions have on other stakeholders and the actual or expected behavior of others according to the conceptualization of corruption as a collective action problem.

A classic collective action problem occurs when group members find it in their interest not to contribute to a common goal. This results in a situation where the collective benefit cannot be realized completely. In his seminal work 'The Logic of Collective Action', Olson (1965) focused particularly on the potential for free-riding in his analysis. By definition, no-one can be excluded from the usage of public goods. When goods are non-excludable, individuals may find it beneficial to wait until others provide the public good. They can then make use of it without having to contribute to its production. As other individuals expect this behavior, some public goods will not be produced at all (Kirsch, 2004, pp. 168 et seqq.).

Applied to the problem of (systemic) corruption a similar situation can be illustrated: Companies contribute to a corruption-free environment by refraining from bribery. The

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19   Lütge (2005a) as well as Pies and Sass (2006, pp. 357 et seqq.) refer here to 'Handlungsinteresse' (in a single act) and 'Regelinteresse' (over a sequence of actions). See also chapter 2.1.4.3.

absence of corruption is then considered as a public good itself (Rothstein, 2011). Yet, as self-interested and rational agents, they will choose to keep on bribing because sticking to corruption is the expected behavior. No interaction partner is capable of credibly committing to law-abiding behavior. Therefore, a market environment free of corruption can hardly be achieved unless stakeholders cooperate with each other. According to Petkoski et al. (2009), Olson's collective action approach can be regarded as a process of cooperation between stakeholders, which increases the credibility of individual action and thereby levels the playing field among competitors. This form of cooperation can substitute, at least temporarily, for a weak regulatory environment.

Persson et al. (2013, p. 464) suggest that the solution to this dilemma lies in changing *"the actors' beliefs about what 'all' other actors are likely to do so that most actors expect most other actors to play fairly."* This suggestion seems reasonable, but is also an ambiguous instruction. Kingston (2008) presents a more clear-cut approach, in that companies could solve the collective action problem and coordinate their anti-corruption efforts by creating an association of like-minded competitors. This association could serve as a platform upon which members initiate mutually beneficial activities, such as sharing information or setting industry standards. The threat of expulsion from the association may then put them in the position to solve the collective action problem. Coordinated Governance Initiatives, the object of analysis in this dissertation, pursue a similar path in trying to curb corruption, as is illustrated in a later section.

Both the principal-agent approach and the collective action approach contribute to a deeper understanding of corruption. Both theories assume individual rationality and individual self-interest. While the former stresses how decisions are calculated by individuals in a hierarchical structure, the latter refers to decisions made in anticipation of a certain behavior of other actors. Therefore, the two conceptualizations should not so much be regarded as competing against each other, but rather as complementing each other (Marquette & Peiffer, 2015).

2.1.4.3 Corruption from an Order Ethics' Perspective

The conceptualizations discussed thus far both share an actor-centered view on corruption. While the principal-agent approach focuses on the internal perspective, i.e. the relation between principal and agent, the collective action approach illuminates the relation between agent and client. Aside from these two actor-centered approaches the overall framework approach of order ethics (Homann & Kirchner, 2003; Lütge, 2012c) is taken into consideration. Order ethics represents an ethical conception that emphasizes the meaning of an institutional framework and rules for implementing ethics (Lütge, 2012c, p. 89). Order ethics draws on contractarianism (Lütge, 2015a). The term 'order' is understood here in a political sense and describes the entirety of all rules, regulations, norms, and laws that shape human coexistence (Wolters, 1995, p. 1088). Order ethics does not attribute social and economic problems such as corruption to immoral preferences or motives of individuals, but to deficiencies in the order framework (Lütge, 2007). It is thus an

ethical conception that takes the social order as its focal point[20] (Lütge, 2005a; Mukerji & Lütge, 2014).

The order ethics conception rests on several assumptions. First, order ethics explicitly recognizes the interdependence of ethics with its historical conditions, both in social and economic terms (Lütge, 2012a). This means it distinguishes between pre-modern 'zero-sum societies' and modern 'positive-sum societies' (McCloskey, 2006): Whereas pre-modern societies were largely characterized by a subsistence economy, which implied that individuals could only gain at the expense of others, modern societies, emerging at the beginning of the 18th century, experienced substantial economic growth. Modern competitive market economies today, especially under conditions of globalization, are able to play 'positive-sum games', meaning that individuals can systematically achieve win-win situations (Lucke & Lütge, 2011).

In this context it is crucial to understand that categories of traditional ethics[21] were developed in those pre-modern societies and are not adequate to analyze modern societies and their economies. Rather, the order ethics conception requires changes to ethical categories: Instead of calling for temperance and sacrifice, which may have been adequate ethical categories in pre-modern economies, order ethics follows the dictum of 'investing' (in expectations of long-term benefits) (Lütge, 2010a).

Consequently, the idea of self-interest is also seen in a different light within order ethics. Adam Smith was the first to systematically analyze the role of self-interest in modern economies (Lütge, 2012a, 2015a). He famously concluded, *"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities, but of their advantages"* (Smith, 1993, p. 22). Proponents of order ethics made these annotations of Smith regarding the self-interest more explicit when they stated that self-interest is beneficial to all within a carefully devised order framework. This requires the institutional framework to be designed so as to channel the self-interest of actors in a way that encourages win-win situations (Homann, 2002a).

A second crucial distinction is made by order ethicists between actions and rules[22] (or conditions of action) (Lütge, 2005a; Lütge, Armbrüster, & Müller, 2016). Traditional ethics usually refers to actions and calls for changes in the individuals' behavior. By con-

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20   In focusing on the social order rather than on individual actors, order ethics underscores the necessity of framing moral problems within an interaction theory instead of being analytically stuck in a theory of action (Homann, 2002b; Homann & Suchanek, 2005, pp. 19 et seqq.; Lütge, 2012c, pp. 98 et seqq.).

21   By 'traditional ethics' it is referred to a kind of virtue ethics in the tradition of Aristotle. Virtues are guidelines for individual behavior. Given that premodern societies were characterized by face-to-face structures, virtues such as prudence, temperance, courage, and justice played a pivotal role (Lütge, 2015a).

22   This distinction resembles Buchanan's distinction between choice of rules and choice within rules (Brennan & Buchanan, 1993).

trast, modern societies – according to order ethics – have to focus on rules. Morality has to be incorporated in incentive-compatible rules (Lütge, 2010a). Or, as Mukerji and Lütge (2014, p. 180) put it, *"The systematic locus of morality is the social order."* This stressing of rules is due to the fundamental problem of order ethics, i.e. how morality can find recognition, even under competitive conditions.

This proposition requires further explanation: Order ethics explicitly emphasizes the role of competition in market economies, however, the underlying dilemma structures[23] render competition normatively ambivalent (Homann & Kirchner, 2003, pp. 145 et seqq.). Generally speaking, private goods suppliers' dilemmas[24] are desirable whereas dilemma situations in the context of public goods are not (Homann & Kirchner, 2003). Competition thus entails positive as well as negative aspects[25]. It is considered positive, in that it fosters innovation and tends to destabilize monopoly positions. However, it also encompasses negative aspects. Most notably, competition bears the threat of crowding out morality, which means that actors exhibiting costly moral behavior can be 'exploited' by less moral competitors (Homann, 2013; Homann & Lütge, 2013, pp. 26 et seqq.; Lütge, 2012a). In such dilemma situations, be it in the form of the classical prisoners' dilemma or as a stag hunt game or chicken game, *"[actors* cannot be expected to cooperate because the conditions of the situation are set in a way so that cooperation is punished by defection on part of the other player"* (Lütge, 2015a, p. 18). Hence, actors collectively achieve only Pareto-inferior results exactly *because* they act rationally (Lütge, 2012c).

Order ethics aims to change the order framework in such a way that rules prevent such a Pareto-inferior situation from occurring. Instead, incentives set by rules have to be designed to help implement ethical concerns. In this sense, order ethics is an ethics of incentives and benefits (Lütge, 2005b, p. 76, 2015b, pp. 29 et seqq.): Assuming that individuals are self-interested, rules need to be devised so that self-interest is channeled in a mutually beneficial manner. Consequently, the individual pursuit of advantages within an adequate institutional framework can improve everyone's position (Lütge, 2005a). Actors comply with norms out of self-interest and ethical behavior is induced indirectly, rather than through directly appealing to moral behavior (Homann, 2007; Lütge, 2015a).

It is important to note that this adherence to rules needs to be beneficial for individuals at least in the long run. It may not be advantageous in a single instance, but certainly over

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23   See also Küchle (2012) for a further reading concerning dilemma situations. Küchle gives a thorough analysis of different dilemma situations and particularly compares how the prisoner' dilemma is construed in business ethics and in social psychology.

24   Suppliers' dilemmas are ubiquitous in competitive market economies: The structure of competition within a competitive order forces the suppliers of private goods to abstain from cooperating, when cooperation among competitors means cartelizing in order to achieve higher prices (Lütge, 2012c, pp. 89 et seqq.).

25   For a detailed analysis of the ethical content of competition, see Lütge (2014). The author argues that contrary to most people's intuition, intensified competition can be in many respects conducive to ethical purposes.

a sequence of actions (Homann & Lütge, 2013). This is what is meant when order ethicists refer to *"the ability to invest"* (Lütge, 2007, pp. 199 et seqq.).

Distinguishing between actions and rules has another significant advantage. It is much easier to agree on common rules than on actions and distributional outcomes since no-one is able to know in advance how the rules might affect them in a particular scenario (Lütge, 2012c, pp. 98 et seqq.). Consent (to a rule) is the only valuable normative criterion if one is to take on the contractarian perspective of order ethics (Lütge, 2013). According to this philosophical position, consent represents the central normative criterion. This is all the more true if we assume that living in a pluralistic world implies that there are no longer any common values we can count on (Lütge, 2005a). In this sense, order ethics can be regarded as the operationalization of contractarianism (Müller & Lütge, 2014, pp. 86 et seqq.).

Order ethics can also be applied to the problem of corruption. As discussed above, corruption should be first and foremost tackled by establishing a well-designed order framework, which makes it beneficial to all actors not to bribe or take part in any corrupt activities. Until recently, this was not the case, at least not in Germany, where laws permitted bribes as a tax deduction (Lütge, 2015a). Bribes paid to foreign public officials could be accounted for as costs and correspondingly were regarded as tax-deductible. Hence, although corruption was regarded as something unethical, incentives set by the then-existing order framework were contrary to the ethical point of view and in actual fact fostered unethical behavior. This flaw was remedied only in 1997 when the OECD Anti-Bribery Convention was adopted[26] (OECD, 2011a).

Even with the adjusted order framework, dilemma situations with regard to corruption still exist, especially for companies that act in sectors particularly prone to corruption. The effects of criminal law are limited when it comes to tackling corruption, as Pies and Sass (2005, pp. 371 et seqq.) explain: The instruments of criminal law cannot take full effect, in part because corruption is a so-called victimless crime (both briber and bribee are offenders and there is no apparent victim), which makes it difficult to reveal offenses in the first place. This leads to the question of which other instruments could be deployed in order to fight corruption. As previously demonstrated, companies that try to curb corruption, find themselves in a dilemma. Contrary to the suppliers' dilemma, the underlying dilemma structures in the case of corruption are undesirable. This is due to the fact that a corruption-free environment is considered a public good (Rothstein, 2011), just as morality, which is crowded out in such dilemma situations, can be regarded as a public good[27] (Homann, 1990, p. 44). As with all dilemmas collective action is required. In the case of combating corruption, the dilemma can be overcome by establishing a Coordinated Governance Initiative.

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26   In Germany the content of the OECD Convention was transferred into German law with the Act on Combating Bribery of Foreign Public Officials in International Business Transactions (IntBestG).

27   Similar to Buchanan's analysis of law as a public good (Buchanan, 1984, pp. 152–185).

As we have seen, order ethics relies heavily on rules and the idea of an order framework. The question is what happens if there is no viable framework? In light of globalization, it can be inferred that MNCs will increasingly face situations in which the institutional framework is either poorly developed or even non-existent. Here, the concept of order is extended to other, less formal types of orders that draw on the responsibility of corporations (Lütge, 2010a). Agreements at branch level or self-constraining actions by individual companies are typical examples of less formal types of orders (Lütge, 2012a). These agreements are often concluded voluntarily out of self-interest (Lütge, 2010b).

Lütge (2012b) lists three types of responsibilities companies can assume: action responsibility, order responsibility, and discourse responsibility. The first refers to the fact that companies are responsible for their actions and therefore for the consequences that result from those actions. Second, companies take on order responsibility if they engage in developing a social and political framework. Similarly, Homann highlights the pivotal role MNCs will play in designing a new global social order in view of worldwide emerging governance gaps (Homann, 2007). Third, private actors assume discourse responsibility if they actively engage in a public discourse about the social and political order of the global society.

As regards the object of analysis of this research project, companies' order responsibility is especially relevant. In this sense, corporations participating in Coordinated Governance Initiatives in order to tackle corruption assume order responsibility. They do so by joining forces and coordinating their efforts to combat corruption systematically. Hence, Coordinated Governance Initiatives might contribute to curbing corruption by re-conceptualizing the underlying incentive structures such that abstaining from corruption becomes the dominant strategy.

The concept of order ethics has at least two limitations. One is that order ethics is not particularly apt to deal with certain phenomena situated at the action level, such as friendship and love (Lütge, 2012c, pp. 107 et seq.). Order ethics cannot explain the altruism that is displayed in the context of those phenomena. Another similar limitation is that order ethics assumes actors to be self-interested individuals; however, the average person's perception of themselves is not that of a strictly rational and self-interested individual. They rather see themselves as altruistic or at least not exclusively self-interested actors (Lütge, 2012c, pp. 107 et seq.).

Order ethics assumes the rational and self-interested behavior of individuals. It thereby draws on the 'homo oeconomicus' model. However, it has to be taken into consideration that order ethics here makes use of an economic model of action, which is not to be confused with a conception of man (Homann & Lütge, 2013, pp. 67 et seqq.; Suchanek, 2007, pp. 177 et seqq.). Nevertheless, order ethics still leaves room for altruistic behavior at the individual level or the level of the company. Since the order framework always has deficiencies, market economy, and companies in particular, cannot renounce individual moral behavior (Noll, 2013, pp. 305 et seqq.).

It should be mentioned that order ethics represents just one – albeit a widely common[28] – approach of business ethics. It stands for an economic ethics, i.e. an ethics with economic means[29] (Lütge, 2012a, pp. 17 et seq.). As explained above, order ethics is an ethical conception which draws on contractarianism and which assumes self-interested individuals; the pursuit of advantages within a carefully devised order framework is regarded as mutually beneficial. By contrast and as a further approach in this field, the integrative business ethics by Ulrich (2008) gives ethical behavior priority over the pursuit of self-interest. This approach, sometimes also referred to as republican ethics, is predicated on the discourse ethics of Jürgen Habermas (Lütge, 2015a). Its main focus lies on the individual, not the framework conditions. When in doubt, the individual must categorically give primacy to ethical considerations over the logic of the market (Ulrich, 2013). The same applies to companies: According to the integrative business ethics approach, the business conduct of firms has to be guided first and foremost by ethical considerations and only then by the pursuit of profit. As Ulrich (2013, p. 28) points out, *"this includes the autonomous self-commitment to principles of business integrity in dealings with all stakeholders, as well as republican-ethical co-responsibility for the overall and industry-specific framework conditions of each company's own business activities"*.

The principal shortcoming of integrative business ethics is reflected in the fact that ethics and economics are ultimately regarded as opposing each other. Unlike insinuated with the label 'integrative business ethics', Ulrich and his apologists do not solve the normative conflict between business and ethics. As Trautnitz (2009, pp. 81 et seqq.) points out, Ulrich rather dissolves this conflict by arguing that, apart from ethical considerations, in his conception economic considerations are not necessary since rational ethics ('Vernunftethik') already represents the adequate form of business ethics. Therefore, there is in fact no integration of economics in this business ethics approach, but rather a dissolution of economic concerns for the benefit of ethical considerations.

In this research project, however, Homann's and Lütge's order ethics approach is regarded as an appropriate approach to conceptualize corruption because it puts the focus on norm implementation under competitive market conditions. By contrast, Ulrich's integrative business ethics is more concerned about the right norm development without paying much attention whether the implementation of these norms can succeed under competitive market conditions.

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28   This is at least true for the development of business ethics as an independent discipline in the German-speaking world.

29   See also Homann and Suchanek (2005, pp. 398 et seqq.) for some concrete examples of application of an ethics with economic means and Suchanek (2007), who explains this conceptualization in more detail.

2.1.5 Assessing Corruption

The negative aspects of corruption and its detrimental consequences have already been mentioned. Corruption has implicitly been considered harmful without actually providing empirical evidence of this assumption. In this chapter, this neglect will be rectified by outlining macro and micro effects of corruption. Although the effects of corruption are primarily negative, in certain situations it can also entail some positive aspects. Finally, the challenges of quantifying the effects of corruption will be addressed.

2.1.5.1 Macro Effects

A great number of empirical studies have analyzed the diverse effects of corruption. The majority of macro-level studies ascertain adverse effects of corruption on growth[30] (Rose-Ackerman, 2009). Most of these empirical studies address corruption either in relation to regulation, to public decisions on investment or in relation to bureaucratic behavior.

First, corruption is assumed to cause distortionary regulation and to hamper competition (Lambsdorff, 2002a). Companies are able to earn high profits over a long period particularly in distorted and inadequately regulated markets. In this case, bureaucrats can seize parts of these profits in the form of rents. Market entry barriers that hamper competition can evolve endogenously from the bureaucracy's incentive to establish markets that facilitate the extraction of rents. This mechanism is reflected in the effect corruption has on the level of competitive intensity, which can be expressed in the degree of openness of the economy for foreign companies (Pies et al., 2005, pp. 66 et seqq.). Empirical studies found a correlation between the degree of openness of an economy and corruption (A.T. Kearney, 2001; Ades & Di Tella, 1999; Djankov, La Porta, Lopez-De-Silanes, & Shleifer, 2002): the greater the isolation of the economy from the global market, the higher the prevalence of corruption. By contrast, competition will reduce the rents of economic activities by reducing the motivation and ability of public officials or politicians to appropriate parts of these rents by means of corruption.

Second, it is widely held that corruption distorts public expenditure decisions (Azfar, 2004; Rose-Ackerman, 1999a, pp. 30 et seq.). A number of empirical studies have provided evidence for this. For example, Mauro (1998) found that corruption reduces government spending on education. Instead, public resources are often spent on big military or infrastructure projects. This is due to the fact that *"… rational managers and bureaucrats in poor countries want to import goods on which bribes are the easiest to take, not the goods that are most profitable for the state firms"* (Shleifer & Vishny, 1998, p. 106). Hence, one reason why public resources are diverted away from sectors such as health or education to defense or infrastructure projects is that opportunities for corruption are abundant in the latter case, whereas they are limited in the former (Shleifer & Vishny, 1993). Capital-in-

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30 However, some scholars, e.g. Lui (1985) and Lien (1986), also found positive effects. Their findings are mainly based on mathematical models.

tensive projects are more lucrative for government officials since they bear greater potential for corruption (Pies et al., 2005, pp. 74 et seqq.). As a result, scarce public resources are often wasted on projects that do not meet the needs of citizens.

Third, corruption can lead to a decrease in investment[31] (Rose-Ackerman, 1999a, pp. 30 et seq.). Empirical studies found not only a decrease in domestic investment (Mauro, 1995) but also in foreign direct investment (FDI) (Wei, 2000). Foreign investors are deterred by a lack of stability, security, and predictability in countries, factors that are all negatively influenced by corruption. By contrast, countries with a better investment climate reach higher ratios of investment. Corruption and lower levels of FDI are directly linked to lower levels of growth (Mauro, 1995; Nichols, 2004, pp. 1311–1326). Low investment activity in turn leads to a decline in revenues and a loss of jobs alongside with declining innovativeness (Claussen, 2011, pp. 58 et seqq.).

Fourth, corruption can help to activate cumbersome bureaucracies. The studies presented so far all suggest that corruption is a phenomenon which entails serious negative consequences. Nevertheless, for quite a time it was rather common to view corruption as an acceptable practice, and particularly some political scientists argued that it may be useful in certain situations[32]. Especially proponents of the so-called 'efficient grease' hypothesis took up this stance. They perceived corruption as a market-like mechanism capable of restoring once-lost efficiency. This line of argument reflected the 'invisible hand' concept, according to which actions are coordinated in a way that the best possible result is achieved. Supporters of this approach maintained corruption is useful in order to activate a cumbersome bureaucracy in developing countries (Leff, 1964; Leys, 1989; Lien, 1986; Lui, 1985; Nye, 1967). According to Nye (1967, pp. 419 et seqq.), corruption can be beneficial in three respects. It can contribute to economic development, national integration, and governmental capacity.

As Leff (1964) explains, companies operating in developing or emerging countries tend to be dragged in a distorted competition when trying to win a contract. In an attempt to influence decisions of public officials for their own advantage, competitors offer higher and higher bribes. This leads to a secret and thereby imperfect auction. The company capable of paying the biggest bribe eventually will be awarded the contract. In the long run, this implies that those companies that manage the bribing process most efficiently and thus have the highest amount of funds for bribes at their disposal will be the beneficiaries of the illegal favors granted by the corrupt public servants. Since such a situation is in fact desirable for particular companies, bureaucratic corruption is considered advantageous, at least in countries with cumbersome bureaucracies.

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31   See also Lambsdorff (2007, pp. 100–102) for a more detailed analysis of the negative impact of corruption on investment.

32   It is important to confine this statement to distinctive situations, in which corruption can be useful. None of the above mentioned authors maintained that corruption be useful in general, regardless of the framework conditions.

Lui (1985), who supports this hypothesis in principle, argues that bribing may have an important signaling function when assuming a queuing model. If prices are to be allocated in an ongoing process as it is normally the case in queuing models, bribes being paid in order to achieve a better position in the queue provide useful signals comparable to those effective in price mechanisms. In like manner, Lien (1986) maintains that bribing competitions do not automatically involve a loss of efficiency compared to ordinary bidding processes in developing countries. In all these cases corrupt payments function as a kind of market mechanism[33] (Klitgaard, 1988, p. 31).

Leff (1964) adds that paying bribes in developing countries, which lack a stable institutional framework, can also help stabilize expectations. Entrepreneurial decisions or investment decisions in those countries have to be made under considerable risks and by accepting a high degree of uncertainty. One reason why companies face such a high risk of taking wrong investment decisions is that the behavior of the government can hardly be predicted. If they are able to control the government's decisions and make them more predictable by bribing public officials, this may lead to higher and more constant rates of investment, which in turn benefits the country.

Today, the 'efficient grease' hypothesis is rejected by most scholars both on theoretical and empirical grounds. A number of arguments that refute this hypothesis impressively have been brought forward in this regard. Myrdal (1973, pp. 197 et seqq.) was one of the first to reject the assumption of a bureaucracy that worked better through corruption. He concluded from his studies in South Asia that quite the opposite was the case: Bureaucracies are likely to create artificial bureaucratic bottlenecks in order to be able to generate bigger bribes.

In line with Myrdal's observations, Kaufmann and Wei (1999) criticize that the 'efficient grease' hypothesis considers red tape to be an exogenous factor which exists independently of incentives to demand bribes for bureaucrats. However, this does not seem to be the case. Blackburn and Forgues-Puccio (2009) argue in like manner when bringing forward the argument that distortions which are to be remedied through bribery are often the result of corrupt practices.

All in all, corruption is never more than a second best solution (Lambsdorff, 2002b; Rose-Ackerman, 1978, pp. 6 et seqq.). It may represent an improvement of the current situation, but no adequate substitute for a rectification of the institutional framework (Dietz, 1998, pp. 40 et seqq.). Or, as Klitgaard (1988, p. 35) explains, *"Only when corruption circumvents already existing 'distortions' can it be economically, politically or organizationally useful."*

Dietz (2000, pp. 117 et seqq.) indicates a further argument against the 'efficient grease' hypothesis, which makes him conclude that it is wrong to regard corruption as normatively ambivalent. The author justifies his view by drawing on institutional economics: Propo-

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33   Klitgaard (1988, pp. 30–36) refers to this line of argument as 'the economist's reminder' and names two additional points, the political scientist's reminder and the manager's reminder that argue in favor of corruption as well.

nents of the 'efficient grease' hypothesis neglect the importance of the contract between principal and agent. This in turn results from a failure in allowing for differentiation between actions and conditions of action (as order ethics does). Homann and Suchanek (2005, pp. 401 et seqq.) stress the significance of a trustworthy relationship between principal and agent as well. If this relationship is undermined by corrupt practices, the consequences will be discernible in many ways. For instance, labor division, an indispensable element of modern market economies, will be reduced and general confidence in institutions will decrease. Homann (2003) therefore concludes that the harmfulness of corruption becomes evident only when taking an institutional economics perspective.

Apart from these detrimental effects on the economy, corruption also has harmful consequences on society as a whole: It undermines the legitimacy of the state and of the courts. For example, if judges are corruptible, their decisions will be no longer predictable and sanctions will no longer function as a deterrent. Such a situation is a menace to the state's legitimacy and a society's stability (Bannenberg & Schaupensteiner, 2007, p. 217).

2.1.5.2   Micro Effects

The 'efficient grease' hypothesis has not only been applied to the macro level, but it has also been invoked to account for effects on the micro level. Generally speaking, companies that make use of bribery in countries with cumbersome bureaucracies do so in order to obtain permits more quickly, to be granted concessions more easily or simply to gain access to information. It is often the case that the services they pay for should be at their disposal anyway, but due to excessive bureaucratic regulation they are hindered from using them. According to the 'efficient grease' hypothesis, paying bribes has positive effects on companies as they benefit from better bureaucratic services. Yet, empirical studies rebutted this assumption. Kaufmann and Wei (1999) found that managers showing a high propensity to pay bribes do not spend less, but more time negotiating with state officials about bribes. Consequently, this time is lacking elsewhere. For instance, managers cannot focus on serving customers or developing new business. Therefore, a firm's productivity or innovativeness is likely to decrease (Paine, 2003, pp. 39 et seq.).

Albeit the 'efficient grease' hypothesis has been difficult to be maintained, in actual fact there are some arguments in favor of corruption. Most obviously, bribing public officials or being involved in some other kind of corrupt act, can bring about an increase in revenues and profit, at least in the short run. For example, by winning a crucial bid, the company that successfully bribes gains a competitive advantage. Following this line of argument, *"crime often does pay"* (Ashforth & Anand, 2003, p. 6). This is particularly true when the risk of being caught tends to be low. In the context of corruption, risk can be defined as the severity of punishment multiplied by the probability of being convicted (Lucke & Lütge, 2011). Since both parties, the bribe payer and the bribee, have an interest in keeping their relationship secret in order to continue their doings, the probability of being caught is rather low. Moreover, Claussen (2011, pp. 67 et seqq.) remarks that even if offenders are convicted, fines are likely to be low in comparison to the gains realized so

far, as corrupt relationships often last over years until they are discovered and a substantial portion of the accusations might have become time-barred by the point of detection.

However, these short-term advantages are accompanied by serious risks for companies. Since corrupt practices need to take place secretly, they entail high transaction costs[34] in three respects (Noll, 2013, pp. 152–154). The increased transaction costs arise first from searching for partners, second from enforcing the agreement, and third from the duration of the corrupt relationship. The search for adequate business partners is more difficult in corrupt relationships than in legal ones because it is unclear who would be willing to engage in corruption in the first place and which amount of a bribe is appropriate. Enforcement of the corrupt agreement is particularly difficult. The illicit character of the agreement makes it impossible for the business partners to rely on the legal system (Claussen, 2011, pp. 55 et seqq.). Here it becomes evident that corrupt relationships are very vulnerable to opportunism. Furthermore, the contracting parties are tied to each other beyond the actual transaction. As the need for secrecy endures and thereby the potential risk of being blackmailed by the respective business partner, it is necessary to cultivate the relationship.

Moreover, engaging in corruption bears several other risks for corporations. In case the corrupt relationship is discovered, firms face fines, not only in their home country, but often also in the United States of America (US) or the United Kingdom (UK), e.g. when the company is listed on the American and/or the British stock exchange. The risk of being caught as well as the potential damage through fines has notably increased in recent years (Humborg, 2009), not least because of the consequent application of the extraterritorial law by US and UK authorities. Apart from monetary sanctions, companies frequently face the risk of being excluded from public tenders for a certain period by being put on debarment lists[35], which often poses a greater threat to them than fines.

Alongside with monetary sanctions often go reputational damages (David-Barrett, 2012). The negative effects on reputation should not be disregarded by companies as it can result – in the worst case – in a loss of the license to operate (Suchanek, 2007, pp. 135 et seq.). In a similar vein, Meyer zu Schwabedissen (2008, p. 127) identifies the loss of reputation as the most dangerous risk for companies. Reputational losses can lead to tarnished relations between the company and its customers and suppliers, for example (Pies et al., 2005, pp. 119 et seqq.).

Even if companies' involvement in corruption remains undiscovered, they are likely to suffer from a number of disadvantages. One disadvantage is that firms have to spent considerable time on unproductive activities, such as negotiating with state officials over the amount of bribe to be paid, as was mentioned above. Furthermore, it is difficult for a

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34 Lambsdorff (2007, pp. 109–135; 2009) explicitly suggests an anti-corruption strategy that is based on increasing the transaction costs of corruption. Analogously to Adam Smith's invisible hand, he labels this approach 'the principle of the invisible foot'. According to this approach, the frequency of bribery can be reduced by undermining the stability of corrupt transactions.

35 International organizations such as the World Bank frequently make use of this instrument. The World Bank's debarment list is publicly available online (World Bank, 2016b).

firm to have double standards. Usually it will not work out to turn a blind eye on corrupt acts that are committed by employees in order to achieve an advantage over competitors, and prohibit at the same time other forms of corrupt behavior that could damage the own organization. Lange (2008) here distinguishes between 'corruption on behalf of the organization' and 'corruption against the organization'. In most cases companies will not be capable of limiting corruption to the first category, i.e. to corruption on behalf of the organization.

It can be concluded from the findings of numerous studies that corruption must often be regarded as an 'invisible fist' rather than as an 'invisible hand'. Owing to unfavorable framework conditions in an inefficient economy, corruption can lead to even more inefficient results (Pies et al., 2005, pp. 32–36). Therefore, the purportedly ambivalent character of corruption can only be upheld under some quite restrictive assumptions (Rose-Ackerman, 2009).

In most cases, however, corruption has severe detrimental effects, both on the macro and the micro level. The empirical studies quoted here represent only a small segment of what has been found by corruption researchers in recent years. Claussen (2011, pp. 55–79) and Pies et al. (2005, pp. 30–134) provide a detailed overview of empirical studies about the various negative and positive effects of corruption.

2.1.5.3   Quantification of the Effects of Corruption

The identification of the macro and micro effects of corruption leaves open the question regarding the empirical manifestations. The question is how the 'damage' from corruption can be assessed in quantitative terms. The quantification of the effects of corruption is a challenge, mainly for two reasons. First, the mere volume of corruption is only known to a very limited extent. Since corruption is a so-called victimless crime (both briber and bribee are offenders and have an interest in keeping their doings a secret), it is naturally difficult to obtain sound empirical data concerning its actual volume[36]. It is assumed that the great majority of corruption cases remain undisclosed (Dölling, 2007, pp. 6 et seq.). Schaupensteiner (2003, p. 76) estimates for Germany that 95% of all corruption cases are not reported. Despite a lack of more recent data, there is no sign that this situation has changed considerably since then. Second, it is not clear what exactly should be considered a damage and what should not. It can be distinguished between tangible (monetary) damage and intangible damage induced by corruption. The tangible damage encompasses

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36   For the same reasons it is difficult to estimate the size of a country's shadow economy. In order to arrive at useful data, researchers have developed different techniques of estimation. On the one hand, they make use of direct inquiry methods such as surveys; on the other hand, and more importantly, they also rely on more indirect approaches which include, for example, discrepancy approaches. Making use of these different techniques, Schneider and Boockmann (2015, p. 21) estimate the size of the German shadow economy to be 12.2% of the official GDP for 2015. See also chapter 2.2.5 for explications on how to assess corruption and the effects of anti-corruption efforts.

those costs that can be directly linked to the corruption case. For instance, the costs that result from inflated bills which have to be paid by the tax-payers. Intangible costs caused by corruption offenses are equally important, however, they are more difficult to depict. They may consist for example in competitive distortions and ultimately in a loss of confidence in the viability of the economic order (BKA, 2016a, p. 8).

In 2015, the monetary damage of corruption in Germany amounted to €222 million according to the statistics of the BKA. For the above mentioned reasons this number is likely to represent only a small part of the actual damage. Furthermore, the overall damage caused by white-collar crime[37] in Germany amounted to €2.88 billion in 2015. Over 40% of the damage recorded in the BKA statistics can be attributed to economic crime offenses. The extraordinary harmfulness of such offenses becomes even more evident when taking into account that only about 1% (which equals roughly 61,000 cases of economic crime) of all offenses recorded by the police are indeed white-collar crimes (BKA, 2016b, p. 4). The damage caused by corruption on an EU-level is estimated to be around €120 billion per annum (European Commission, 2014a, p. 3). Finally, the annual cost of worldwide bribery is estimated to range between US$1.5 and US$2.0 trillion (IMF, 2016, p. 5).[38]

A recently conducted study regarding white-collar crime and corruption in Germany found that one out of four companies that had a corruption case in their organization suffered from severe reputational damages owing to this disclosed corruption incidence. Moreover, 40% reported aggravated business relations due to a corruption case (PWC, 2013, p. 69). Results of a similar empirical study which was conducted on a global level differed slightly: Only 17% of the respondents reported reputational losses and/or deteriorated business relations, whereas almost one third named declined employee morale as a negative effect in consequence of the company's involvement in illicit activities (PWC, 2014, p. 12). According to the findings of a recently conducted study by KPMG (2016, p. 14), 53% of the companies affected by corruption cases reported an overall damage of €300,000 or higher. 32% of the respondents indicated investigation costs and consequential costs to be at €75,000 or above.

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37   According to the BKA, white-collar crime represents a broader concept than corruption and encompasses, among others, offenses such as fraud or insolvency offenses (BKA, 2016b, p. 4).

38   This estimate for 2015 is an extrapolation by Daniel Kaufmann based on his earlier estimate of $1.1 trillion in Kaufmann (2005). For a detailed explication of how the original data was derived see Kaufmann (2005, pp. 96–98).

2.2   Coordinated Governance Initiatives as a New Approach for Curbing Corruption

In this research project corruption is regarded as a transnational governance challenge (Rasche, 2012, p. 679; Scherer & Palazzo, 2008, p. 423). At least two implications follow from construing corruption as a transnational governance challenge: First, governments need to cooperate in order to create consistent standards of enforcement, prosecution, and prevention of corruption. Corruption and organized crime do not stop by the border; they often take place in flexible, transnational networks that span around the globe (Sanderson, 2004). Therefore, close cooperation of nation-states is essential. Second, the role of non-state actors, particularly MNCs, in curtailing corruption has to be reassessed. Instead of regarding the business sector exclusively as part of the corruption problem, it should rather be viewed as part of the solution. Admittedly, the business sector has not always been a staunch defender of stricter anti-corruption legislation. In many cases MNCs even attempted – for example through lobbying activities – to unduly exert influence on public policies and institutions in order to prevent new laws from being adopted (Kaufmann, 2005, pp. 88 et seq.). However, companies have a great interest in fighting corruption. Doing business in an environment that is characterized by a high level of corruption, threatens business in a number of ways. Companies need to cope with an often uncertain investment climate and legal uncertainty (Mauro, 1995; Noll, 2013, pp. 152–154). In the event that their involvement in a corruption case is disclosed, they additionally face high fines (Humborg, 2009) and considerable reputational losses (Meyer zu Schwabedissen, 2008, p. 127). In most cases, the risk outweighs the potential benefit.

Therefore, more emphasis should be put on how to unlock the potential of the business sector and how to incentivize companies to participate in the fight against corruption. Their pivotal role in curbing corruption internationally has been highlighted by various scholars (Kaufmann, 2005; Petkoski et al., 2009; Pies, 2002, pp. 39 et seq.; Rose-Ackerman, 1999b, p. 54).

2.2.1   International Anti-Corruption Efforts in Historical Perspective

The importance of rules and an institutional framework for addressing moral concerns has been emphasized in the previous paragraph (chapter 2.1). An overview of the existing international legal framework with respect to anti-corruption is given in this chapter by outlining the historical development from anti-corruption conventions and treaties to soft law approaches. In chapter 2.2.1.1, efforts of governments to work collectively in order to create an effective anti-corruption framework are highlighted. Governments acknowledge that intergovernmental cooperation is indispensable if corruption is to be curtailed meaningfully. Concerning anti-corruption conventions and treaties, the private sector is solely regarded as the target of regulatory efforts and is not given an active part. This begins to change with the rise of soft law approaches in anti-corruption (chapter 2.2.1.2).

2.2.1.1 Intergovernmental Cooperation: Anti-Corruption Conventions and Treaties ('Hard Law')

The international policy environment for anti-corruption legislation has mainly been shaped by a few international organizations, among them the OECD, the Council of Europe, the UN, and other regional groupings (Hough, 2013, p. 20). These different international organizations have specialized in different areas of anti-corruption. Whereas the OECD focuses on fighting the bribing of foreign public officials, the Council of Europe and the UN pursue a broader approach (Wolf, 2014, p. 109).

As far as single nations are concerned, the US had and still has a special role in influencing the international anti-corruption framework. Most importantly, they were the first to make the bribing of foreign public officials a punishable offense by adopting the Foreign Corrupt Practices Act (FCPA) in 1977. The FCPA has extraterritorial jurisdictional reach, which means that it criminalizes the bribing of foreign public officials by US citizens or by agents of US firms, even if the act occurs abroad. It also includes activities by companies that are listed on US stock exchanges, even if these companies have their headquarters outside of the US (Levy, 2011, p. 10). The FCPA could therefore be regarded as a form of intergovernmental cooperation. This is, however, an asymmetrical cooperation between a hegemon (the US) and other nation-states with the aim of establishing a sustainable global anti-corruption regime (Rees, 2006, pp. 15–19). Following the adoption of the FCPA, the US undertook considerable efforts in convincing other states, especially the Europeans, to follow suit and pass a corresponding legislation. However, it took 20 years until the OECD Anti-Bribery Convention was finally agreed upon in 1997, which leveled the playing field between US companies and companies from other OECD countries[39].

Apart from the US, the UK has also rendered itself conspicuous in the fight against corruption with the adoption of the UK Bribery Act in 2011[40]. Just as the FCPA, the UK Bribery Act has extraterritorial jurisdictional reach. For UK-registered companies this implies that they can be also held liable for bribery offenses committed by their employees, agents or subsidiaries anywhere in the world. Furthermore, foreign companies with operations in the UK fall under the new law (TI-UK, 2016). In order to avoid corporate liability for bribery, companies need to have 'adequate procedures' in place (TI-UK, 2012b).

As the number of international and intra-continental conventions illustrates, nation-states have intensified their cooperation in the last two decades considerably. As a result, there is a wide variety of international legal instruments on corruption today, which differ with respect to scope, legal status, membership, implementation, and monitoring mechanisms. The aim of these international legal instruments is two-fold: First, they aim

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39 See Sacerdoti (1999) for a detailed description of the different steps in the negotiation process involving different institutions that had to be taken until the OECD countries finally adopted the OECD Anti-Bribery Convention.

40 Originally, the UK Bribery Act was planned to enter into force in 2010, but did so only in July 2011.

to establish common standards for addressing corruption at the domestic level, particularly with regard to enforcement, prosecution, and – more recently – prevention of corruption. Second, they seek to promote good practice between member states and facilitate intergovernmental cooperation (Klemenčič & Stusek, 2008, p. 17).

In the following, the most relevant international anti-corruption conventions and treaties are presented in chronological order of their adoption. Instead of giving a comprehensive overview, only the most influential conventions are explicated here[41]. Each convention is described briefly with reference to when and how it was first agreed upon, what constitutes its main provisions, and which monitoring bodies (if any) have been installed to ensure its implementation.

In this section, the focus is mainly on international anti-corruption regulations. For the sake of completeness the most important intra-continental conventions are also given in the overview in table 3. These include the EU-Convention on the Fight against Corruption (EU, 1997), the Inter-American Convention against Corruption (Organization of American States, 1996), the Southern African Development Community Protocol against Corruption (Southern African Development Community, 2001), the ADB-OECD Action Plan for Asia-Pacific (OECD, 2016a), and the African Union Convention on Preventing and Combating Corruption (African Union, 2016). Although the Conventions of the Council of Europe concentrate on Europe, they are also open to some non-member states (partly) outside of Europe such as Belarus, Canada, the Holy See, Japan, Mexico, and the US. Therefore, the Council of Europe Conventions are classified as international, not intra-continental conventions.

The OECD Anti-Bribery Convention. The adoption of the OECD Anti-Bribery Convention marks a starting point in the development of international anti-corruption regulation. It was agreed upon in 1997 as the first global convention against corruption and became effective in 1999 (OECD, 2011a). At that time, the OECD Anti-Bribery Convention attracted international attention, and until today it is considered the most prominent international anti-corruption standard. Through this convention the bribery of foreign public officials was made a punishable offense for companies from all OECD countries for the first time[42]. Thereby, the level playing field between US companies, which had been facing fines for bribing foreign public servants under the FCPA since 1977, and companies from other OECD countries was finally restored. The OECD Anti-Bribery Convention was transferred into German law through the adoption of the Act on Combating Bribery of Foreign Public Officials in International Business Transactions (IntBestG). The OECD Convention also served as the basis for the EU Anti-Bribery Law (EUBestG).

The OECD Working Group on Bribery in International Business Transactions (the Working Group), established in 1994, is responsible for monitoring the implementation and

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41   For an extensive review and evaluation of international and intra-continental anti-corruption conventions and treaties see Marsch (2010, pp. 43–133) and Nagel (2007, pp. 44–70).

42   Note that the OECD Anti-Bribery Convention covers only active bribery, not passive bribery (Sacerdoti, 1999, p. 212).

enforcement of the OECD Anti-Bribery Convention (OECD, 2016d). Although the Working Group is not an international court, it can put pressure on states to push for implementation of the convention (Pieth, 2012, p. 8). The Working Group consists of representatives from the state parties and meets four times per year in Paris. All country monitoring reports published by the Working Group are accessible online (OECD, 2016b). Moreover, the Working Group is responsible for monitoring the enforcement of the OECD Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions (2009 Anti-Bribery Recommendation) released in 2009. The 2009 Anti-Bribery Recommendation aims to reinforce the state parties' efforts to prevent, detect, and investigate foreign bribery by putting in place a package of new measures (OECD, 2009).

The Council of Europe Criminal Law Convention. In 1998, the Criminal Law Convention on Corruption of the Council of Europe was agreed upon and took effect in 2002. This convention asks signatories to adopt measures against corruption, more specifically measures against active and passive bribery of domestic and foreign public officials, measures against active and passive bribery of members of national, international, and supranational assemblies, as well as measures against active and passive bribery in the private sector (COE, 2011b; Lezertura, 1999, p. 231). The convention was signed by Germany in 1999, but has not yet been ratified. Along with Liechtenstein and San Marino, Germany is the only member state of the Council of Europe where the convention's ratification is pending (COE, 2016b).

The Council of Europe Civil Law Convention. The Civil Law Convention on Corruption of the Council of Europe, adopted in 1999, regulates the civil claims of the victims of corruption and aims to protect whistle-blowers (COE, 2011a). However, the Convention has not been ratified by Germany either (COE, 2016a). As opposed to the Criminal Law Convention, which could be easily ratified by Germany, a ratification of the Civil Law Convention would only be possible if a new law for protecting whistle-blowers was introduced (Pies et al., 2005, pp. 175–177).

Similar to the OECD's Working Group on Bribery in International Business Transactions there is also a body within the Council of Europe that monitors the state parties' compliance with the organization's anti-corruption standards. It is called the Group of States against Corruption (GRECO) and was established in 1999. Currently GRECO comprises 49 member states, i.e. all 47 state parties to the Council of Europe and two countries that do not form part of the Council of Europe, namely the US and Belarus (COE, 2016c). The state parties have drawn up the 'rules of procedure', a dynamic process of mutual evaluation of the countries' anti-corruption mechanisms. These evaluations comprise recommendations for the further development of each country's anti-corruption policy (Bamberger, 2009, pp. 29 et seq.). GRECO has conducted four evaluation rounds so far, each of which dealt with different topics and provisions. GRECO's current fourth evaluation round, which was launched in 2012, deals with *"corruption prevention in respect of members of Parliament, judges and prosecutors"* (COE, 2016c).

UN Convention against Corruption. The UNCAC was adopted in Mérida, Mexico, in 2003 after more than two years of consultation. It entered into force in December 2005.

The UNCAC claims to be the first globally binding treaty on combating corruption under international law. Initially, international legal anti-corruption instruments concentrated mainly on the establishment of specialized prosecution bodies in order to achieve effective law enforcement. However, with the adoption of the UNCAC the focus shifted towards preventive measures. Consequently, the UNCAC requires member states not only to ensure specialization of law enforcement, but also to install specialized preventive anti-corruption bodies (Klemenčič & Stusek, 2008, pp. 17 et seq.). Moreover, there are rules that stipulate an intensified international cooperation between member states. The convention also contains rules on the recovery of stolen assets, which are of particular relevance for developing countries (Pies et al., 2005, pp. 175–177). After having signed the convention already in 2003, Germany managed to ratify it in November 2014 (UNODC, 2015). The ratification of the convention was possible only after Germany had passed a stricter law on bribing delegates (§ 108e StGB) in September 2014.

Table 3   Synoptic View of Anti-Corruption Conventions and Treaties (in chronological order of their adoption)

Name of Convention/Treaty	Adoption	Entry into Force	No of Signatories[B]
Inter-American Convention against Corruption (OAS Convention)	1996	1997	28
EU Convention on the Fight against Corruption	1997	2005	
OECD Convention on the Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention)	1997	1999	41
Council of Europe Criminal Law Convention	1998	2002	50
Council of Europe Civil Law Convention	1999	2003	42
Southern African Development Community Protocol against Corruption (SADC Protocol)	2001	2003	14
ADB-OECD Action Plan for Asia-Pacific	2001	--	31
UN Convention against Corruption (UNCAC)	2003	2005	140 signatories, 178 state parties
African Union Convention on Preventing and Combating Corruption (AU Convention)	2003	2006	48

B   Note that there is a difference between signing and ratifying conventions. State parties that signed a convention have not necessarily ratified it. The numbers of signatories are valid as of 2016, except for the AU Convention, where the data is of 2014, the SADC Protocol, where the data is of 2012, and the OAS Convention, where no date was available. EU Conventions are generally open to all EU countries, but they are not required to be signed before they can be ratified. Therefore, the field 'No of signatories' is left empty here.

The conventions and treaties presented in this chapter reflect a state-centric regulatory system in which the role of the private sector is confined to being the target of regulation (Abbott & Snidal, 2008, p. 505). One could also talk of a hierarchical steering mode within which social and environmental issues are addressed primarily through legislation

(Rasche, 2010, p. 502). In the next paragraph, it is illustrated how the roles of both the state and the private sector have changed in recent years. This has resulted in a system that increasingly focuses on a non-hierarchical steering mode, with the state adopting more the role of an orchestrator (Lobel, 2012).

2.2.1.2 Increasing Participation of the Private Sector: Non-Binding Guidelines and Codes of Conduct ('Soft Law')

When laws and conventions are not enforced properly because nation-states are not able or willing to provide an adequate framework, soft law approaches, such as guidelines and codes of conduct, represent an important instrument. Soft law instruments are said to have a complementary function to hard law (Deutscher Bundestag, 2002, p. 444). They are considered particularly beneficial due to their flexibility and the velocity with which relevant issues can be addressed. Soft law instruments are usually voluntary and non-binding (Roloff, 2011, p. 316).

In the following, an overview of selected anti-corruption guidelines is given[43]. In order to illustrate how the roles of the state and the private sector have changed, special emphasis is put on the initiating institutions of the guidelines, their primary purpose, and level of dissemination as well as the degree to which business and other non-state actors were involved in drawing up the guidelines and revisions thereof. Table 4 summarizes the characteristics of the most relevant anti-corruption guidelines and codes of conduct. Together with the above discussed international anti-corruption conventions and treaties they constitute roughly the global anti-corruption framework. While the OECD Guidelines represent a government-backed soft law instrument, the Global Reporting Initiative's Sustainability Reporting Guidelines (GRI Guidelines) and the TI Business Principles are NGO-led instruments that claim to have involved the private sector in designing the tools through a multi-stakeholder process. The business sector participated to a greater extent only in the formation of the UN Global Compact (UNGC) and the International Chamber of Commerce Rules on Combating Corruption (ICC Rules). Moreover, when comparing the different guidelines, it becomes obvious that some of the soft law instruments have a wider sustainability approach (such as the OECD Guidelines, the UNGC, and the GRI Guidelines), while others like the TI Business Principles or the ICC Rules focus explicitly on corruption and bribery. Nevertheless, all instruments make explicit reference to the corruption issue.

OECD Guidelines for Multinational Enterprises. The OECD Guidelines for Multinational Enterprises were issued for the first time in 1976. They are recommendations of governments for MNCs that have their headquarters in one of the signatory states. The

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43 See Branco and Delgado (2012) for further details concerning the OECD Guidelines for Multinational Enterprises, the Global Reporting Initiative, and the UN Global Compact, and Makinwa (2013) for a broader overview of private sector approaches to fighting corruption, especially from a legal perspective.

voluntary OECD Guidelines aim to promote the concept of sustainable development and include standards for good practices in accordance with the prevailing law. They are derived from international agreements, such as the Universal Declaration of Human Rights and the International Labor Organization's (ILO) Core Labor Standards (OECD, 2011b). Corruption is explicitly mentioned in section VII 'Combating Bribery, Bribe Solicitation and Extortion' of the OECD Guidelines (OECD, 2011b, pp. 47–50).

The OECD Guidelines have been signed by the 34 OECD member states and in addition by 12 non-OECD member states, i.e. Argentina, Brazil, Colombia, Costa Rica, Egypt, Jordan, Latvia, Lithuania, Morocco, Peru, Romania, Tunisia (OECD, 2016c). Signatory states expect their companies to adhere to the OECD Guidelines, which are not legally binding, though. In order to monitor the adherence to the guidelines, the signatory states have agreed to establish so-called national contact points (NCP). These NCPs also serve as complaints offices and attempt to mediate between the parties when complaints are made. In Germany, the NCP is installed in the Federal Ministry of Economic Affairs and Energy (BMWi). To date, 15 complaints have been brought forth against companies, due to alleged violations of the OECD Guidelines, 12 of which have been accepted and investigated further by the NCP. Those companies included but were not limited to Adidas, Audi, Bayer, Deutsche Post DHL, and HeidelbergCement (BMWi, 2016). The OECD Guidelines have constantly been adapted and were last revised in 2011. Apart from NGOs and workers' organizations, business was represented in the consultation process through its Business and Industry Advisory Committee (BIAC) (BIAC, 2016). Although the state acted here as an initiating institution, the private sector contributed considerably to the creation of the guidelines, especially to its revision in 2011.

GRI Guidelines. The GRI Guidelines are voluntary sustainability reporting guidelines elaborated by the independent non-profit standards organization GRI in collaboration with the UN Environment Programme (UNEP). The GRI was formed by the US-based non-profit organization (NPO) CERES (formerly the Coalition for Environmentally Responsible Economies) and the Tellus Institute, a non-profit research and policy organization (GRI, 2016c). The first version of a comprehensive sustainability reporting framework was issued in 2000. The GRI Guidelines today have turned into a widely used reporting tool for MNCs as well as for Small and Medium Enterprises (SMEs) and NGOs (GRI, 2013). Of the world's largest 250 companies, 93% report on their sustainability performance and 82% of these companies reported using the GRI Guidelines (GRI, 2016b). This high degree of dissemination shows that the GRI has gained wide acceptance although it was not initiated by governments, but by private sector actors.

In 2013, the GRI launched the latest version of the GRI Guidelines, the so-called G4 Sustainability Reporting Guidelines (GRI, 2016c). Corruption is addressed in four indicators. Organizations are asked to provide information concerning the 'total number and percentage of operations assessed for risks related to corruption and the significant risks identified' (G4-SO3), 'communication and training on anti-corruption policies and procedures' (G4-SO4), 'confirmed incidents of corruption and actions taken' (G4-SO5), and finally the 'total value of political contributions by country and recipient/beneficiary' (G4-

SO6) (GRI, 2013, pp. 77 et seq.). Disclosing information regarding these indicators serves internal and external purposes: On the one hand, the disclosure process helps members of the organization to hold each other accountable. On the other hand, reporting on anti-corruption issues also holds managers accountable to the public (Hess, D., 2009).

The G4 Guidelines have been produced in a multi-stakeholder process, involving experts, organizations, and individuals from business and civil society. The business sector has played a major role in the development of the new guidelines and has sponsored and supported the process. A number of world-leading companies – Alcoa, Enel, General Electric, Goldman Sachs, Natura, and Royal Dutch Shell – sponsored the project for a three year period, in which the G4 Guidelines were developed; Deloitte, Ernst & Young, KPMG, and PwC provided expertise with regard to the technical features of the current Guidelines, but did not, according to the GRI, take part in decision-making processes of any kind (GRI, 2016a).

TI Business Principles. The TI Business Principles for Countering Bribery are a set of principles which were issued by TI and Social Accountability International (SAI) in 2003. They aim to assist companies in the design and implementation of effective anti-bribery policies (TI, 2013a). The Business Principles have become a major platform for TI's private sector activities and have influenced a wide range of anti-bribery standards and initiatives worldwide. In 2008, the TI Business Principles for SMEs were released, recognizing that smaller companies often have only limited resources to devise appropriate anti-bribery strategies (TI, 2008). In contrast to the GRI Guidelines, the Business Principles focus exclusively on bribery and provide a framework for companies to develop comprehensive anti-bribery programs. The Business Principles, which were revised in 2013, have been produced with the cooperation of a multi-stakeholder Steering Committee drawn from business, academia, trade unions, and other non-governmental bodies (TI, 2013a). Corporate members of the Steering Committee include but are not limited to MNCs such as BP, HSBC, PwC, and Royal Dutch Shell. Non-corporate members are, among others, the European Bank for Reconstruction and Development, SAI, and TI (TI, 2016a). Steering Committee members not only lend their expertise in the continuous development of the Business Principles, but also promote the Business Principles within their own organizations.

UN Global Compact. The UN Global Compact is another example of a soft law instrument involving private sector activities. It is a voluntary initiative launched in 2000 by former UN Secretary-General Kofi Annan to encourage businesses worldwide to adopt sustainable and socially responsible policies. The participation of companies is promoted especially through collective action. For instance, businesses engage in working out guidelines for the organizational implementation of standards on human rights, working conditions, environmental protection, and the prevention of corruption (Pies, Winning, Sardison, & Girlich, 2010, p. 56). In light of globalization, businesses today face growing pressures from customers, business partners, and civil society, not only to act socially and environmentally responsible but also to contribute to the creation of an adequate global framework (Noll, 2010, p. 321). The UNGC reflects this increased responsibility of business.

The UNGC's Ten Principles represent the core of the initiative. They are derived from a number of important declarations, such as the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UNCAC (UNGC, 2016a). As of 2016, nearly 9,000 companies and more than 4,000 non-businesses from over 160 countries have signed the UNGC (UNGC, 2016c), making it the world's largest corporate sustainability initiative.

Although the UNGC was launched in 2000, it was not before 2004 that the 10th principle concerning anti-corruption was introduced. It states that *"Businesses should work against corruption in all its forms, including extortion and bribery"* (UNGC, 2014). In order to implement the 10th principle, the UNGC set up a multi-stakeholder anti-corruption working group. The group today comprises 40 corporate members as well as a number of representatives from civil society, international organizations, academia, and Global Compact Local Networks (UNGC, 2016c). The UNGC is funded through voluntary contributions from governments to the UNGC Trust Fund and by businesses that make annual contributions to the Foundation for the Global Compact. In 2014, over 1,500 businesses made financial contributions to the UNGC (UNGC, 2016b).

The UNGC illustrates very well how governments increasingly take on the role of orchestrators. Despite being initiated by the UN, it soon evolved into an institution which was primarily led by business and other non-state actors. Today, it is understood as a mainly business-driven initiative.

ICC Rules on Combating Corruption. The ICC Rules on Combating Corruption are a set of voluntary anti-corruption rules for business. As opposed to the aforementioned instruments and standards, the ICC Rules have been drawn up by a pure business organization, the ICC. Having gained wide recognition and currency since first published in 1977, they shall be mentioned here. The ICC Rules were last updated in 2011 (ICC, 2011). The revision was based on contributions of ICC national committees, member companies, and experts of the Commission on Corporate Responsibility and Anti-Corruption. This commission consists of more than 200 business executives and private practitioners from 40 countries (ICC, 2016).

As opposed to the conventions and treaties in section 2.2.1.1, the soft law instruments presented in this section reflect more of a non-hierarchical steering mode that is based on voluntary commitment of the participating organizations (Rasche, 2010, p. 502). Governments increasingly take on the role of orchestrators while business and civil society representatives become more actively engaged in further developing regulations. Governments are thus understood to encourage and supervise self-regulation by the private sector. Moreover, all soft law initiatives discussed above represent cross-sector approaches. They do not target a specific industry sector, but create voluntary guidelines for all business sectors equally.

Table 4 Overview of Selected Anti-Corruption Guidelines

Name of Initiative	Date of Creation	Purpose of Initiative	Initiating Institution	Stakeholder Configuration	Reference to Corruption
OECD Guidelines for Multinational Enterprises	1976 (last updated in 2011)	Recommendations for MNCs issued by signatory governments to the OECD	Governments of OECD countries	Business was represented in the consultation process about the 2011 update of the guidelines through the BIAC.	Section VII Combating Bribery, Bribe Solicitation and Extortion
ICC Rules on Combating Corruption	1977 (last revised in 2011)	Voluntary rules for self-regulation developed by the ICC Commission on Corporate Responsibility and Anti-Corruption	Business sector	Based on contributions of ICC national committees, member companies, and experts of the Commission on Corporate Responsibility and Anti-Corruption	Exclusive orientation
UN Global Compact	2000 (incorporation of 10th principle in 2004)	Voluntary initiative launched by former UN Secretary-General Kofi Annan to encourage businesses to adopt sustainable and socially responsible policies	UN	Involvement of companies through collective actions, e.g, working out guidelines on the prevention of corruption	10th principle of the UN Global Compact
GRI Sustainability Reporting Guidelines	2000 (G4 Guidelines are the latest version of the GRI Guidelines, updated in 2013)	Voluntary reporting guidelines developed by the independent NPO GRI in collaboration with UNEP and UNGC	Civil society	Multi-stakeholder process, involving experts, organizations, and individuals from business, civil society, and labor – and different geographical regions	Indicators G4-SO3 to G4-SO6
TI Business Principles for Countering Bribery	2003 (last updated in 2013)	Set of principles issued by TI and SAI to assist companies in the design and implementation of effective anti-bribery policies	Civil society	Multi-stakeholder process with the cooperation of a Steering Committee drawn from business, academia, trade unions, and other non-governmental bodies	Exclusive orientation

2.2.2   Overcoming the Governance Gap

Having anti-corruption conventions and treaties in place and having additionally developed soft law schemes to anti-corruption is just the first step. To put it another way, *"Having state-of-the-art laws doesn't guarantee their implementation."* Klitgaard (2012, p. 49). This statement is in line with observations made by Khaghaghordyan (2014, p. 157), who finds that many countries ratify anti-corruption treaties primarily due to pressure from the international community and not because these states are willing to undergo a process of genuine institutional change. Consequently, quite often a gap exists between an official norm and the actual practices in a society. Indeed, neither the enforcement of hard law conventions and treaties has been expedited satisfactorily, nor have soft law standards been promulgated to an adequate degree.

For instance, only slow progress has been made with regard to the enforcement of the OECD Anti-Bribery Convention. According to TI's annually published report 'Exporting Corruption', which looks at the implementation of provisions stipulated in the OECD Convention, there are substantial shortcomings of OECD countries in actively prosecuting the bribery of foreign public officials. As of 2015, only four countries – Germany, Switzerland, the UK, and the US – have been classified as actively prosecuting cases, whereas in 20 countries, among them Belgium, Japan, Russia, and Spain, there is little or no enforcement of the convention at all (TI, 2015). Concerning the promulgation of soft law guidelines and principles, there is a similarly unsatisfactory situation. For instance, approximately 8,900 companies (of which 3,800 are MNCs) participate in the UNGC. Although it is the world's largest corporate sustainability initiative, its membership is still rather low, given that there are more than 80,000 MNCs and more than 800,000 foreign affiliates to these MNCs worldwide (Bundeszentrale für politische Bildung, 2010).

All in all, the effects of worldwide anti-corruption efforts have been rather limited. A meaningful progress in fighting corruption has been achieved neither through hard law multilateral agreements (Scherer et al., 2013, p. 475) nor through international soft law approaches.

The difficulties in effectively enforcing anti-corruption regulations worldwide are related to the changing roles of states and the private sector. Today's so-called post-Westphalian order (Kobrin, 2009) is characterized by a governance context in which, on the one hand, the role of the state has become significantly attenuated. Many pressing problems such as corruption are less amenable to state-based resolution (Higgot, 2006, p. 625). Political authority (and likewise regulatory power) has partly shifted laterally from governments to private corporations and NGOs (Lake, 2006, p. 769). Consequently, the capacity of states to exercise exclusive and unchallenged power over their own territorial jurisdictions is undermined through globalization processes (Bevir & Hall, 2011, p. 354). On the other hand, the importance of the private sector, particularly of MNCs, has increased. The increased significance of MNCs also entails greater responsibilities for them. MNCs face demands from various stakeholders to assume broader corporate responsibilities and contribute to the regulation of business (Scherer et al., 2013, pp. 474 et seq.). Failure to respond ade-

quately to these new demands is likely to increase the risk of being pilloried for moral misconduct or even alleged misconduct, especially in the era of globalization. The internet and particularly new social media are extensively used by civil society actors in order to exert pressure on companies. However, even if companies are willing to respond to these demands, the private sector lacks authority to promote hard law (Abbott & Snidal, 2008, p. 543). In this situation, characterized by less powerful nation-states and more powerful MNCs, governance gaps occur.

Governance gaps are *"gaps in the international institutional framework, including the absence of institutions or mechanisms at a global, regional or sub-regional level and inconsistent mandates of existing organizations and mechanisms"* (Gjerde et al., 2008, p. 1). Governance is hereby broadly understood as *"the processes and institutions both formal and informal that guide and restrain the collective activities of a group"* (Keohane & Nye, 2000, p. 12). In a similar vein, Abbott and Snidal (2008, pp. 512; 545 et seqq.) talk of an orchestration deficit, from which the transnational regulatory system suffers.

In order to overcome governance gaps with regard to anti-corruption, new regulatory initiatives have emerged in recent years (Rasche, 2010). These new regulatory initiatives are referred to as Coordinated Governance Initiatives (CGIs) in this research project. CGIs are a novel form of collaborative arrangements, consisting of either purely private or public-private initiatives. They represent non-binding, voluntary initiatives in prisoners' dilemma situations. This description comes close to what Abbott and Snidal (2008, pp. 506 et seq.) label 'regulatory standard-setting' (RSS). Standard-setting, however, bears the notion of a predetermined procedure, which eventually results in the creation of a document that stipulates the participants' rights and obligations. By contrast, Coordinated Governance Initiatives describe a dynamic, network-like approach, within which a range of different joint activities take place, all with the aim of contributing to the solution of a collectively identified governance problem.

A CGI can be organized both, as a cross-sector initiative or as a sector-specific initiative. According to the WEF, *"coordinated governance occurs when public and private actors across several states align their efforts to implement an internationally agreed solution to a global or common transnational problem and do so in accordance with guiding principles and fundamental norms that ensure such governance is broadly regarded as legitimate"* (WEF, 2013, p. 3). Although this definition confines coordinated governance to collaborative efforts between public and private actors (thereby not taking into account the possibility of purely private initiatives), it highlights the importance of *implementing* rules for transnational governance challenges. Hence, it picks up on what Klitgaard (2012) identified as a major shortcoming in traditional governance mechanisms. Moreover, the WEF definition implies also that international hard law and soft law approaches are not regarded as being irrelevant, but as guidance for Coordinated Governance Initiatives to be implemented in environments with weak regulatory governance.

Given their heterogeneous nature, it is rather difficult to provide an exact definition of these new regulatory governance initiatives. However, four core principles are the com-

mon denominator which all CGIs adhere to, following in broad terms Lobel (2012) and Abbott and Snidal (2008):

- central role of private actors
- decentralization of regulatory authority
- non-coerciveness
- collective action approach

First, in Coordinated Governance Initiatives private actors play a central role. Representatives of the business sector as well as actors from civil society come together to tackle governance problems, resulting in the creation of either exclusively private or public-private initiatives. The state in most cases takes on a rather modest role, being one actor among many. This normally implies that the state does not occupy the role of an orchestrator either, which it often assumes in the context of soft law regulation. Second, CGIs are characterized by a decentralized regulatory authority in two ways (Abbott & Snidal, 2008). On the one hand, regulatory responsibilities *within* initiatives are shared between the state and private actors. On the other hand, there is also a decentralization of regulatory authority *among* initiatives. Coordinated Governance Initiatives have significantly grown in number in recent years, leading to a great diversity of initiatives. Since no initiative has authority over any other, one can talk of a highly decentralized regulatory authority in the field. Third, initiatives are mostly of voluntary nature. However, 'voluntary' is a malleable term. It is used here in the sense that joining the initiatives is not legally required; however, companies frequently adhere due to pressure from NGOs, customers or industry associations (Abbott & Snidal, 2008, p. 506). Finally, CGIs follow a collective action approach. Both terms, 'collective' and 'action', are of significance here. Coordinated Governance Initiatives are collective in that a particular governance problem is tackled jointly, often in collaboration with stakeholders from different societal sectors. It also encompasses those initiatives in which businesses of the same industry (thus, competitors) come together in order to develop strategies on how to curb corruption in that industry. 'Action' refers to the fact that the joint activities go beyond the signing of a memorandum of understanding or a letter of commitment. Initiatives are rather understood as a dynamic network, dedicated to continuous learning, the exchange of good practices, and their implementation. Activities can range from running regular workshops and organizing annual forums to engaging in local projects.

Taking up the differentiation into cross-sector and sector-specific initiatives raises the question if those two types of initiatives can be equally successful in overcoming the governance gap. Baumann-Pauly et al. (2016) hypothesize whether a sectoral focus might be a prerequisite or at least a helpful factor in establishing an effective initiative. Indeed, there are indications that reinforce this assumption and eventually have led to the decision to narrow down the object of analysis to sector-specific Coordinated Governance Initiatives. There are mainly three aspects which justify such an orientation towards sector-specific CGIs.

First, not all sectors display the same level of corruption. Rather, there are some sectors that are more prone to corruption than others (Bannenberg & Schaupensteiner, 2007, p. 55; Rose-Ackerman, 1975). For example, almost two-thirds of the analyzed cases of foreign bribery took place in just four sectors, the extractive sector, the construction sector, the transportation and storage industry and the information and communication sector (OECD, 2014, p. 22). This can be explained partly because of the high level of complexity in these industries: the more complex an industry, the higher the risk of corruption in that branch (Truex & Søreide, 2011). Companies in these industries frequently operate on oligopolistic markets, confronting on the demand-side only a few buyers. In addition to that, quite often the demand is even monopsonistic with the government as the sole buyer (Bannenberg & Schaupensteiner, 2007, pp. 60 et seq.; Noll, 2013, p. 149) and consequently a substantial risk for bribery (Rose-Ackerman, 1975, p. 202). The contract volume and the transaction volume in these sectors are usually quite high. Thus, being uncompetitive or not winning the contract in the worst case may put the existence of a whole company at risk. This is particularly pronounced in the construction sector and to a lower degree in the extractive industry, where companies are normally forced to have a follow-up order ready right in that moment when the preceding contract has been finished. This is because of the nature of these industries where it is impossible to build up stocks, and where companies instead produce one-of-a-kinds (Homann, 2003, p. 255). Generally speaking, to depend economically on one or two purchasers increases the risk of becoming involved into corrupt acts. The willingness to bribe in order to keep up the business relationship rises. According to an empirical rule, one can speak of economic dependence when at least 40% of the sales are allotted to just one customer (Bannenberg & Schaupensteiner, 2007, p. 60). Furthermore, those who decide which party is awarded the contract hold positions in the administration, which might not be remunerated very well in relation to the total amount of the contract to be awarded (Noll, 2013, p. 149). This also increases the risk of corruption in certain sectors. Therefore, it seems reasonable to concentrate on such initiatives that operate in these corruption-prone sectors, rather than analyzing cross-sector anti-corruption initiatives, which naturally cannot take into account the peculiarities of certain industries.

Second, sector-specific initiatives address the challenges linked to combating corruption under competitive conditions better than cross-sector initiatives. They can consider the competitive situation companies find themselves in. One of the main reasons why it is so difficult to curtail corruption effectively is that companies acting in markets in which corruption prevails face a dilemma. Every competitor thinks it needs to bribe in order to do business. At the same time, they know that everyone would be better off if no-one bribed (Rose-Ackerman, 1999b, p. 50). This dilemmatic situation can only be solved by implementing moral norms in a competitive-neutral manner (Homann & Kirchner, 2003; Lütge, 2005a; Noll, 2010). Coordinated Governance Initiatives can be regarded as such a competitive-neutral institutional arrangement apt to overcome the dilemma situation by bringing together like-minded organizations and thus leveling the playing field among competitors (Petkoski et al., 2009; Pieth, 2012, p. 5; WBI Working Group, 2010).

Finally, the witting confinement to sector-specific initiatives is in line with Mungiu-Pippidi's (2013, p. 113) and Hough's (2013, p. 30) request to better contextualize the problem of corruption. Fighting corruption by means of traditional anti-corruption laws implies that uniform rules valid on a nation-state level are being implemented and enforced. However, corruption is an extraordinarily complex and variable phenomenon. This will lower the effectiveness of central anti-corruption provisions on a nation-state level. Therefore, when fighting corruption it is more reasonable to attempt to find rules valid e.g. for particular sectors, in which corruption occurs as a homogenous phenomenon (Pies & Sass, 2005a, p. 379). Sector-specific Coordinated Governance Initiatives can be regarded as a type of rule, established for one particular sector. Taking into account the particularities of a sector constitutes one way of contextualizing corruption.

Thus, it can be inferred that coordinated efforts of like-minded competitors are more likely to yield tangible results. Furthermore, considering these structural characteristics of sectors supports a theoretical perspective from which corruption is regarded as a problem not to be attributed first and foremost to the moral lapses of private actors on the market. Rather, the institutional arrangements and incentive conditions have to be taken into account in order to find adequate solutions to the corruption problem.

2.2.3   Governance Structure and Overview of Coordinated Governance Initiatives

In a joint effort to fill the governance gaps which have emerged in recent years the private sector has initiated (or has been a central player in) a number of anti-corruption CGIs. The initiatives presented below in chronological order of their foundation give insights into how companies and other non-state actors engage in the fight against corruption[44]. Before presenting the anti-corruption initiatives, it is deemed necessary to classify them according to a newly developed scheme for Coordinated Governance Initiatives. This classification scheme as shown in figure 2 has two dimensions, the level of institutionalization and the level of enforceability of initiatives, each of which can assume three values: low, intermediate, and high.

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44   A comprehensive overview of initiatives can be found in the database which was recently set up by the International Center for Collective Action (ICCA) (Basel Institute on Governance, 2016). This database encompasses a collection of more than 100 initiatives from all around the world. Furthermore, the government-sponsored Business Anti-Corruption Portal provides a good overview of mainly sector-specific initiatives (Business Anti-Corruption Portal, 2016).

The figure shows a grid with "Level of Enforceability" on the vertical axis (Low, Intermediate, High) and "Level of Institutionalization" on the horizontal axis (Low, Intermediate, High).

Figure 2   Classification Scheme for Coordinated Governance Initiatives

Source: own representation

The rationale for developing the new scheme has been two-fold. On the one hand, it is theoretically substantiated by scholars such as Levy (2011) who highlights three important functions of governance structures in general, namely rule-making, monitoring, and enforcement. The dimensions have been derived from these functions. On the other hand, the development of the new classification is also grounded in rather practical considerations, whereby this classification represents a refinement of a scheme developed by the WBI in 2008.

Regarding the three general functions of governance structures, it can be stated that CGIs are in principle capable of accomplishing all three of these functions (Abbott & Snidal, 2008, p. 507). The function 'rule-making' is reflected in the level of institutionalization of an initiative. Martens (2007, p. 22) distinguishes between three levels of institutionalization in multi-stakeholder initiatives, which can be transferred to Coordinated Governance Initiatives by making a few minor modifications[45]. The three levels – high, intermediate, and low – describe to what extent an initiative is capable of fulfilling the rule-making function. A high level of institutionalization implies that initiatives have

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45   The feature 'time horizon' by Martens (2007) is not taken into account since the great majority of initiatives under scrutiny have a permanent character. Moreover, other than in the original classification system, it is differentiated between rudimentary governing bodies, which consist only of a secretariat and fully established governing bodies, which encompass among others a Members' Meeting, a Board or a Steering Committee. Finally, the feature 'written statute' was added.

- fully established governing bodies (such as a secretariat, a Members' Meeting, a Board or a Steering Committee),
- (in many cases) an own legal status,
- a written statute, and
- a formal membership.

Initiatives with an intermediate level of institutionalization display the following characteristics:

- rudimentary governing bodies (often only a secretariat)
- no legal status
- a written statute
- a formal membership

Initiatives with a low level of institutionalization lack the aforementioned features and their governing bodies, if at all existent, are rather informal. Nevertheless, they can produce considerable results as will be seen later. Table 5 summarizes the characteristics of the three different levels of institutionalization initiatives can adopt.

Table 5   Operationalization of Different Levels of Institutionalization

Feature	Level of institutionalization		
	High	**Intermediate**	**Low**
Formal membership	x	x	x
Written statute	x	x	
Governing bodies	x*	x**	
Legal status	x		

*fully established; ** rudimentary

The governance functions 'rule-monitoring' and 'rule-enforcement' are operationalized in the dimension 'level of enforceability'. Two features are taken into account to delineate the different levels of enforceability: the kind of monitoring of the initiatives' participants and the kind of sanctions prescribed if rules are violated. CGIs with a high level of enforceability usually exhibit external third-party monitoring including a certification process, and have sanctions stipulated in the event of violation of the terms of agreement. These sanctions can also include the exclusion of a member from the initiative. Initiatives with an intermediate level of enforceability are equipped with a self-monitoring mechanism. Furthermore, non-compliance with the self-imposed rules normally leads to participants being expelled from the initiative. Finally, initiatives with low levels of enforceability do not have any monitoring nor any sanctions stipulated. These CGIs rather rely on enforcement through peer pressure, a mechanism sometimes also referred to as enforcement by honor. Table 6 sums up the different levels of enforceability.

Table 6   Operationalization of Different Levels of Enforceability

Level of Enforceability		
High	Intermediate	Low
• External third-party monitoring including a certification process • Sanctions stipulated in case of violation of rules including exclusion from initiative	• Self-monitoring mechanism • Non-compliance leads to expulsion from the initiative	• No monitoring, enforcement only through peer pressure • No sanctions stipulated

As indicated above, the new classification matrix has also been developed on the basis of practical considerations. It can be interpreted as a refinement of the WBI's classification of Collective Action Initiatives, on which it is loosely based (see figure 3). The refinement has been carried out in order to better capture new aspects of anti-corruption initiatives, which emerged during the analysis.

Figure 3   WBI Classification of Initiatives

Source: Adapted from WBI (2008)

Collective Action is defined as *"a collaborative and sustained process of cooperation between stakeholders* [that] *…increases the impact and credibility of individual action* [thus, leveling] *…the playing field between competitors* [and complementing] *…weak local laws*

and anti-corruption practices" (WBI, 2008, p. 23). Indeed, there is a considerable overlap with the definition of Coordinated Governance Initiatives presented in chapter 2.2.2. Both definitions highlight the collaboration between different stakeholders as a crucial characteristic, although the WBI definition is limited to cooperation between competitors. Despite the similarities the label 'Collective Action' is avoided in this research project as it has become a catch-all term for a range of different initiatives and approaches in recent years, often causing confusion instead of clarifying things (Pieth, 2012, p. 5).

The refinements made to remedy the shortcomings of the WBI's classification scheme include: First, a replacement of the dimension 'degree of enforcement' by the new dimension 'level of enforceability'. The WBI only distinguishes between 'ethical commitment' and 'external enforcement'. 'Ethical commitment' refers to a public commitment that leads to enforcement 'by honor' or through peer pressure. However, a more sophisticated classification is needed here to depict the range of different monitoring and enforcement mechanisms used in practice. They usually range from almost no monitoring, except through peer pressure (low level of enforceability) to self-monitoring mechanisms (intermediate level of enforceability) to external third-party monitoring (high level of enforceability). Second, a replacement of the dimension 'degree of application' by the new dimension 'level of institutionalization'. The WBI distinguishes between long-term and short-term initiatives. However, this distinction is considered improper to describe the variety of CGIs as the great majority of them are in actual fact long-term initiatives. By contrast, only 15% are categorized as short-term or project-based initiatives according to the database of the ICCA[46] (Basel Institute on Governance, 2016). Besides, in the opinion of the author, Integrity Pacts, located in the right upper quadrant in figure 3, should not be rated among CGIs. An Integrity Pact is a tool developed by TI in the 1990s to fight corruption in public procurement. It is essentially a contract ('pact') between a government or a public authority and all bidders for a public sector contract (TI, 2009b). However, it does not meet two of the four core principles of Coordinated Governance Initiatives. On the one hand, private actors do not play a central role in Integrity Pacts. It is rather government agencies that decide whether to start an Integrity Pact. Companies which accept the invitation to the bid have no choice, but must consent to the pact. On the other hand, there is no decentralization of regulatory authority. Government agencies exert their authority in a traditional way. Therefore, Integrity Pacts should be regarded more as tool to mitigate the corruption risk throughout a project cycle, just like audits or citizen report cards (Hawkins, 2013, pp. 24–34), rather than a CGI.

For these reasons, the focus in this research project is exclusively on long-term initiatives. On this understanding, the distinction between long-term and short-term initiatives has become obsolete. The new dimension 'level of institutionalization', consisting of the three different levels explained above, describes the variety of initiatives more adequately.

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46   As of 2016; in the ICCA typology it is distinguished between Declarations and Joint Initiatives, Standard Setting Initiatives, and Integrity Pacts. The latter are usually project-based and were therefore rated among short-term initiatives.

Having introduced the new classification scheme for CGIs, 15 anti-corruption initiatives are now to be presented, employing the criteria described above. An overview of the selected CGIs is given in table 7 below.

Bavarian Construction Industry's Ethics Management Initiative. The EMB[47] is an initiative of the Bavarian Construction Industry Association and was founded as early as 1996 by a number of Bavarian construction companies (EMB, 2007a). In 2007, the initiative was adopted by the German Construction Industry Association, thereby becoming a national initiative (EMB, 2007e, p. 13). In recent years, several corporate members from outside Germany joined the EMB with their German subsidiaries. It is thus a primarily, but not exclusively, national initiative. The main purpose of the initiative consists in preventing corruption in the construction sector by implementing a value management system into the organization of all member companies that voluntarily submit to the EMB's rules. Companies willing to join the anti-corruption initiative have to adhere to four central binding elements: codification, implementation, control, and organization. As of June 2016, the initiative has 158 corporate members (Bauindustrie Bayern, 2016; EMB, 2016, p. 11). Given its well-established governance structure and the independent audit scheme the EMB has developed, the initiative is characterized by a high level of institutionalization as well as a high level of enforceability.

Wolfsberg Anti-Money Laundering Principles. The Wolfsberg Group is an association of private banks which initially came together to develop common anti-money laundering standards (AML). The founding members included: Banco Santander, Bank of Tokyo Mitsubishi-UFJ, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Société Generale, and UBS. In June 2015, two new members, the Bank of America and the Standard Chartered Bank joined the group (Wolfsberg Group, 2016). Throughout the years, the group has published a number of 'principles' and 'guidelines', the most important ones being the Wolfsberg AML Principles, revised in 2012 (Wolfsberg Group, 2012), and the Anti-Corruption Guidance, last updated in 2011 (Wolfsberg Group, 2011). Apart from the efforts to harmonize banking standards, the Wolfsberg Group today engages in various other activities, such as running regular workshops, organizing an annual forum with participants from a wider group of banks and regulators, running an academy as a cross-institutional training facility and a program of regular outreach to international organizations, such as the Society of Worldwide Interbank Financial Telecommunication (SWIFT) or the European Banking Federation among others (Aiolfi & Bauer, 2012, p. 105). As the initiative has neither a written constitution nor any formalized set of rules or statutes, it is classified as a CGI with a low level of institutionalization. The group's level of enforceability is equally low: There are no mechanisms that monitor the compliance of its members with the self-imposed standards nor sanctions prescribed, which has been criticized by a number of stakeholders (Pieth, 2006, p. 10).

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47   See chapter 4.1 for a more detailed description of the initiative.

Extractive Industries Transparency Initiative. The EITI[48] is a public-private CGI, which was launched in 2002 by the then British Prime Minister Tony Blair. A global disclosure standard implemented by countries, the EITI aims to improve openness and accountable management of revenues from natural resources by disclosing payments made by extracting companies to governments (Moberg & Rich, 2012). The private sector nevertheless has a pivotal role to play. It is represented at the global level in the EITI Board and at the national level in so-called EITI multi-stakeholder groups (MSGs). The 12 EITI principles build the cornerstone of the EITI. Moreover, there are seven EITI requirements that countries implementing the EITI need to adhere to in order to become EITI 'compliant' (EITI International Secretariat, 2016). As of 2016, 51 countries are implementing the EITI Standard, of which 31 have become 'compliant' (EITI, 2016b). Contrary to the Wolfsberg Group, the EITI has a high level of institutionalization having fully established governing bodies, such as an International Secretariat in Oslo, Norway, an EITI Board, a Members' Meeting, and a global conference. The EITI is the second example of an initiative with a high level of enforceability since there is a well-defined validation process, conducted by external validators. Furthermore, countries that fail to report according to the EITI Standard can be suspended or ultimately delisted (EITI International Secretariat, 2016, pp. 37 et seq.).

Agreement to Prevent Corruption within the Piping Market Sector. The 'Agreement to Prevent Corruption within the Piping Market Sector' was drawn up in 2005 with the aim to fight corruption in public procurement processes. Today, 10 major water and sewage pipe manufacturing companies from Colombia are part of the initiative, which was facilitated by the Colombian chapter of TI. As part of the agreement, an Ethics Committee that is responsible for oversight of administration and enforcement of the agreement has been established (Transparencia Colombia, n.d.). The initiative has an intermediate level of institutionalization, but a high level of enforceability since it has built auditing and enforcement mechanisms which are overseen by the Ethics Committee. TI's 'Business Principles for Countering Bribery' (see chapter 2.2.1.2) have served as a basis for the policies and guidelines that form the Pipe Manufacturers Agreement. The initiative has also contributed to better anti-bribery measures in the internal organization of member companies through greater emphasis on training, expressions of support from the Board level, and exposing third-parties to the agreement.

Construction Sector Transparency Initiative. The Construction Sector Transparency Initiative (CoST) is the second public-private CGI presented here. It was launched in 2012 with the support of the World Bank (CoST, 2016b). CoST aims to disclose project information in publicly-financed infrastructure projects. Thereby, a more transparent and accountable infrastructure sector is created that ultimately leads to good quality public infrastructure at lower cost (Calland & Hawkins, 2012, p. 155). Today, 15 countries actively participate in the initiative (CoST, 2016a). As the initiative's governance structure is reminiscent of that of the EITI (multi-stakeholder approach, implementation on a country

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48   See chapter 4.2 for a more detailed description of the initiative.

level), the level of institutionalization is classified as high. CoST possesses an International Secretariat based in London, an international Board as well as national MSGs and national secretariats. Moreover, five principles build the foundation for CoST's activities and can be regarded as a written statute (CoST, 2016c). It proves difficult to assess the initiative's level of enforceability from the information available on the CoST website. Although the disclosed data is to be validated by an independent team, there is no information available regarding potential sanctions for non-compliance. Given the scarce information, the initiative is assigned a low level of enforceability.

Medicines Transparency Alliance. The Medicines Transparency Alliance (MeTA) is a network of individuals and organizations in seven countries. The initiative brings together pharmaceutical companies, governments, and international organizations, such as the World Bank and the World Health Organization (WHO). The multi-stakeholder alliance is supported by the UK Department for International Development. Its primary aim is to increase access to essential medicines for people in developing countries by means of fostering transparency and accountability in medicines procurement (MeTA, 2016). Governments that participate in MeTA commit themselves to disclose a standard set of core data about medicines – and to involve civil society and business in using this data to help confronting problems in the pharmaceutical market. MeTA has a governance structure that is comparable to the structure of the EITI or CoST. It has an International Secretariat, a Management Board, and an International Advisory Group. Therefore, the initiative is characterized by a high level of institutionalization. The level of enforceability is classified as intermediate given that there are clear exit criteria for countries, but no such thing like an audit scheme or a certification process (MeTA, n.d.).

International Forum on Business Ethical Conduct for the Aerospace and Defense Industry. The International Forum on Business Ethical Conduct (IFBEC) was created by member companies of the Aerospace Industries Association of America and the Aerospace and Defense Industries Association of Europe in 2010. As of 2016, more than 30 major companies from the aerospace and defense industry are part of the initiative (IFBEC, 2016). The main aim of this CGI is to promote ethical business practices and integrity in the sector by exchanging information on best practices concerning ethical business challenges, practices, and opportunities. For this purpose, the Global Principles of Business Ethics for the Aerospace and Defense Industry were developed by IFBEC members. These principles address issues such as zero tolerance of corruption, the use of advisors, and management of conflicts of interest among others (IFBEC, 2014). Member companies commit to implementing programs and policies that foster ethical business conduct consistent with the Global Principles in their organization. Having a written statute – the IFBEC Charter – a formal membership, and fully established governing bodies such as the IFBEC Taskforce (Steering Committee), an Executive Secretary, and the IFBEC meeting qualifies the IFBEC as an initiative with a high level of institutionalization. Similarly to the MeTA, the IFBEC's level of enforceability is classified as intermediate as there are self-monitoring mechanisms installed, but no external third-party monitoring (IFBEC, 2012).

Principle-Based Initiative Agreement in the Orthopedic Medicine Industry. Founded in 2011, this principle-based initiative agreement in the orthopedic medicine industry aims to foster integrity standards in the orthopedic medicine industry in Argentina. The initiative brings together representatives from Argentina's orthopedic medicine industry, focusing on anti-corruption, compliance programs, and training (ICCA, 2016b). Its members are mainly family-owned businesses from the orthopedic medicine industry. To date, more than 20 businesses have joined the initiative, which is facilitated by academia, more specifically by the IAE Business School in Buenos Aires. Although the initiative has been formalized by a written signed agreement, there are no formal governing bodies. Therefore, the initiative's level of institutionalization is classified as low. Likewise, its level of enforceability is considered low because there is neither monitoring nor sanctions stipulated in case of a violation of the agreement.

Banknote Ethics Initiative. The Banknote Ethics Initiative (BnEI) was founded in 2012 by six companies from the banknote industry. A not-for-profit association under Belgian law, the initiative's primary goal is to promote ethical business practice with a focus on the prevention of corruption and on compliance with anti-trust law within the banknote industry. As of 2016, the initiative has nine accredited members (BnEI, 2016). At the core of this CGI is the BnEI Code of Ethical Business Practice, which all members must be signatory to and adhere to. The initiative has a complex governance structure with governing bodies such as a General Assembly, a Members' Committee, a Chairman, and a Secretary. It thus displays a high level of institutionalization. The BnEI is also characterized by a high level of enforceability since it has installed an independent BnEI Accreditation Council and auditors that monitor the compliance of BnEI members (BnEI, 2013). All organizations that have signed the code have to become accredited after passing an audit carried out by a third-party auditor. The audit follows the BnEI Framework, supported by the BnEI Guidance Manual. Organizations will have 12 months to undertake and pass the audit, at which time they will become a BnEI Accredited Member.

Conference Vetting System. The Conference Vetting System reviews the compliance of third-party educational conferences with the Eucomed Code of Ethical Business Practice (Eucomed, 2014) to determine the appropriateness for companies to sponsor healthcare professionals to participate in such conferences. Eucomed represents the interests of the medical device industry in Europe. Established in 2012, the Conference Vetting System is a centralized decision-making system that encourages transparency and consistency in medical conferences and alleviates the complex administrative burden previously faced by Eucomed members, who were forced to make their own determinations on whether or not a conference is compliant with the code. The decisions made by the Compliance Officer are binding on Eucomed members, meaning that members of Eucomed and of national associations affiliated with Eucomed may not sponsor healthcare professionals to attend a third-party conference which is found not to be compliant (EthicalMedTech, 2013). Given its rudimentary governing bodies consisting of a Compliance Panel and a Compliance Officer who reviews the conferences submitted, this initiative is assigned an intermediate level of institutionalization. The level of enforceability is likewise classified as intermedi-

ate since there is a self-monitoring system installed but no certification process or external third-party monitoring.

Maritime Anti-Corruption Network. The MACN[49] was established in 2011 and formalized in 2012 by leading companies of the shipping industry (MACN, 2016a). It is a fast-growing network with around 60 members as of 2016 (MACN, 2016b). MACN members cover the whole supply chain within the maritime sector, ranging from shipping companies to providers of port cost management services and shipping agencies, to shipowners' associations. The network aims to tackle corruption in its sector by strengthening the members' internal anti-corruption programs and sharing best practices on one side. On the other side, the MACN concentrates on contributing to improvements in the external operating environment by raising awareness, reporting on corruption incidents and engaging in local collective actions together with business, governments, international organizations, and civil society (MACN & BSR, 2014, p. 3). The MACN is a business-to-business network governed by a Steering Committee and a Members' Meeting (MACN, 2012b). It is guided by an operating charter and seven anti-corruption principles (MACN, 2016c). Although it has not yet a legal status, the initiative possesses fully established governing bodies as well as a written statute and a formal membership process. It even distinguishes between regular members and associate members. Thus, the MACN has a high level of institutionalization. With respect to the level of enforceability the initiative is assigned an intermediate level as the responsibility for monitoring the implementation of their internal anti-corruption programs lies with its members (self-monitoring).

Collective Action Agreement to Promote Integrity in the Legal Professions. The Collective Action Agreement to Promote Integrity in the Legal Professions aims to promote integrity, transparency, and compliance with the rule of law in the legal professions in Argentina. Companies can join by signing a Collective Action Agreement. The initiative, which was founded in 2013, is facilitated by academia (Law Department of San Andrés University in Argentina) and the Association of Corporate Counsel (ACC) Latin America, Argentina chapter. In addition, these two institutions are to support members with implementing the agreement into their organizations. The Collective Action Agreement is the core binding element of the CGI, in which members, i.e. corporate in-house lawyers from the ACC, commit themselves to ethics, transparency, and anti-bribery rules (Universidad de San Andrés, n.d.). As the initiative lacks any formal governing bodies as well as effective monitoring mechanisms, it is assigned a low level of institutionalization and a low level of enforceability.

Ethics Standard of Customs Brokers and Sectoral Compliance Pact. The Ethics Standard of Customs Brokers and Sectoral Compliance Pact came into existence in 2013. So far, more than 250 leading customs consultancy firms from Turkey have signed this integrity declaration. The initiative seeks to curb corruption and all integrity-related barriers in customs operations through a holistic approach, which also includes the formation of a business ethics academy for the education of all individuals working in customs opera-

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49   See chapter 4.3 for a more detailed description of the initiative.

tions. Although this CGI is business-driven, it collaborates closely with key stakeholders from the public sector and civil society. The initiative has a formalized structure, including a written document and an ethics committee, which was formed of the members of five customs consultancy associations (ICCA, 2016a). As these governing bodies are of rudimentary nature, the initiative is assigned an intermediate level of institutionalization. Given that there are no monitoring mechanisms or explicit sanctions in the event of a violation of the integrity declaration, the CGI is characterized by a low level of enforceability.

Collective Action for Integrity in Québec's Construction Industry. The Collective Action for Integrity in Québec's Construction Industry (ACQ) was established based on the model of the EMB initiative, following a severe crisis induced by a number of major corruption cases in the construction industry in Québec. In order to restore confidence and re-establish the industry's reputation, an integrity program with the aim to combat corruption was piloted and launched in 2014 (ACQ, 2016b). In 2015 the initiative opened up to all ACQ members. To date, it has 14 member companies (ACQ, 2016a). The main purpose of the initiative is to implement an integrity program into the members' organizations which helps to gird the company against corruption. Although comparable to the EMB, this CGI displays only an intermediate level of institutionalization as there are only rudimentary governing bodies. As regards the level of enforceability, the initiative is in the middle of designing an accreditation process to be conducted by an external body that safeguards the integrity and credibility of the process. Once this accreditation process and audit framework is in place, the CGI is expected to have a high level of enforceability.

IRU/UNGC Global Anti-Corruption Initiative. The Global Anti-Corruption Initiative (GACI) was founded in 2014 by the International Road Transport Union (IRU), the UNGC, and the World Customs Organization. Its main goal is to collect information on the existence of cases of corruption, bribery, and extortion along the major global road transport corridors on five continents (IRU, 2016). The information is summarized in reports that are shared with the governments of the countries involved with specific recommendations on anti-corruption activities in the sphere of international road transport. Companies can participate in the initiative by simply expressing their commitment to combat corruption in the road transport sector. Companies then provide their truck drivers with a questionnaire which enables them to report about corruption incidences during the transport. This CGI displays both low levels of institutionalization and enforceability. There are only informal governing bodies and no monitoring at all. However, this may be owing to the nature of the initiative which views its central task in collecting information and raising awareness. Since the initiative has been newly established, its activities may broaden once the initial data collection phase has been completed.

Table 7 Overview of Selected Coordinated Governance Initiatives (in chronological order of their foundation)

Name of Initiative	Date of Creation	Purpose of Initiative	Type and No of Members	Initiating Institution	Level of Institutionalization	Level of Enforceability
Bavarian Construction Industry's Ethics Management Initiative (EMB)	1996	Fostering ethical management and anti-corruption by means of a certified management system	Over 150 companies of the German construction sector	Business sector, collaboration with key stakeholders (academia)	High	High
Wolfsberg Group	1999	Establishing common standards in the banking sector with regard to anti-money laundering and anti-corruption	13 private banks from around the world	Business sector, facilitated by civil society and regulators from the banking sector	Low	Low
Extractive Industries Transparency Initiative (EITI)	2002	Fostering transparency in the extractive industries by disclosing payments made by companies to governments and vice versa	51 (mostly) resource-rich countries and companies operating therein	Multi-stake-holder	High	High
Pipe Manufacturers Agreement	2005	Fighting corruption in public procurement	10 major water and sewage pipe suppliers from Colombia	Business sector, facilitated by civil society (TI Colombia)	Intermediate	High
Construction Sector Transparency Initiative (CoST)	2007	Fostering transparency in the infrastructure sector by disclosing data at key points in project cycle	15 implementing countries and companies operating therein	Multi-stake-holder	High	Low
Medicines Transparency Alliance (MeTA)	2008	Better access to essential medicines for people in developing countries, by fostering transparency in medicines procurement	Network of individuals and organizations in seven countries	Multi-stake-holder	High	Intermediate

Name of Initiative	Date of Creation	Purpose of Initiative	Type and No of Members	Initiating Institution	Level of Institutionalization	Level of Enforceability
International Forum on Business Ethical Conduct for the Aerospace and Defense Industry (IFBEC)	2010	Exchanging information on best practices in the area of ethical business practices	Over 30 major defense and aerospace industry companies from around the world	Business sector	High	Intermediate
Principle-Based Initiative Agreement in the Orthopedic Medicine Industry	2011	Fostering integrity standards in the orthopedic medicine industry, including compliance training	Over 20 family-owned companies of the orthopedic medicine industry in Argentina	Business sector, facilitated by academia	Low	Low
Banknote Ethics Initiative (BnEI)	2012	Promoting ethical business practice with a focus on the prevention of corruption and on compliance with anti-trust law	Nine accredited members from the banknote industry	Business sector, facilitated by NPO 'Institute of Business Ethics'	High	High
Conference Vetting System	2012	Reviewing the compliance of third-party educational conferences with the Eucomed 'Code of Ethical Business'	Eucomed – The European Medical Technology Industry Association	Business sector	Intermediate	Intermediate
Maritime Anti-Corruption Network (MACN)	2012	Strengthening members' internal anti-corruption programs and engaging in local collective actions	Over 60 companies from the maritime industry	Business sector	High	Intermediate
Collective Action Agreement to Promote Integrity in the Legal Professions	2013	Promoting integrity, transparency and compliance with the rule of law in the legal professions	In-house lawyers from Argentina	Business sector, facilitated by academia	Low	Low

Name of Initiative	Date of Creation	Purpose of Initiative	Type and No of Members	Initiating Institution	Level of Institutionalization	Level of Enforceability
Ethics Standards of Customs Brokers and Sectoral Compliance Pact	2013	Fighting corruption in customs operations	Over 250 customs consultancy firms from Turkey	Business sector, collaboration with key stakeholder from the public sector and civil society	Intermediate	Low
Collective Action for Integrity in Québec's Construction Industry	2014	Promoting integrity and good business practices in the Québec construction industry	14 companies of Québec's construction industry; open to over 6,000 companies that are members of the Québec Construction Association	Business sector	Intermediate	High
IRU/UNGC Global Anti-Corruption Initiative (GACI)	2014	Collecting and analyzing information on the existence of corruption cases along the major global road transport corridors on five continents	International Road Transport Union (IRU), UN Global Compact, World Customs Organization	Multi-stakeholder	Low	Low

		Low	Intermediate	High
Level of Enforceability	**High**	--	• Pipe Manufacturers Agreement • Québec Construction Industry Agreement	• EMB • EITI • BnEI
	Intermediate	--	• Conference Vetting System	• META • IFBEC • MACN
	Low	• Wolfsberg Group • Orthopedic Ind. Agreement • Integrity in Legal Professions • GACI	• Ethics Standards for Customs Brokers	• Construction Sector Transparency Initiative
		Low	**Intermediate**	**High**
		Level of Institutionalization		

Figure 4   Classification of Selected Coordinated Governance Initiatives

Source: own representation

Figure 4 shows how the sector-specific Coordinated Governance Initiatives presented in this section have been classified according to the new, adjusted classification matrix. Although not all types of initiatives are equally represented, the great variety of CGIs becomes evident. In addition, it can be seen that both ends of the spectrum are well represented: CGIs characterized by both low levels of institutionalization and enforceability and, at the other end of the spectrum, initiatives that have both high levels of institutionalization and enforceability.

2.2.4   Potential Success Factors of Coordinated Governance Initiatives

In view of the numerous Coordinated Governance Initiatives which have been meanwhile established and out of which only a small sample has been described in the previous paragraph, research undertaken in this field is still relatively limited. The following literature

review is supposed to contain the most important contributions and studies, particularly those concerning potential success factors of CGIs. However, the literature review is not claimed to be exhaustive. This *"semi-ignorance"* (Gioia, Corley, & Hamilton, 2013, p. 21) regarding the body of literature is considered beneficial as it ensures the researcher's openness to input from the field and thus helps the researcher to identify and analyze key variables over the course of the study (Edmondson & McManus, 2007, p. 1162). As a consequence, the danger of a confirmation bias is avoided (Yin, 2014, pp. 76 et seq.). The purpose of the literature review is thus to provide the researcher with some preliminary ideas which directions to look at in the subsequent case study without narrowing down the field of research precipitately. Results of the brief literature review are summarized in table 8, describing the relevant studies with regard to the following characteristics: methodological approach taken, label of initiative used by the author(s), thematic focus, and selected success factors. The multiple-case study presented in chapter 4 will contain both inductive and deductive elements. While a great part of the insights will be gained using an inductive research approach, deductive research elements also play an important role. Those are mostly derived from studying the existing body of literature.

Success factors are defined as essential influencing variables which increase the probability that a CGI's medium and long-term objectives are achieved (Geibler, 2010, p. 239). As a result of the literature review, six clusters of success factors around participants, goals, decision-making, governance structure, monitoring and enforcement, and institutional framework are identified. With regard to the cluster 'participants' a number of researchers point out that the active participation of civil society is essential for a CGI in order to be successful (Aaronson, 2011; Frynas, 2010). Locke and Henley (2013), who review and compare five transparency initiatives from different sectors, specify this point by stating that the involvement of all members has to be continuous if initiatives are not to lose momentum after achieving some early wins in the initial phase. Søreide and Truex (2013) hypothesize that an anti-corruption initiative is more likely to be successful if local stakeholders act as initiators since they know best about particularities of the corruption problem in their country, region or sector. Moreover, it needs clearly defined roles of participants according to Søreide and Truex (2013). Lucke and Lütge (2011) and Pieth (2012) suggest that involving external facilitators, e.g. a local NGO, which does not form part of the initiative as such, conduces to the success of CGIs. This is especially true for sector-specific CGIs where competitors come together in order to tackle the problem of corruption. In these cases it is often important to have a kind of mediating instance which helps to build trust among actors that regard themselves primarily as competitors. According to Pieth (2012, p. 11), an initiative's success depends also on whether at least one industry champion can be convinced to join the initiative. CGIs that consist of a number of SMEs with only small market shares will not be able to gain momentum and change the rules of the game in a particular sector.

The second cluster of success factors derived from the literature refers to the goals initiatives strive for. For example, Hess, D. (2009) and Søreide and Truex (2013) emphasize that it is of crucial importance to focus on a specific target, resisting the temptation

to include more and more goals. In this regard, the EITI has repeatedly been requested to widen the focus beyond revenue transparency in the extractive sector to other sectors. Up to now the EITI Board has rejected these proposals arguing that it would possibly lose focus if it included all these extensions. *"Clear objectives"* are also seen by Ansell (2012, p. 506) as a major success factor for collaborative governance efforts. Furthermore, Lucke and Lütge (2011) underscore the importance of achievable goals. Working collectively towards a goal is a considerable challenge in itself. Therefore, self-set goals should be formulated as simple and realistic as possible to avoid later disappointment. Finally, Vincke (2012, p. 129) highlights that participants not only need a common goal but also a *"shared concern"*. For instance, they all need to comply with the provisions stipulated in the UK Bribery Act, which prohibits facilitation payments while at the same time operating in an international environment where those payments are widespread.

With regard to the cluster 'decision-making', scholars maintain that a broad public engagement in decisions is crucial for an initiative's success (Aaronson, 2011). This implies that they should not be seen as initiatives steered by a few experts or small elite. Rather, such anti-corruption initiatives should aim to garner broad support from the public by being transparent about their goals and decisions. Other researchers like Mena and Palazzo (2012), whose research focuses on legitimacy issues within governance initiatives, hold that procedural fairness and consensual orientation play an important role. By procedural fairness the authors refer to the fact that there are often power imbalances between different stakeholders taking part in CGIs. For instance, MNCs usually can exert greater influence on decisions than small local NGOs that lack the resources of MNCs. Therefore, CGIs need to find a way to neutralize these power imbalances as effectively as possible. Consensual orientation means that decision-making processes should generally be designed in a way that mutual agreement among participants is promoted. In like manner, Aiolfi and Bauer (2012, pp. 110 et seqq.) suggest that consensus-based decision-making will avoid the splitting of the group.

The fourth cluster is broadly termed 'governance structure' and encompasses a number of different success factors. Both, Hess, D. (2009) and Locke and Henley (2013), stress the meaning of flexible governance structures, which allow the initiative to evolve over time. In their view, it is essential that Coordinated Governance Initiatives are designed in a way that ensures initiatives can adapt to altered framework conditions. Apart from flexibility, transparency with regard to structures, processes, and results is another vital factor of success (Mena & Palazzo, 2012; Meyer zu Schwabedissen, 2008, p. 60; Pies et al., 2005, pp. 189 et seq.). Furthermore, governance structures of anti-corruption initiatives should be organized so as to provide incentives for cooperation (Petkoski et al., 2009). This implies according to order ethics theory that the self-interest of participants is channeled in a mutually beneficial manner (Homann, 2002a). Lucke and Lütge (2011) stress that the funding of a CGI needs to be ensured beyond the initial phase. Here, different models of funding have been found in anti-corruption initiatives. While some CGIs are financed primarily through membership dues (like the MACN), others are mainly funded by international donors (like the EITI). Apart from this, understanding the fi-

nancing of an initiative also provides insights into the goals of a CGI and the motivations of its participants.

'Monitoring and enforcement' makes up the fifth cluster. Locke and Henley (2013) point out that a monitoring system is indispensable for CGIs to work properly. Likewise, Geibler (2013), Lucke and Lütge (2011), and Mena and Palazzo (2012) advocate for appropriate monitoring and enforcement mechanisms to be implemented. Moreover, Petkoski et al. (2009, p. 817) explicitly state that *"Crafting proportional informal controls (e.g. monitoring, evaluations, and sanctions) and proper incentives to cooperative games across networks … are the lynchpins of successful collective action programs"*. Yet, which kind of monitoring mechanism is appropriate under which conditions remains unclear. In practice, there is a broad range of different monitoring approaches. Some initiatives rely on self-monitoring while others opt for external third-party monitoring. A topic closely linked to monitoring is sanctions. Wentzel (2003) claims that sanctions are a pivotal element of anti-corruption CGIs in order to enforce the self-imposed rules. Pies et al. (2005, pp. 187 et seq.) explain that only if rules are secured by effective sanctions, will there be the confidence among participants that every member will adhere to the self-imposed rules. However, since initiatives are largely voluntary, means of sanctioning are naturally limited. Most initiatives do not stipulate sanctions that go beyond the suspension of membership or, in grave cases, the termination of the membership.

The sixth cluster is labeled 'institutional framework'. Scholars such as Pies et al. (2005, p. 180) argue that Coordinated Governance Initiatives also require an effective legal framework. Hence, such initiatives are perceived as having a complementary, not compensatory function. In the same manner, Søreide and Truex (2013) underline the meaning of government support and a stable legal framework. Furthermore, an independent media is regarded as being essential because they can contribute to greater accountability of representatives not only from the public but also the private sector (Frynas, 2010). Lucke and Lütge (2011) talk of an 'enabling environment', which they deem necessary to make CGIs work, referring thereby to a strong institutional framework and a functioning jurisdiction. Finally, Søreide and Truex (2013) hypothesize that those initiatives operating in an environment that is characterized by a healthy competition among companies are more likely to be successful.

These clusters provide a first overview of potential success factors. There is some overlap between the clusters. For instance, clearly defined roles of participants can either be regarded as belonging to the first cluster 'participants' or to the 'governance structure' cluster. In a similar manner, success factors grouped under the cluster 'decision-making' could have been integrated in the cluster 'governance structure'. However, as several authors explicitly address the topic of decision-making, it has been decided to create a separate cluster.

Table 8 Success Factors Found in Literature (in chronological order of publication)

Author	Journal	Methodological Approach	Label of Initiative Used by Author(s)	Thematic Focus	Selected Success Factors
Hess, D., 2009	Journal of Business Ethics	Conceptual	Multi-stakeholder Initiative (refers among others to the EITI), New Governance Initiative	• Investigation into how the effectiveness of voluntary corporate anti-corruption programs could be increased by policy reforms	• Focus on specific target • Flexible governance structure: initiative's structure should allow the initiative to evolve over time
Petkoski et al., 2009	Journal of Business Ethics	Conceptual	Collective Action Program, Multi-sectoral Partnership	• Analysis of anti-corruption efforts of international organizations leveraging the power of the private sector • Discussion of the role and value of private sector partnerships	• Monitoring, evaluations, and sanctions • Incentives for cooperation
Frynas, 2010	Journal of Business Ethics	Empirical (qualitative)	Transparency Initiative, Governance Initiative (refers among others to the EITI)	• Analysis of CSR activities of companies in the oil and gas sector • Revenue transparency as a major governance challenge in the sector	• Independent media for greater accountability • Participation of civil society • Timing (bargaining power of external actors)
Lucke & Lütge, 2011	Ordo Journal	Empirical (qualitative)	Collective Action Initiative	• Investigation into the challenges of enforcing Collective Action Initiatives by reference to a private sector anti-corruption pact among pipe manufactures in Argentina • Identification of crucial factors for success	• Focus on achievable goals • Active participation of members • Involvement of external facilitators • Ensured funding of initiative • Credibility and integrity of participants • Monitoring and enforcement mechanisms • Enabling environment (strong institutional framework & functioning jurisdiction)

Author	Journal	Methodological Approach	Label of Initiative Used by Author(s)	Thematic Focus	Selected Success Factors
Aaronson, 2011	Journal of Public Administration & Development	Empirical (qualitative)	Public Private Partnership, Multi-sectoral Partnership (refers explicitly to the EITI)	• Assessment of the EITI, focusing on its weaknesses	• Shared vision of participants • Active participation of civil society • Broad public engagement in decisions
Mena & Palazzo, 2012	Business Ethics Quarterly	Conceptual	Multi-stakeholder Initiative	• Examination of conditions of a legitimate transfer of regulatory power from traditional democratic nation-state processes to private regulatory schemes • Identification of input and output criteria for legitimate multi-stakeholder initiatives	Input legitimacy: • Inclusion of all relevant stakeholders • Procedural fairness • Consensual orientation among participants • Transparency of structures, processes, results Output legitimacy: • Enforcement, i.e. ability of initiative to ensure that the rules are complied with
Locke & Henley, 2013	Overseas Development Institute Report	Empirical (qualitative)	Transparency Initiative (refers among others to the EITI)	• Assessment of a number of transparency initiatives in different sectors and attempt to transfer these findings onto a possible land transparency initiative	• Clear indicators of success and a monitoring system • Flexibility of initiative (evolve over time) • Continuous involvement of key stakeholders • Clear institutional structure with clear responsibilities at national and international levels
Søreide & Truex, 2013	Development Policy Review	Conceptual	Multi-stakeholder Initiative	• Investigation of the impact of multi-stakeholder groups in the natural resources sector	• Focus on specific target • Local stakeholders as initiators • Clearly defined roles of participants • Healthy competition between private sector stakeholders • Government support and stable legal framework

Apart from gaining first insights into potential success factors of anti-corruption initiatives, two other things have become apparent from studying the literature. First, there is no consistent labeling for initiatives. Terms vary to a high degree and labels like 'Public Private Partnership', 'Multi-sectoral Partnership', 'Multi-stakeholder Initiative', 'Transparency Initiative', 'Governance Initiative', 'New Governance Initiative', 'Collective Action Initiative', and 'Collective Action Program' are all found. Second, although a few success factors could be identified, there is only little empirical evidence with respect to the conditions for success of Coordinated Governance Initiatives. Many research papers are purely conceptual and the few empirical papers found cannot provide sufficient evidence of the effectiveness of these newly emerged governance initiatives. For example, Petkoski et al. (2009) hold that there is scant empirical evidence that is definitive and Søreide and Truex (2013, p. 205) add that *"the evidence base available does not yet allow for generalization"*. Consequently, Corrigan (2014, p. 28) argues that more qualitative studies are needed to find out more about success factors, which a quantitative approach cannot capture. The request for more qualitative research will be answered in this research project by conducting a qualitative multiple-case study that is expected to shed light on the so far under-investigated aspects of CGIs.

2.2.5   Empirical Basis for the Assessment of Anti-Corruption Initiatives

In the wake of increased efforts by international organizations such as the World Bank and the OECD to fight corruption globally, the demand for tools to measure corruption has been growing throughout the last two decades. However, a major impediment to measuring corruption lies in the fact that it is a so-called victimless crime. As opposed to other forms of criminality, the victims of corruption are often not easily identifiable because in many cases they do not even know they have fallen victim to corruption. Often the tax-payers or the public are the victims of corruption. In corrupt acts there are instead two offenders, the briber and the bribee, who have both an interest in keeping their doings a secret. Therefore, the overall extent of corruption cannot be measured directly, but is usually assessed through indirect means, for example through perceptions.

With reference to the assessment of corruption, one can roughly distinguish between three types: surveys exclusively oriented towards the measurement of corruption, surveys designed to assess governance (whereby corruption represents just one category), and crime statistics. Corruption surveys are one of the most frequently used instruments, with a wide variety among them. Some aim to capture the subjective opinions and perceptions of levels of corruption in a given country. Others attempt to evaluate the actual personal experience with corruption, i.e. if citizens have been asked to give a bribe or if they have voluntarily offered something to a public servant (UNDP, 2008, p. 8).

Instruments assessing governance attempt to measure *"the opposite of corruption"* (Rothstein, 2014), e.g. public accountability mechanisms or the quality of institutional frameworks (UNDP, 2008, p. 8). Finally, crime statistics, such as the BKA's annual sta-

tistics of criminal investigation proceedings of corruption ('Bundeslagebild Korruption') or the BKA's annual statistics of white-collar crimes ('Bundeslagebild Wirtschaftskriminalität') (BKA, 2016a, 2016b), show the number of cases that have become known to law enforcement authorities. However, since 95% of all corruption cases remain undisclosed (Schaupensteiner, 2003, p. 76) the validity of these statistics bears considerable limitations. Table 9 gives an overview of the selected sources of information for assessing corruption[50], indicating in an abbreviated form their strengths and weaknesses and providing a few examples for each category.

Although most of the statistics mentioned in the table below have become frequently used tools for policy makers – which is especially true for the Corruption Perceptions Index (CPI) and the Worldwide Governance Indicators (WGI) (UNDP, 2008, p. 6) – they have several limitations that make it at times problematic to rely on them as primary source of information. First, there is a lack of definitional consensus among researchers on the terms 'corruption' and 'governance' (Heller, 2009, p. 54; UNDP, 2008, pp. 6 et seqq.). For instance, most indicators claiming to measure corruption thereby refer to corruption in the public sector. However, there are a few indicators that also focus on private sector corruption (e.g. the Executive Opinion Survey by the WEF) or a combination of both (e.g. the WGI). Therefore, the surveys and indices presented here are comparable only to a very limited extent. Apart from this, some of the indicators are quantitative in nature while others combine qualitative and quantitative data (like Global Integrity's Global Integrity Report). Another factor which makes it difficult to compare the indicators is that some tools represent composite indices using aggregated data (e.g. the Executive Opinion Survey by the WEF) whereas others make only use of original data (e.g. the Global Corruption Barometer by TI).

Second, the data derived from corruption measurements tend to be directionally ambiguous (Johnsøn & Mason, 2013). For instance, increasing numbers of corruption cases can either imply that corruption has increased in a particular country or that the government has provided the prosecuting authorities with more and better trained staff so that they can work more effectively. More controls will certainly bring about an increased number of disclosed corruption cases at the beginning. The problem is that these rising numbers of corruption cases are normally not ascribed to intensified controls, but are contributed to higher levels of corruption (Pies & Sass, 2005a, pp. 374–378). Therefore, corruption measurement should be accompanied by the investigation of single cases of corruption and by the evaluation of research statistics that inform about how the public budget is spent, for example.

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50   For an exhaustive overview of corruption assessment instruments see the 'corruption assessment toolbox', a comprehensive database established by TI (2016b).

Table 9 Corruption Assessment: Overview of Different Sources of Information

Sources of Information	Strengths	Weaknesses	Examples
Corruption Surveys (perception- & experience-based)	• Provide broad perceived evidence of the level of corruption within a country (Hawkins, 2013, p. 43) • Allow for comparison between different countries • Allow for monitoring of corruption development over time	• Unreliable guide to the actual level of corruption • Tend to be susceptible to biases, e.g. 'home-country bias' (Lambsdorff, 2007, p. 23) • Rarely capture grand corruption (Hawkins, 2013, p. 43) • Susceptible to social desirability (Wolf, 2014, p. 31)	• TI's Corruption Perceptions Index (CPI) • TI's Global Corruption Barometer • WEF's Executive Opinion Survey (is part of the Global Competitiveness Report) • Business Environment and Enterprise Performance Survey by World Bank & European Bank for Reconstruction and Development
Good Governance Assessments	• Allow for cross-country comparison • Allow for monitoring of development over time	• WGI: Definition of the six primary indicators unclear (Wickberg, 2013) • Global Integrity Report: Coverage is not global; focus solely on public institutions (Wickberg, 2013)	• WBI's Worldwide Governance Indicators (WGI), esp. Control of Corruption Indicator (Kaufmann, Kraay, & Mastruzzi, 2009) • Global Integrity Report by the NPO Global Integrity
Crime Statistics	• Hard figures, provide real evidence of corruption	• Do not reflect actual overall extent of corruption • Difficult to interpret changes from one year to another (Wolf, 2014, p. 31)	• BKA criminal investigation proceedings of corruption statistics • BKA white-collar crime statistics • OECD Foreign Bribery Report

Third, most of these indicators tend to have a very broad scope. This broad approach, which allows for cross-country comparisons, is particularly beneficial for donors and the international investment community, who frequently rely on such indicators as a basis for decision-making (UNDP, 2008, p. 20). This makes them also valuable tools for advocacy purposes. For instance, TI obtains considerable media coverage with the publication of its annual CPI, which often leads to a wider debate among policy makers. However, those composite indices aggregating many component variables are less useful for evaluating the effectiveness of anti-corruption actions (Johnsøn & Mason, 2013, p. 2).

Similar to the difficulties in measuring corruption described above, difficulties also arise when trying to assess anti-corruption interventions such as CGIs. In particular, three problems are to be dealt with: First, it is necessary to determine what is meant by success with respect to anti-corruption initiatives. The absence of (new) corruption cases could be regarded as an indicator for success. Yet, the absence of corruption cases does not necessarily mean that there is no corruption, but can simply imply that it has not yet surfaced. Second, when evaluating Coordinated Governance Initiatives, it is important to be clear about what the participants' understanding of corruption in each initiative constitutes. The corruption problem in one initiative may be linked primarily to facilitation payments, which private sector actors of that industry branch attempt to dispose of. In another anti-corruption initiative the term 'corruption' may refer to a more systemic problem of dependencies between principals and contractors. Third, assessing the overall impact of CGIs proves difficult since most of them have come into existence not long ago. Hence, long-term benefits of the initiatives may have not yet taken effect (Corrigan, 2014, p. 18; Frynas, 2010, p. 168). However, as they are very complex initiatives, involving a number of different actors often from diverse societal spheres, it may take considerable time until effects of anti-corruption interventions begin to unfold.

Taking into account the previous statements and explanations on corruption measurement, it becomes evident that the assessment of the CGIs' impact is extremely difficult. Alternative measurement approaches are required. In particular, more contextual information is needed to be able to assess initiatives and identify conditions for success. Johnsøn and Mason (2013, p. 2) advocate in this regard *"prioritizing sensitivity to context over standardization"*. Since corruption is a complex and variable phenomenon, it exhibits different characteristics in different national, local or sector-specific settings. A more contextual and sensitive measurement approach is needed as a precondition for devising appropriate tools for reform. Moreover, the authors of 'A Users' Guide to Measuring Corruption' remind us that *"to paint a picture of corruption, … multiple sources* [that is] *quantitative data, qualitative narrative analysis, and real-life case studies* [are needed]*."* (UNDP, 2008, p. 3).

This legitimate claim is considered in the research design of this empirical study. The present research project concentrates primarily on identifying potential success factors using qualitative data analysis as a first step in investigating CGIs[51]. An explorative em-

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51 The next step in investigating Coordinated Governance Initiatives would then be to measure their impact using more quantitative methods. However, this will not be part of the research project.

pirical study will be conducted, analyzing the newly emerged governance phenomenon as a whole. It is expected that this will contribute to gain insights into how and under what conditions Coordinated Governance Initiatives work properly. Easton's cause-effect relation model, which suggests three dimensions of effectiveness – output, outcome, and impact – illustrates the thematic priority of the research project (Easton, 1979).

As indicated in figure 5 direct effects can be subsumed under the category 'output', whereas 'impact' refers to the long-term effects of an initiative. Of most importance for the present dissertation are the medium-term effects (encircled in figure 5), thus the 'outcome' or 'effectiveness'.
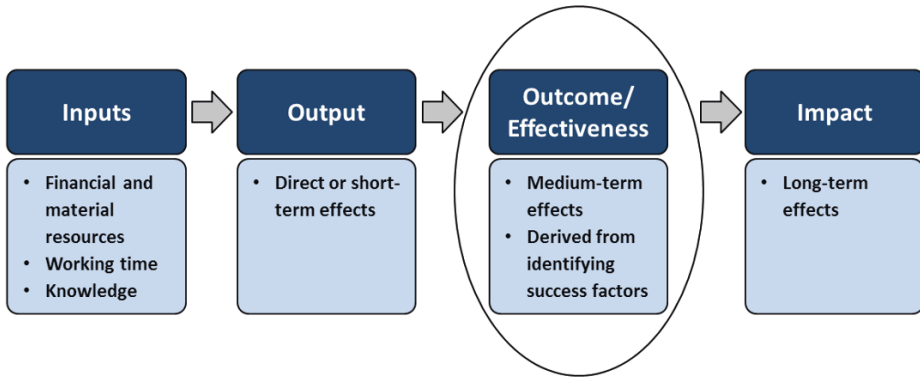
Figure 5   Cause-Effect Relation Model
Source: Adapted from Easton (1979)

2.3   Summary

In spite of increased efforts by the international community in recent years, corruption is still rampant in many countries around the world. Corruption is still a major threat to the rule of law, democracy and human rights, fairness and social justice. It hinders economic development and threatens not only the stability of democratic institutions but also the moral foundations of society.

From a theoretical point of view, corruption can be conceptualized in a number of different ways. This research project follows a pragmatic approach by using three models each of which emphasizes a different aspect of the multi-layered phenomenon. Corruption has been conceptualized as a principal-agent problem, as a collective action problem, and as a problem of deficient framework conditions (order ethics approach). It is assumed that the view from these different angles provides a relatively comprehensive understanding of corruption. In the first conceptualization of corruption as a principal-agent problem, individuals' calculations about whether or not to engage in corruption and information asymmetries between principal and agent play a central role. Accordingly, corruption is

modeled as an act involving three players. The agent, who is granted special discretionary power by signing a contract with the principal, acts and decides contrary to the rules stipulated in the contract, and receives a service in return by the client, who benefits from the agent's breach of a rule. In a prototypical corrupt act, the client represents the business sector side, whereas the agent and the principal belong to the public sphere. Correspondingly, this definition implies that corruption occurs at the interface of the public and the private sphere.

The conceptualization of corruption as a collective action problem extends the previous model and concentrates on the role of the client. The focus is shifted from the demand-side, i.e. the public officials demanding bribes, towards the supply-side of corruption, hence the companies considered as potential bribe payers. From this perspective, the inherent coordination problem for companies becomes evident. Companies acting in a corrupt environment find themselves in a prisoners' dilemma, from which they cannot escape by their own (Lucke & Lütge, 2011). Individually rational choices (i.e. to bribe) lead to a collectively bad outcome. All actors would gain from abstaining from paying bribes, but they cannot make credible commitments to do so. Such a dilemmatic situation can only be resolved by coordinated anti-corruption efforts, for example by means of Coordinated Governance Initiatives. To sum up, it is only through this latter conceptualization that the importance of involving companies in the fight against corruption becomes fully apparent.

Apart from those two actor-centered approaches, the overall framework approach of order ethics is taken into consideration. Order ethics is an ethical conception which emphasizes the significance of an institutional framework and rules for implementing ethics (Lütge, 2012c). Problematic phenomena such as corruption are not attributed to immoral preferences or motives of individuals, but to defects in the order framework (Lütge, 2007). The central question of order ethics is how moral concerns can find recognition under competitive conditions. Order ethicists propose to design the order framework in a way so that adherence to rules is beneficial for self-interested individuals (Lütge, 2015a). This implies that ethical behavior is incentivized, while unethical i.e. corrupt behavior is rendered costly. Actors then comply with norms out of self-interest, and ethical behavior is induced indirectly, rather than through directly appealing to moral behavior (Homann, 2007; Lütge, 2015a).

Although there is broad empirical evidence concerning the various negative effects of corruption, both on the macro and the micro level, it is still difficult to quantify these effects. Most empirical studies that take on a macro perspective address corruption either in relation to regulation or to public decisions on investment. They hold that corruption may cause distortionary regulation and hamper competition (Ades & Di Tella, 1999; Djankov et al., 2002) and that it may distort public expenditure decisions, as well as lower domestic investment and FDI. The numerous negative effects of corruption have also been demonstrated from a company perspective. The short-term advantages for companies, e.g. the winning of big contracts by employing corrupt practices, are likely to be superseded by a number of disadvantages: First, companies face high transaction costs that arise from the necessity to keep corruption a secret. Second, companies are threatened by reputational

losses and drastic monetary sanctions if the corrupt practices are revealed. Third, the mere amount of money paid in form of a bribe poses a financial burden to the company. Therefore, it is also in the interest of companies to actively engage in anti-corruption strategies.

In this study corruption is construed as a transnational governance challenge, which requires joint efforts of nation-states. The intensified international cooperation in this regard is reflected by the adoption of a number of important international conventions throughout the last two decades, starting with the OECD Anti-Bribery Convention in 1997, followed by the Council of Europe Criminal Law Convention in 1998 and the Council of Europe Civil Law Convention in 1999. This development finally culminated in the adoption of the UNCAC in 2003, which claims to be the first globally binding treaty on combating corruption under international law. Until recently, international efforts to counter corruption have mainly been made up of these government-centric approaches. However, as they primarily followed a punitive approach, which consisted to a great extent in merely tightening anti-corruption regulations, they have not resulted in a significant decrease of corruption. To the contrary, the so-called corruption paradox, according to which *"Corruption is universally disapproved, yet universally prevalent"*, holds true even more than a decade after it was formulated by Hess and Dunfee (2000, p. 595).

One reason for the meager results of the worldwide anti-corruption efforts is that, in light of globalization, a shift in regulatory power from nation-states to private actors is observed. As a consequence, the nation-states' regulatory capacity declines and governance gaps occur. On the other side, MNCs gain a more prominent role through globalization. This is reflected in their assuming greater responsibility for business activities, thus filling the governance gap, e.g. through actively engaging in soft law approaches. Soft law approaches have a complementary function to hard law and are considered more flexible and faster in the implementation. They are based on the voluntary commitment of participants, whereby governments often assume an orchestrating function. The five soft law approaches presented illustrate in particular how the roles of the state and the private sector have changed by putting special emphasis on the initiating institutions of the guidelines and the degree to which business and other non-state actors were involved in drawing them up. The OECD Guidelines for Multinational Enterprises, the ICC Rules on Combating Corruption, the UNGC, the GRI Guidelines, and the TI Business Principles for Countering Bribery all have in common that they are cross-sector approaches. Some of them have a wider sustainability focus; others have a clear focus on anti-corruption. The conventions and treaties ('hard law') and the soft law approaches together roughly build the international anti-corruption framework.

The recent emergence of Coordinated Governance Initiatives can be seen as a continuation of the general shift in global regulatory power. Had the private sector previously been solely the target of regulatory anti-corruption efforts, it has now gained a more important role, in which it contributes actively to shaping the global anti-corruption framework. CGIs are a new form of a collaborative arrangement, consisting of either purely private or public-private initiatives. They are non-binding voluntary initiatives in prisoners' dilemma situations. Coordinated Governance Initiatives are a dynamic, network-like approach,

within which a range of different joint activities take place, all with the aim of finding an answer to a collectively identified governance problem. They represent a rather heterogeneous group of anti-corruption initiatives, but they share four core principles: the central role taken up by private actors, the decentralization of regulatory authority, the voluntary nature, and the collective action approach which increases the impact and credibility of individual action. As such, they represent a promising approach to counter corruption more effectively insofar as they take into account the inherent collective action problem and focus on prevention and incentives.

CGIs materialize in cross-sector or sector-specific initiatives. In the present study only sector-specific initiatives are the subject of further analysis. This limitation is justified on the following grounds. First, some sectors are – for structural reasons – more vulnerable to corruption than others. Therefore, it seems useful to examine initiatives that target corruption in those particularly corruption-prone sectors. Second, sector-specific CGIs bring together competitors, often along with other stakeholders such as civil society organizations. Under competitive conditions, companies find themselves in a typical prisoners' dilemma situation. They can only escape this dilemma if they succeed in changing the rules of the game. Sector-specific Coordinated Governance Initiatives are a competitive-neutral institutional arrangement suitable to overcome this dilemma situation by leveling the playing field among competitors. Third, sector-specific CGIs take into account the contextualization of anti-corruption interventions called for by a number of anti-corruption scholars. Particularities of a sector can be better taken into consideration. As corruption is a complex and variable phenomenon the chances to effectively tackle corruption are greater if this happens within a particular sector, where corruption occurs as a relatively homogeneous phenomenon.

As there is no consistent labeling for initiatives, a classification scheme which takes account of the wide variety of different anti-corruption initiatives has been developed, based on an earlier classification system of Collective Action Initiatives proposed by the WBI. The 15 Coordinated Governance Initiatives presented have been classified according to this refined classification matrix, encompassing three different levels of institutionalization and three levels of enforceability. The majority of these initiatives were founded within the last five years. Some of them have already gathered over 100 companies, others have just a handful of participants. They all pursue the purpose of combating corruption in their industries, but with slightly different foci: Some concentrate on creating more transparency, others on fostering company values, yet others on compliance with rules and a well-established compliance program. In preparation for the empirical study, a brief literature review has been conducted which provided first insights into where to look for potential success factors in the multiple-case study. Six clusters of success factors around participants, goals, decision-making, governance structure, monitoring and enforcement, and institutional framework were identified. These clusters will serve as a basis for the qualitative in-depth analysis.

In the wake of increased international anti-corruption efforts by international organizations such as the World Bank and the OECD, the demand for tools to measure corruption

has been growing throughout the last two decades. However, a major impediment to meas-
uring corruption lies in the fact that it is a so-called victimless crime. As regards the as-
sessment of corruption, it can be roughly distinguished between three types: surveys that
are exclusively oriented towards the measurement of corruption, surveys that are designed
to assess (good) governance, and crime statistics. TI's Corruption Perceptions Index or
the Worldwide Governance Indicators published by the WBI are well-known examples of
corruption assessment tools. All of these approaches have their particular strengths and
weaknesses.

Similar to the difficulties in measuring corruption, evaluating anti-corruption interven-
tions such as CGIs also poses a number of problems. First, it is necessary to determine
what is meant by success with respect to anti-corruption initiatives. Second, it is important
to be clear about what the participants' understanding of corruption in each initiative con-
stitutes, as the corruption phenomena vary from grand corruption to facilitation payments
to other forms of corruption. Third, assessing the overall impact of CGIs proves extremely
difficult since most of them have come into existence not long ago. For all these reasons,
alternative measurement approaches are badly needed. In particular, more contextual in-
formation is required to be able to evaluate initiatives and identify conditions for success,
as corruption is a complex and variable phenomenon, which has different characteristics
in different national, local or sector-specific settings. This study concentrates primarily
on identifying potential success factors using qualitative data analysis as a first step in
investigating CGIs. The methodological approach taken to sample, collect, and analyze
the qualitative data is described in detail in the subsequent chapter.

METHODOLOGICAL APPROACH

<div style="text-align:right">**3**</div>

3.1 Problem Statement and Research Aims

The body of knowledge regarding CGIs is still small, particularly concerning the assessment or evaluation of their success or their effectiveness. The need to further study those initiatives is expressed by a number of scholars: Lucke and Lütge (2011) state that the collective anti-corruption efforts have not been in the focus of research. Frynas (2010) adds that only few studies on Coordinated Governance Initiatives have been carried out as they are a relatively recent phenomenon. Moreover, this *"new brand of governance … raises challenging empirical questions",* as Petkoski et al. (2009, p. 820) note. Klitgaard (2012, p. 57) explicitly hints at case studies as a method of evaluation that could possibly provide valuable insights into these collaborative initiatives against corruption.

These gaps perceived by different authors and confirmed by the own literature review are the starting point for the present study. In an attempt to identify potential success factors for these newly emerged anti-corruption initiatives, the issue of effectiveness of CGIs is addressed under the leading research question 'What are success factors of sector-specific Coordinated Governance Initiatives that aim to curb corruption?'. The literature review, in which six clusters of potential success factors have been found, allowed splitting up this broad research question into four refined questions (see figure 6).

The clusters 'participants' and 'goals' have been subsumed under the question 'Which stakeholders are involved in the CGI and which objectives does the CGI pursue?'. It concentrates on the actors participating in the CGIs. The clusters 'decision-making' and 'governance structure' have been addressed in the sub-question 'How are decisions made and what does the CGI's governance structure look like?'. This question focuses more on the organizational processes within initiatives, thereby addressing an important research gap identified by Rasche (2012, p. 680). The sub-question 'How are self-imposed rules enforced and monitored?' has emerged from the cluster 'monitoring and enforcement'.

Similar to the aforementioned question it covers organizational processes. Finally, the sub-question 'How and to what extent does the institutional framework affect CGIs?' has been derived from the last cluster 'institutional framework'. This last question refers to the framework conditions that need to be met in order for initiatives to work properly. However, these factors can be influenced by the CGIs' participants only to a limited extent.
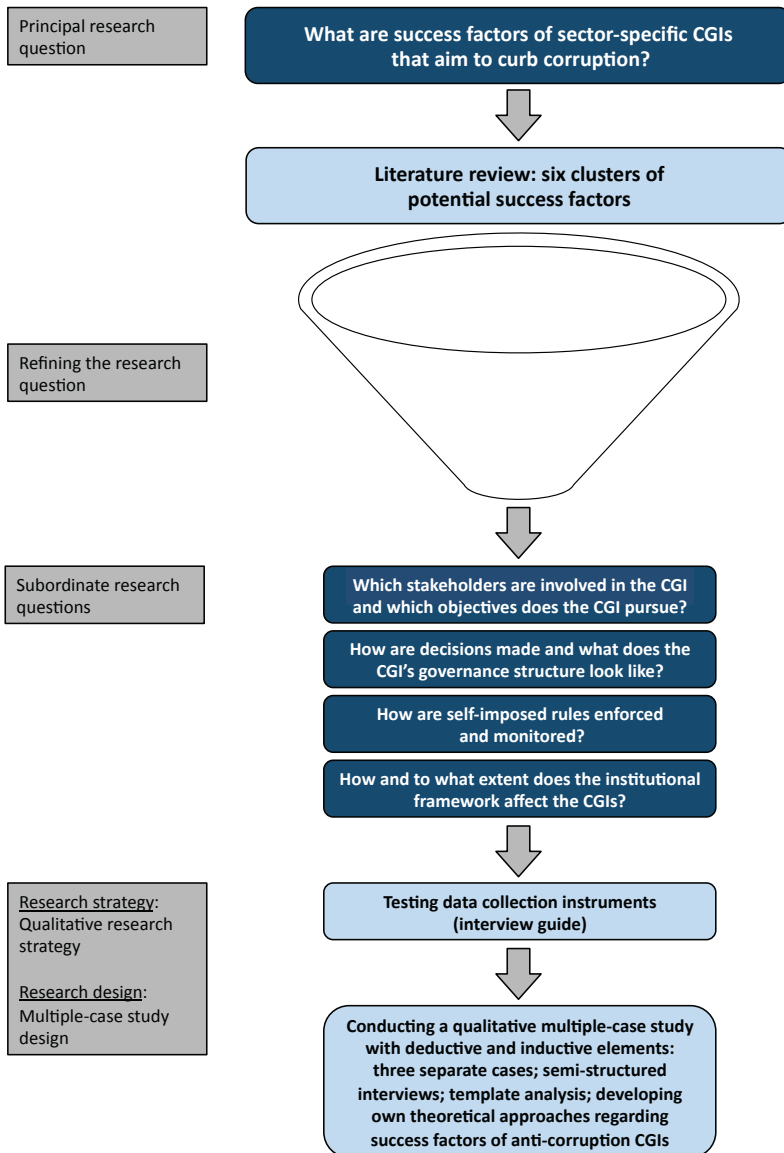
Figure 6   Funnel Model of the Research Process

Source: own representation

3.2   **Research Paradigm and Strategy**

"Nothing is more fundamental in setting our research agenda and informing our re-search methods than our view of the nature of …human beings …" (Simon, 1985, p. 303). This statement by Herbert Simon is valid until today. The way we see the world and science in particular influences the way we conduct research. The world view adopted by the researcher has methodological implications. It influences not only the broad research strategy but also the research design and the method of data collection (Bryman & Bell, 2015, pp. 19–43).

A qualitative research strategy is applied to address the main research question and the four subordinate questions. Qualitative research offers the advantage that it attempts to describe and understand human interactions, meanings, and processes in real-life organizational settings (Gephart, 2004). The qualitative research strategy is in line with the contingency model of methodological fit by Edmondson and McManus (2007), which postulates an internal consistency among elements of a research project, i.e. the research question, the research design, and the theoretical contribution. The shaded area in figure 7 illustrates which research approach is appropriate given the respective state of the theory (nascent, intermediate or mature). According to this contingency model of methodological fit, qualitative research approaches are particularly useful in nascent or emergent fields of research. As the body of literature regarding CGIs is small, this field of research is regarded as an emergent one.
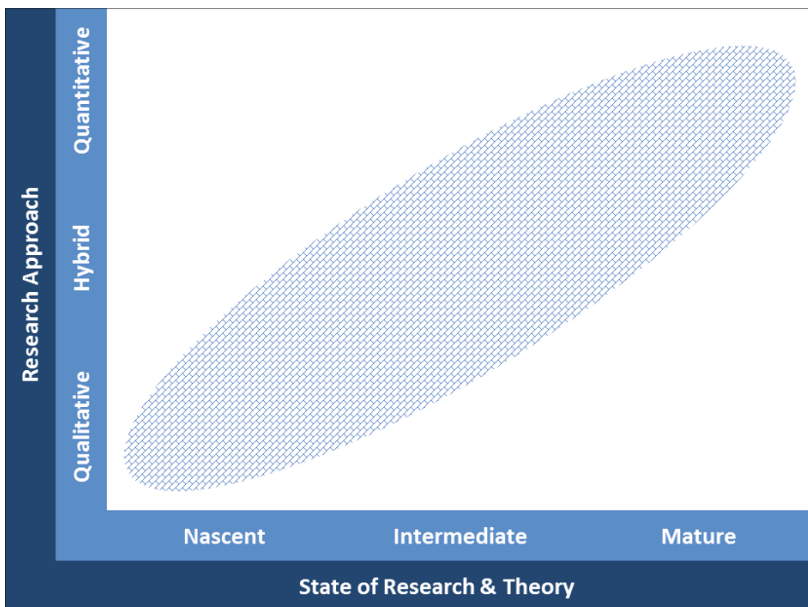
Figure 7   Contingency Model of Methodological Fit

Source: Adapted from Edmonson and McManus (2007, p. 1168)

The authors have identified a number of important features of field research in emergent research areas (Edmondson & McManus, 2007, pp. 1160 et seqq.). First, research questions tend to be more open-ended and aim to shed light on a novel phenomenon. Second, the typical method of data collection is interviews. Third, the primary goal of the data analysis is to identify pattern (rather than to test formal hypotheses). Fourth, thematic analysis is typically used as a method of data analysis (rather than standard statistical analyses). Finally, the theoretical contribution is described as a suggestive theory containing newly developed constructs (rather than new formal measures to support existing theories).

The research strategy is embedded in a primarily interpretivist or constructivist research paradigm[52], which is understood as a basic belief system or a worldview that guides the investigator and that is based on ontological, epistemological, and methodological assumptions (Guba & Lincoln, 1994, pp. 105; 107).

The interpretivist-constructivist paradigm has several ontological implications, i.e. implications that touch upon the question what the nature of reality is (Creswell, 2013, p. 21). In the author's view, reality is to a great extent socially constructed. There is not one reality as proclaimed by proponents of positivism, but there are multiple realities, which are dependent on the individual and his lived experiences. This ontological stance can be labeled as relativism (Guba & Lincoln, 1994, p. 109): Knowledge is constructed through lived experiences and through interactions with other members of society. As such, it is important for the researcher to interact in the research process with the subjects to ensure that knowledge is produced which is reflective of the reality of the subjects being researched (Lincoln, Lynham, & Guba, 2011, p. 103).

Epistemology in turn deals with the relationship between the researcher and that being researched (Creswell, 2013, p. 21) or, as Bryman and Bell (2015, pp. 26 et seq.) put it, epistemology is about the question what is or should be regarded as scientific knowledge in a certain discipline. In line with the relativist ontological stance adopted, the author takes a rather subjectivist epistemological stance. Researcher and that being researched are fused into a single entity. Findings are the creation of the process of interaction between the two (Guba, 1990, p. 27). This can also be labeled as transactional perspective. Meaning is constructed based on the interactions with the surroundings, thereby assuming that the researcher cannot separate himself or herself from his or her prior knowledge. People are shaped by their lived experiences, and these will always come out in the knowledge that is generated by researchers and in the data generated by the subjects being studied (Lincoln et al., 2011, p. 104). This posture effectively challenges the conventional distinction between ontology and epistemology since what can be known is intertwined with the interaction between a particular researcher and a particular object of analysis (Guba, 1990, p. 26; Guba & Lincoln, 1994, pp. 110 et seq.). This fusion is illustrated by the dashed line

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52   The four remaining inquiry paradigms linked to qualitative research – positivism, post-positivism, critical theory, and the participatory paradigm (Lincoln, Lynham, & Guba, 2011, pp. 100 et seqq.) – are thus not taken into account.

in table 10, which summarizes the most important features of the constructivist-interpretivist research paradigm adopted in this study.

Methodology is defined as the process of research (Creswell, 2013, p. 21) or the process of how we seek new knowledge, the principles of our inquiry and how inquiry should proceed. When applying an interpretivist-constructivist research paradigm, the aim of inquiry is to understand and reconstruct the constructions that people initially hold, aiming towards consensus, but still being open towards new interpretations (Guba & Lincoln, 1994, p. 113). Therefore, naturalistic inquiry methods such as interviews are employed as the primary data collection instrument. In order to discern the multiple perspectives on the phenomenon of CGIs, different groups of interlocutors are interviewed in each of the three cases (see chapter 3.5). The researcher is regarded as an orchestrator and facilitator of the inquiry process, in which the findings are generated by interpreting the subjective perceptions of the interviewees (Guba & Lincoln, 1994, p. 114). Thus, by entering into a dialog with those being studied findings are co-created. The process of co-creation is additionally promoted by taking back the findings from the interviews to the interviewees, a method called respondent feedback (King & Horrocks, 2010, p. 163).

Table 10   The Constructivist/Interpretivist Research Paradigm

Constructivist/Interpretivist Research Paradigm	
Ontology	• Social scientists aim to comprehend the subjective meaning of social action (Bryman & Bell, 2015, pp. 28–32). • Reality is constructed intra-subjectively and inter-subjectively through the meanings and understandings garnered from our social world (Angen, 2000). • All meanings are contextual (Brand, 2009, p. 433); co-constructed realities (Lincoln et al., 2011, p. 98). • The philosophical belief that people construct their own understanding of reality; we construct meaning based on our interactions with our surroundings (Lincoln & Guba, 1985).
Epistemology	• Human interpretation is the starting point for developing knowledge about the social world (interpretivism) (Duberley, Johnson, & Cassell, 2012, p. 21). • Findings are due to the interaction between the researcher and the subject; co-created findings (Lincoln et al., 2011, p. 100). • Assumes that we cannot separate ourselves from what we know. The investigator and the object of investigation are linked such that who we are and how we understand the world is a central part of how we understand ourselves, others, and the world (Guba & Lincoln, 1994).
Methodology	• Interpretivist approaches rely mostly on naturalistic methods such as interviewing, observation, and analysis of documents (Angen, 2000). • These methods ensure an adequate dialog and interaction between the investigators and those being researched. • Generally, meanings are emergent from the research process (Angen, 2000). • Typically, qualitative methods are used (Bryman & Bell, 2015, p. 38).

Qualitative research can be systematically evaluated only if its criteria and procedures are made explicit. Since the research paradigm adopted in this empirical study reflects an

interpretive-constructivist approach, it does not appear to be appropriate to simply apply the standard criteria of quantitative research as authors in the positivist tradition (Gibbert & Ruigrok, 2010; Gibbert, Ruigrok, & Wicki, 2008; Yin, 2014) have suggested. It neither appears wise to reject the use of quality criteria entirely as some postmodernists do (King & Horrocks, 2010, p. 161). Using alternative sets of quality criteria, e.g. the trustworthiness and authenticity criteria by the constructivists Lincoln and Guba (1994; 1985), proves also to be difficult, not least because there is no general agreement as to which of these alternative criteria[53] to use in qualitative research (King & Horrocks, 2010, p. 160). Therefore, a middle way between a realist and a constructivist position has been chosen that takes into account the two central aspects of credible qualitative research: reliability and validity. Reliability deals with the replicability, i.e. whether other researchers *"could repeat the research project and come up with the same results, interpretations, and claims"* (Silverman, 2014, p. 83). Validity is *"the extent to which an account accurately represents the social phenomena to which it refers"* (Hammersley, 1998, p. 62).

As paying meticulous attention to these quality criteria is an essential characteristic of good research, the techniques used to enhance validity and reliability have been elucidated throughout the empirical study. As a general rule, validity and reliability can only be judged if the researcher provides the reader with a very detailed account of the context within which the empirical study took place and a thorough description of the procedures from the beginning to the end (Brink, 1993). This is referred to as 'thick descriptions', a term first used by Geertz (1973). Thick descriptions have been used throughout the entire study, especially in the data collection and data analysis phase.

3.3   Research Design: Multiple-Case Study Design

A multiple-case study design has been chosen to answer the research question. Case studies focus on understanding dynamics within single settings (Eisenhardt, 1989, p. 534) and provide rich and detailed findings about social processes and dynamics (Atteslander, 2010, pp. 57 et seqq.). They are defined as empirical inquiries that study a contemporary phenomenon (here CGIs, a special type of anti-corruption initiatives) in depth and within its real-world context, *"especially when the boundaries between phenomenon and context may not be clearly evident"* (Yin, 2014, p. 16). Hence, case studies focus on phenomena where the unit of analysis and its context cannot be completely separated from each other (Yin, 2014). Case studies typically combine multiple sources of evidence, for example archives, interviews, and observations (Eisenhardt, 1989). This is in line with the research paradigm adopted in this empirical study, as these methods of data collection represent

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53   Other alternative quality criteria for qualitative research include but are not limited to the communicative validity criterion and the pragmatic validity criterion developed by Kvale and Brinkmann (2015, pp. 241 et seqq.).

naturalistic methods, which are particularly used when taking on an interpretivist stance (Angen, 2000).

Case studies are apt primarily to answer 'how' or 'why' research questions, like the second, third, and forth subordinate question of this research project. They are also used to answer 'what' questions if these questions are exploratory in nature (Yin, 2014, pp. 10–12). This is the case with regard to the main research question 'What are success factors of sector-specific Coordinated Governance Initiatives that aim to curb corruption?'. The present study is classified as an exploratory descriptive case study, rather than a confirmatory study since the exact parameters of the phenomenon CGI are not known to the researcher. In this case, open-ended devices, such as open-ended questions in the interview guide, are more appropriate (Miles et al., 2014, pp. 39 et seq.).

This case study is not only exploratory in nature, but it is also a multiple-case study. Multiple-case studies usually yield more robust and generalizable results than single case studies because they typically provide a stronger base for theory building than when conducting a single case study (Eisenhardt & Graebner, 2007).

Case studies are frequently used when attempting to develop theory inductively (theory building from cases). However, the use of an inductive approach has to be justified accordingly. Eisenhardt and Graebner (2007, p. 26) note that both theory-driven and phenomenon-driven research questions are appropriate for inductive case research. The main research question in this empirical study is broadly scoped and therefore phenomenon-driven. The aim of the study is to analyze CGIs as a new phenomenon in all its facets. Therefore, a primarily inductive case study, albeit with some deductive elements will be conducted. This is also in line with the qualitative research strategy that has been chosen for the present research project. The research strategy adopted affects the type of case study approach used: When the research strategy is mostly qualitative, the case study usually takes an inductive approach (Bryman & Bell, 2015, pp. 68 et seq.) or, as Bitektine (2008, p. 161) puts it, there is a tight coupling of the inductive approach with qualitative research methods.

3.4   Purposive Sampling: Case Selection

The empirical study focuses on success factors of Coordinated Governance Initiatives. Hence, the units of analysis in this case study are sector-specific CGIs. Unlike in quantitative research where random sampling is the norm, in qualitative research sampling is rather purposive (Miles et al., 2014, pp. 31 et seq.). Cases are selected according to their expected level of new insights for the developing theory. It is about the relevance of the cases, not about their representativeness (Flick, 2014, p. 173).

In multiple-case designs replication logic is employed for sampling (Eisenhardt & Graebner, 2007; Yin, 2014, pp. 57 et seqq.): Cases are selected for the likelihood that they will offer theoretical insights, thus contributing to theory development. Multiple cases are chosen for theoretical reasons such as replication, extension of theory, contrary

replication, and elimination of alternative explanations (Eisenhardt & Graebner, 2007, p. 27). As indicated in figure 1 in chapter 1, the process of data collection resembles a cycle: The first case is selected and analyzed. Then a second case is selected so as to replicate or extend emerging hypotheses generated from the first case. The third case is again selected based on theoretical considerations with the aim of making the emerging theory more robust. The researcher moves back and forth between the case data in order to decide which case could bring additional new insights or replicate findings already made. This replication logic is essential for building theory from cases (Eisenhardt & Graebner, 2007). Silverman (2014, pp. 97 et seqq.) refers to this procedure as constant comparative method, a method that enhances the validity of results as the researcher attempts to find other cases through which to test an emerging hypothesis.

Coyne (1997, p. 623) states that *"In qualitative research sample selection has a profound effect on the ultimate quality of the research"*. Therefore, the sample has been carefully selected according to the so-called maximum variation sampling technique. This type of sampling, also called heterogeneity sampling, is used to achieve a great variety of cases that include features as different as possible from each other (Patton, 2002, pp. 234 et seq.). The three dimensions taken into consideration for this study together with the respective characteristics a dimension may adopt are shown in table 11.

Table 11   Maximum Variation Sampling Dimensions

Dimension	Characteristics		
Participants Involved	Business	Business, but collaboration with other key stakeholders	Multi-stakeholder
Focus of Corruption Prevention	Demand-side	Supply-side	Supply- and demand-side
Geographical Coverage	Local	National	Global

The first criterion refers to the participants involved in the Coordinated Governance Initiatives. Owing to accelerated globalization processes, the private sector (and especially business) is no longer only the target of regulatory anti-corruption efforts, but becomes itself an active partner in the fight against corruption[54]. The configuration of stakeholders within initiatives varies. Some governance initiatives are exclusively business-driven, others are business-driven, but collaborate to a certain extent with other public and private stakeholders, and others follow a multi-stakeholder approach, in which – along with the business sector – government representatives and members of civil society are equally represented.

The second criterion deals with the focus of corruption prevention and whether this focus is mainly on the demand-side, mainly on the supply-side or if both aspects are taken into account in the CGI. As explained in chapter 2.1.4, a focus of anti-corruption

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54   See chapters 2.2.1 to 2.2.3, where this development has been outlined.

interventions on the demand-side implies that corruption is conceptualized as a principal-agent problem (Dixit, 2013). The question of how best to reduce the discretion of the one demanding or receiving the bribe (the agent) is central here. By contrast, when conceptualizing corruption as a collective action problem, the focus shifts to the supply-side of corruption, i.e. the companies or individuals paying bribes (Dixit, 2013).

The third criterion refers to the geographical coverage of anti-corruption initiatives. Has the initiative a mainly local, national or global orientation? Corruption is a global or transnational governance challenge (Rasche, 2012; Scherer & Palazzo, 2008, p. 423). As such, one may think that the best way to tackle a global issue is through a global anti-corruption initiative. However, Mungiu-Pippidi (2013, p. 113) and Hough (2013, p. 30), among others, have indicated that one difficulty of fighting corruption lies in the lack of contextualization of anti-corruption efforts. Contextualization may be harder to achieve through global initiatives than through local or national ones. Although in the present study the focus is on global initiatives, it was sought to create a sample of CGIs that reflect this variety to a certain extent.

Apart from these three maximum variation sampling criteria, a fourth sampling criterion has been used which applies to all three cases in equal manner: the susceptibility of sectors to corruption. Those anti-corruption initiatives that target especially corruption-prone industries have been included into the multiple-case study. Three of the most affected industries considering how often companies from these industries were sanctioned for foreign bribery are: the extractive sector (19% of all companies sanctioned were from this sector), the construction sector (15%), and the transportation and storage sector (15%) (OECD, 2014, p. 22). According to these four sampling criteria, three anti-corruption initiatives have been selected for the present study, as shown in table 12.

Table 12   Selected Cases for the Empirical Study

Initiative	Sector	Website
EMB Ethics Management of the Bavarian Construction Industry	Construction Industry	http://www.bauindustrie-bayern.de/emb.html
Extractive Industries Transparency Initiative (EITI)	Extractive Industry	http://eiti.org/
Maritime Anti-Corruption Network (MACN)	Transport Industry	http://www.maritime-acn.org/

Table 13 below exhibits the sampling profiles of the three cases. Since it was the aim of this research project to create a sample as heterogeneous as possible, the three initiatives' sampling profiles vary significantly as depicted in the different patterns. The maximum variation sampling strategy has been followed with regard to the criterion 'participants involved': The EMB is clearly business-driven, the MACN is mainly business-driven, but maintains some collaboration with key stakeholders like governments and international organizations, and the EITI is a typical multi-stakeholder initiative. Although the EMB also cooperates with academia, it has been classified as business-driven since this stake-

holder is regarded as being less important to the EMB compared to the role that stakehold-ers play for the MACN. The EITI in turn brings together stakeholders of three different societal sectors, i.e. representatives of the public sector, the business sector, and the civil society[55].

Regarding the dimension 'focus on corruption prevention', the EITI is classified as having a focus on the supply-side of corruption as well as on the demand-side. Pieth (2012, p. 10) notes that the EITI was the first initiative to take into account not only the supply-side (usually the companies) but also the demand-side of corruption (usually public officials). Within the EITI, this is achieved by obliging both the governments and the companies to disclose their revenues/payments. The MACN is classified as having the same focus as the EITI. However, things are not as clear as in the EITI case. The taking into account of both sides only becomes visible in the context of the MACN's local collective action initiatives. Apart from that, its focus of corruption prevention is more on the supply-side. As MACN interviewees have put great emphasis on the local collective actions it has been decided to classify the CGI as displayed in table 13. The EMB has a clear focus on the supply-side, in that this CGI encourages member companies to implement a value management system that explicitly prohibits every form of corruption.

With regard to the dimension 'geographical coverage', two initiatives, the EITI and the MACN, are categorized as global initiatives, whereas the EMB started as a regional initiative in Bavaria and evolved into a primarily national initiative that has lately gained some international member companies. This makes it a primarily national initiative with international ambitions. Although being global in nature, both the EITI and the MACN have established a governance architecture which allows them to pursue the goal of curb-ing corruption on a more regional level concurrently, as is illustrated in chapter 4.

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55   Although in light of globalization the private sector, especially MNCs, have become quite ac-tive in recent years in countering corruption, often in the context of business-driven initiatives, EITI is an example for an initiative where the state remains an important player. This is owing to the distinctive features of the extractive sector, in which the EITI operates. In the extractive industries, state involvement has been traditionally high as business frequently partners with state agencies (e.g. via joint ventures) to further the exploration of mineral (often state-owned) resources (Baumann-Pauly, Nolan, Heerden, & Samway, 2016).

Table 13 Sampling Profiles of the Three Cases

Dimension	Characteristics		
Participants Involved	**Business**	**Business, but collaboration with other key stakeholders**	**Multi-stakeholder**
	EMB	MACN	EITI
Focus of Corruption Prevention	**Demand-side**	**Supply-side**	**Supply- and demand-side**
		EMB	EITI / MACN
Geographical Coverage	**Local**	**National**	**Global**
		EMB	EITI / MACN

3.5   Data Collection: Interviews and Documents

In the present study, semi-structured interviews have been combined with document analysis. This is considered as a typical procedure of data collection in case studies (Eisenhardt, 1989). Semi-structured interviews represent a middle way between structured and open interviews and incorporate both open-ended and more theoretically driven questions (Galletta, 2013, p. 45). They have a predefined general topic, specific issues, and questions arranged ex ante in a specific order. Yet, questions and answers are not standardized. Semi-structured interviews are a good way of guiding the interviewee through the conversation while at the same time still being open enough to allow for new aspects to be introduced which the researcher has not been aware of previously.

Although interviews are regarded as a *"highly efficient way to gather rich, empirical data"* (Eisenhardt & Graebner, 2007, p. 28), two potential problems need to be kept in mind when conducting interviews. On the one hand, interviews carry the difficulty of

impression management and retrospective sense-making (Eisenhardt & Graebner, 2007). Interviewees may present evidence in a way that makes them look good or they attempt to recount events so that they make retrospective sense of what has occurred. On the other hand, interviews involve the risk for the interviewer of being too close and essentially adopting the respondent's perspective (Gioia et al., 2013, p. 19). Although taking on an interpretivist stance implies co-creating findings, this does certainly not mean adopting the viewpoint of the one being interviewed unreflectingly. Rather, self-reflexivity is needed as a crucial element in interpretive research to value the researcher's own contribution to the understanding (Angen, 2000).

These risks were limited by using *"numerous and highly knowledgeable informants who view the focal phenomena from diverse perspectives"* (Eisenhardt & Graebner, 2007, p. 28). In this case study, interviewees were recruited out of three different groups, the first one being called 'representatives of the members', the second labeled 'management/administrative staff', and the third one named 'independent informants' in order to receive a well-balanced picture of every initiative. The first group consists of individuals representing the CGI's members. In many cases these individuals represent a company that participates in the anti-corruption initiative. Sometimes, as in the second case (the EITI case), the category 'representatives of the members' also encompasses representatives from civil society or public servants since the EITI is a multi-stakeholder initiative that is equally open to companies, civil society and states. Individuals that belong to the second group 'management/administrative staff' take on administrative roles within the initiative, such as executive director or other staff that coordinates the activities of the CGI's members. They are a vital source of information, in that they provide valuable insights from a different angle as opposed to members who are directly involved in the anti-corruption activities. The last group 'independent informants' comprises mostly individuals that have expert knowledge about the initiative under scrutiny without being associated to it directly[56]. They have either done research about the CGI themselves or they have worked for anti-corruption NGOs and therefore possess profound knowledge about the initiatives.

Table 14 illustrates how many persons from each group have been interviewed. In total, 20 interviews have been conducted as part of this multiple-case study. At least one representative of each category has been interviewed[57]. Unlike in the EMB and the MACN case, only one representative of the members has been interviewed in the EITI case. This

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[56]   In this respect there is a limitation with regard to the EMB case: The individual interviewed here is one of the EMB's auditors. The fact that the auditing firm he works for gets paid for auditing services for EMB participants may confine the informant's independence to a certain extent. However, this individual conducts audits for the initiative only from time to time and audits make up only a very small share of the auditing company's revenue. Therefore, the benefits from being able to include another (outside) perspective to the EMB case have outweighed the risk of interviewing a not entirely independent informant.

[57]   In the EMB case four representatives of the members, one independent informant, and one person from the management have been interviewed. As regards the EITI one representative of the members, three independent informants, and three administrative staff have been interviewed.

imbalance is attributed to the differing governance structure of the EITI, in which the administrative staff plays a vital role in managing and coordinating this global initiative with its diverse national initiatives.

Interviewees sometimes have several roles to play. This is particularly true for the first initiative, the EMB. For instance, EMB_R4 has been interviewed in his role as representative of a member company of the EMB. At the same time he has a leading position within the EMB Board and therefore could be also put in the category 'management/administrative staff'. However, representing one of the founding member companies he is regarded first and foremost as belonging to the 'representatives of the members' group. This latter role was considered to be more relevant in the context of the present study.

Table 14   Distribution of Interviewees across the Three Cases

Case	Representatives of Members	Independent Informants	Management/ Admin. Staff	TOTAL
EMB	Interviews EMB_R1 to EMB_R4b	Interview EMB_I1	Interview EMB_M1	6
EITI	Interview EITI_R1	Interviews EITI_I1 to EITI_I3	Interviews EITI_M1 to EITI_M3b	7
MACN	Interviews MACN_R1 to MACN_R5	Interview MACN_I1	Interview MACM_M1	7
TOTAL	10	5	5	20

Interviews were conducted between May 2014 and February 2015. The interview guide as a data collection instrument has been tested beforehand to ensure that all questions are comprehensible. Interviewees were approached mostly via e-mail. The first contact usually was with the initiative's headquarters to receive general approval for including the initiative in the study. In this e-mail, the research project was described in short explaining the main aim of the study and the principal research question. Upon approval by the initiative's administration the acquisition of interviewees started. In some cases the initiative itself provided support in finding suitable interview partners. In two cases respondents were found by using the snowball sampling technique, a technique in which interviewed persons are asked to provide the names of other people that could add a new perspective to the research. While the snowball sampling technique benefits inductive, theory-building analysis (Miles et al., 2014, p. 32) it may at the same time result in generating interview partners who all have very similar views on certain topics. However, as it has only been used twice in a total of 20 interviews, this potential bias is deemed to be negligible. In addition, having at least one independent informant in every case also adds to a balanced picture.

In the third case, the MACN, five representatives of the members, one independent informant, and one person from the management have been interviewed.

An interview guide has been used for conducting the semi-structured interviews. It has been subdivided into three sections each of which contained a number of different questions[58]:

1. Early days of the initiative
2. Looking back on governance and processes
3. Looking back on outcomes and effectiveness

In the first section, a warm-up question concerning the general objectives of the CGI was posed. In the second section, questions regarding the governance structure and procedures were asked. The aim of this section was to gain further insight into the functioning of the CGI, including the roles and responsibilities of actors. This also encompassed questions relating to the monitoring and enforcement of self-imposed rules. In the third section, questions concerning the CGIs' outcome were asked with a focus on potential drivers for success. In the course of the interviews, some minor changes to the interview guide have been made. As Gioia et al. (2013) note, changes of interview questions as the research progresses are legitimate because they reflect the designed-in flexibility of interpretive research. For instance, when realizing that the initial phase of an anti-corruption initiative ('early days of the initiative') appeared to play a pivotal role because interviewees often touched upon this topic, a question that referred explicitly to the motivation to start the initiative in the first place was added. The interview guide was also slightly adjusted for each group of interviewees (representatives of the members, management/administrative staff, and independent informants). For example, the representatives of the members were asked for their motivation to join the initiative. As regards the independent informants and the management staff this question was reformulated and asked in a more general form.

Interview guides were sent to the interviewees upfront not only to make them familiar with the questions, but mostly to generate trust given the sensitivity of the topic of corruption. At the beginning of the interview the primary goal of the research was explained again to the interlocutors. It was also asked for permission to record the interviews. At the end of each interview the interviewee had the opportunity to make further comments on topics that appeared important to him or her, but that had not been discussed during the conversation. Subsequent to the interview, every respondent received a summary of the interview. Respondents were then asked to comment on these summaries, which contained some preliminary interpretations of their statements. This so-called respondent feedback, where the researcher takes back the analysis to the participants of the empirical study, is apt to increase the validity of the findings (King & Horrocks, 2010, pp. 161 et seqq.). In doing so, the researcher is able to find out how and to what extent the own interpretation fits the respondents' lived experience, which gives participants a stronger voice (King & Horrocks, 2010, p. 163). In most cases comments made referred to marginal aspects of the interview; sometimes there were no comments at all. However, failure to comment on

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58   See appendix for more details.

the interview summaries on behalf of the interviewees was, in the author's view, partly owing to time restrictions. Therefore, getting into dialog with respondents as propagated by constructivists was possible during the interviews; however, it was difficult to uphold this dialog after the interviews.

As two of the initiatives are global CGIs with their headquarters outside of Germany and their members dispersed around the globe, approximately two thirds of the interviews had to be conducted in the form of telephone interviews using the software Skype. Those interviewees were located in countries such as Denmark, Norway, England, the US, Austria, and Switzerland. The remaining interviews were conducted as face-to-face interviews. Interviews lasted between half an hour and one hour and a half. As a careful documentation is central when striving for reliability (Gibbert & Ruigrok, 2010), interviews were digitally recorded and transcribed verbatim using the software F4 in all but two instances (detailed notes were taken in these instances). In addition, interviews were documented in a standardized form, which also enhances reliability. On two occasions, two persons were interviewed simultaneously. To avoid confusion of the statements, respondents were unambiguously identified in the transcript.

As the quality of interview data depends heavily on the beliefs and convictions of the interviewees (Snow & Thomas, 1994), it is useful to combine interviews with another method of data collection, in this case document analysis. Although document analysis can be regarded as a discrete method in qualitative research (see for example Harris, 2001), it is combined in most cases with other methods of data collection, such as interviews. This also applies to the present multiple-case study. Secondary data such as documents and archival data are not collected by the researcher himself (Scandura & Williams, 2000); thus, they have not been produced as a direct result of the case study. This entails the advantage that the data as such is more stable and can be reviewed repeatedly (Yin, 2014, p. 106). According to Yin (2014, pp. 45-49; 118-123), the main rationale for multiple data sources is that it allows for triangulation and enhances the validity of the case study as the researcher develops *"converging lines of inquiry"* (Yin, 2014, p. 120). More specifically, triangulation of data sources (Patton, 2002, pp. 559 et seq.) is employed here in order to corroborate evidence from other sources. Results of the document analysis are used as a supplement in order to be able to interpret the findings gained from the interviews appropriately.

In the present study, mainly organizational documents, i.e. documents produced by the CGI itself, by participating companies or by other stakeholders (including civil society organizations) have been analyzed[59]. These included:

• Press releases
• Codes of Conduct
• Guidelines
• Charters
• Brochures

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59   See appendix for the list of documents analyzed in this study.

- Articles in company magazines
- Selected website content
- CSR reports of participating companies
- Evaluation reports

Organizational documents are one of four types of documents frequently used in document analysis. Bryman and Bell (2015, pp. 554–567) name personal documents (e.g. diaries or letters), public documents (e.g. statistics produced by public authorities), and documents produced by mass media (e.g. newspaper and online articles) as the remaining three groups of documents. A few documents, such as company magazines, codes of conduct or mission statements were handed over directly by the interviewees and are therefore not available online. In addition, a number of public documents, such as statistics, and documents produced by mass media, such as online articles and blog posts have been used, particularly in the EITI case.

Document analysis as a method of data analysis is sometimes criticized because documents can be *"intentionally … biased for specific audiences"* (Duriau, Reger, & Pfarrer, 2007, p. 16). In any case, they should not be treated as objective data because they are not just a representation of reality. They have been produced by a person or an institution for some purpose. As such, documents should be rather seen as a way of contextualizing information (Flick, 2014, p. 357). Therefore, quality criteria for analyzing textual information were closely followed to ensure authenticity, credibility, representativeness and meaning of the documents, while conducting the document analysis (Scott, 2014).

A document is regarded as authentic when the author's identity is known and confirmed (Scott, 2014, pp. 19–22). The authorship needs not to be neglected as it frequently happens that documents bear just one single name as the author, but in reality there is a whole group or organization behind this one author. If one is aware of this organization's goals, the document may be read in quite a different light. In this study, solely those documents were used for analysis that could be assigned undoubtedly to an organization. In doing so, it was possible to take into account the context of analysis in an adequate manner.

The credibility of documents is an equally important quality criterion. When depicting social events, this process is biased to a certain degree as the observer of such events has a selective perception (Scott, 2014, pp. 22–24). This inherent lack of accuracy in observational processes can impinge on the credibility of documents. Credibility may be impaired, for instance, when official documents are heavily driven by political interests. In the present study, evidence in all three cases has been corroborated using various kinds of documents. In order to avoid bias, documents of different sources were analyzed, i.e. documents that were directly produced by the anti-corruption initiative, documents produced by single members (mostly companies) of the initiative, and documents from other sources, such as independent online media providers.

The representativeness of documents is another crucial factor according to Scott (2014, pp. 24–28). The question of representativeness involves the aspect of availability. Not all documents of interest are accessible for the researcher. For instance, sensitive documents

or internal documents of organizations may be difficult to access. Although corruption is indisputably a sensitive research topic, no major difficulties in obtaining data were experienced as the focus in this research project is on the success factors of initiatives. Participating organizations therefore have a strong interest in promoting the initiative in public and in working towards a better reception of it by external stakeholders to increase their reputation. Therefore, participants of the initiatives under scrutiny were largely open to the questions asked and provided access to documents, including documents that could not be found on the CGI's official website.

As a last quality criterion, Scott (2014, pp. 28–35) names meaning. In order to understand the meaning of a document, it needs both literal and interpretive understanding of the text. The latter is achieved when the researcher is able to link the literal meaning with the social and cultural context in which the document was produced. Evidence found in the documents has been clear and comprehensible. However, the context knowledge about the different sectors that has been obtained throughout the study, proved to be very helpful.

3.6   Data Analysis: Template Analysis

In the present study, content analysis is used for analyzing the qualitative data. Content analysis is a method *"used to refer to any qualitative data reduction and sense-making effort that takes a volume of qualitative material and attempts to identify core consistencies and meanings"* (Patton, 2002, p. 453). As such, content analysis can also be applied to qualitative case studies. This is in line with Bryman and Bell (2015, p. 569), who describe content analysis as the most prevalent approach to qualitative data. To them, qualitative content analysis means searching for underlying themes in the documents being analyzed. This more generic definition of content analysis is applied in the context of this research project[60].

In this research project a certain style of thematic analysis – template analysis – is applied. Thematic analysis represents one method of analyzing the content of qualitative data. According to Braun and Clarke (2006, p. 79), thematic analysis is *"a method for identifying, analyzing, and reporting patterns (themes) within data. It minimally organizes and describes your data set in (rich) detail"*. It combines other commonly used approaches in qualitative analysis, such as narrative analysis, discourse analysis, and grounded theory (Flick, 2014, p. 421). Thematic analysis is compatible with both realist and constructivist epistemological approaches (Braun & Clarke, 2006). Themes are *"recurrent and distinctive features of participants' accounts, characterizing particular perceptions and/or experiences, which the researcher sees as relevant to the research question."* (King

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60   Consequently, Mayring's (2015) and Schreier's (2012) narrower understanding of qualitative content analysis as category-driven textual analysis with a predefined sequence of steps to follow is not taken into account here.

& Horrocks, 2010, p. 150) They are organized in a hierarchical relationship, whereby the number of different levels may vary.

Just as thematic analysis, template analysis is not only apt for proponents of positivist epistemological positions but also for interpretive-constructivist approaches (King, 2012, p. 427). Given that the constructivist researcher assumes that there are multiple perspectives on a phenomenon, the emphasis is on the researcher's reflexivity, the attempt to look at the research topic from different angles, and the rich and detailed description of the phenomenon. Template analysis offers the advantage of being more flexible and not prescribing a fixed number of levels of coding hierarchy, as opposed to thematic analysis, which stipulates in advance how to move from descriptive to interpretative to overarching themes (King & Horrocks, 2010, pp. 152–158). Template analysis is particularly well-suited to research projects with a sample of between 10 and 25 interviews of approximately one hour (King & Horrocks, 2010, p. 168). Therefore, the multiple-case study of CGIs consisting of 20 interviews in total, with an average of 50 minutes of conversation recorded, fits well in terms of number of participants and duration of interviews. Most importantly, template analysis is a middle way between bottom up, inductive and top down, deductive styles of analysis (King, 2012, p. 430). It allows the researcher to develop some themes in advance, which are called a priori themes. The six clusters of potential success factors derived from literature have been used as a priori themes here.

In this case study, interview transcripts were analyzed using the software MAXQDA Version 11. Although computer software is not necessary to conduct a template analysis, it may support the researcher in dealing with large amounts of data, more precisely in organizing and structuring the text data. In doing so, validity of the findings has been increased (Kelle, 2010, p. 277). Furthermore, computer software facilitates the retrieval of all relevant data in the coding phase. Coding is *"the process of attaching a label (code) to a section of text to index it as relating to a theme"* (King, 2012, p. 431). Codes are usually attached to chunks of data of different sizes. As Miles et al. (2014, p. 72) remark, coding *is* in fact analysis.

Central to the technique of template analysis is the development of a coding template, a concept that Schreier (2014, p. 173) has termed 'coding frame' and Patton (2002, p. 463) labels 'coding scheme'. Themes need to meet at least two requirements: First, they have to be used repeatedly when coding the data; second, they have to be most distinct from each other (i.e. mutually exclusive). In addition to that, a central feature of themes is that they are not independent of the researcher who defines them. Thus, themes cannot be regarded as objectives facts (King, 2012, p. 431).

As the three cases have been studied separately first (within-case analysis), a coding template for each of the three initiatives was developed. The procedure went as follows: the list of a priori themes derived from the literature review was taken as a basis. Then the summaries of all transcripts of the first case were read and searched for recurring themes. These themes were added to the a priori list. As a consequence, a long list of disordered themes emerged (version 1 of the coding template). In the next step, all interviews of case 1 were coded based on this version of the coding scheme. During this process, major

changes and refinements were made to the coding template. Some of the themes were deleted, others were merged or renamed. This resulted in a second, more elaborate version of the coding scheme (version 2 of the coding template). In the final step, all codings were reviewed again and held against the definition of the respective theme they had been categorized in, in order to make sure that they were attached to the correct theme. In doing so, the mutual exclusiveness of themes was ensured. This resulted in the final coding scheme (version 3 of the coding template). This three-stage process was repeated for the second and the third case accordingly. Consequently, three independent final coding templates evolved[61].

3.7   Limitations of the Multiple-Case Study

As every empirical study, this multiple-case study also has several limitations. First, a general disadvantage of case studies is that the theoretical concepts developed tend to be highly complex and have a strong contextual reference (Eisenhardt, 1989, p. 547). Findings of the present multiple-case study are to be seen first and foremost in the context of the three anti-corruption initiatives under study. This inevitably leads to the second limitation of case studies, their (alleged) lack of generalizability. It is rather difficult to draw conclusions that are valid beyond the individual cases that have been investigated. However, this does not mean that case studies are devoid of generalization (Gibbert et al., 2008, p. 1468). One has to distinguish here between statistical and analytic generalization. Although case studies do not allow for statistical generalization, analytic generalization[62] is nevertheless possible. The theoretical propositions that found its way into the initial design of the case study (derived from the literature review presented in chapter 2.2.4) form the groundwork for analytic generalization. According to Yin (2014, pp. 40 et seqq.), analytic generalization is based on either expanding theoretical concepts or on new concepts that have emerged as a result of the case study. In any case, generalizations are made at a conceptually higher level than the individual case. Since in qualitative research datasets are smaller and open to repeated inspection, the qualitative researcher is urged to make sure that his or her generalization applies to every single gobbet of data, a technique that Silverman (2010, p. 281) calls comprehensive data treatment.

   Another limitation lies in the unit of analysis that has been chosen for this case study. As it is the goal of this dissertation to identify potential factors of success for Coordinated Governance Initiatives, these initiatives as a whole are in the focus of investigation. This implies that the governance processes and the interaction between stakeholders that take place within the anti-corruption initiative are examined only insofar as they represent a part of the whole governance mechanism. For example, the role of individual companies

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61   See tables 17, 20, and 22 in chapters 4.1.3, 4.2.3, and 4.3.3.

62   See also chapter 5 where cross-case findings have been generated by applying analytic generalization.

or other stakeholder groups is studied only to the extent that they form part of the greater construct CGI and contribute as such to the functioning of the initiative. The choice of this unit of analysis leads to a second draw-back which particularly affects the EITI case. As will be seen, the EITI is a global and very complex initiative with a two-layer governance structure. Owing to the case study design and the confinement of the analysis to the initiative as a whole, one of the two levels, the national level, is not adequately taken into account. The concentration on the global level is also reflected in the interviews, all of which have been conducted with representatives of the global level. Although the respondents often have a deep knowledge of the procedures and interactions of stakeholders in a particular country, they are in most cases not directly involved in these events. Thus, interviewees' accounts may remain somewhat superficial as regards the country-level perspective, as compared with locals who could have informed better about the particularities of the corruption problem in their country or in that specific context. However, even if it had been decided to grant the EITI country-level a more prominent role, this would have raised the question which (of the 51 countries) to investigate more in depth and on which grounds. There are a number of studies that have taken a more country-based approach to the EITI. These studies focused either on a specific country (Sovacool & Andrews, 2015) or on certain regions such as Africa (Eads & Kråkenes, 2010; Feldt & Müller, 2011) or compared two or more EITI implementing countries (Meissner, 2013; Ravat & Kannan, 2012, pp. 102 et seqq.). To the knowledge of the author, only one evaluation study covered all EITI countries (Scanteam, 2011). The present study remedied this shortcoming and looked at the initiative as a whole incorporating its overall context.

A third limitation of this research, which also redounds upon the selection of interview partners, is seen in the fact that interviews have only been conducted with representatives of Western companies (or Western stakeholders as for the EITI). This preponderance of Western companies' accounts is of no consequence as regards the EMB case since this initiative acquires its members anyhow from German-speaking countries. In the MACN case this plays a greater role as the anti-corruption network – despite having started as a European initiative – increasingly attracts new members from all over the world, particularly from Asia and Latin America. The preponderance of Western interviewees is most problematic in the EITI initiative, where the majority of participating countries and also a considerable part of the companies operating in these countries, do not belong to the Western hemisphere. The EITI is a global initiative that accommodates mostly resource-rich countries from Africa, Asia, and Latin America, which according to the EITI requirements automatically includes all foreign and domestic companies operating in these countries. This diversity of origins should normally be reflected in the selection of interviewees, not so much for reasons of representativeness, but because including diverse companies may have furnished additional rich insights and new perspectives on the problem. However, it is rather difficult to get access to these companies without being on-site. Given that not only the EITI, but two other anti-corruption initiatives had to be studied, the additional effort of getting access to non-Western EITI companies was considered too high.

MULTIPLE-CASE STUDY ANALYSIS

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The empirical part of the present dissertation is subdivided into three sections, in each of which one CGI is presented. As usually done in multiple-case studies, each case has been analyzed separately and individual case reports (see sections 4.1 to 4.3) have been written before cross-case conclusions have been drawn (Yin, 2014, pp. 59 et seq.). Thus, each initiative is described in detail and success factors of the respective initiative are presented as reported by the interviewees. Miles et al. (2014, pp. 100 et seqq.) refer to this procedure as within-case analysis. The aim of within-case analyses is to describe and understand what has happened in a single context. Only then the researcher can move on to the cross-case analysis[63] in order to develop more sophisticated descriptions and more powerful explanations by searching patterns across cases (Miles et al., 2014, pp. 100–104). In doing so, the risk of drawing premature conclusions before having analyzed all three cases in depth is avoided. This cross-case analysis of the data enhances generalizability and supports theory building from cases (Eisenhardt, 1989).

Findings have been derived primarily from the semi-structured interviews as main source of information and to a smaller extent from organizational documents[64] (mainly by member companies or the initiative itself). More precisely, documents have been used to describe the profile, the origin, and the organizational set-up of anti-corruption initiatives, whereas interview data has served as a primary source of information for the remaining sections of each chapter, in which the success factors are presented. There, it is also made extensive use of so-called low-inference descriptors[65], i.e. verbatim statements, which in-

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63 The cross-case findings of the qualitative multiple-case study are presented in chapter 5 where they are also discussed in length.

64 See appendix for the list of documents analyzed in this study.

65 As opposed to so-called high-inference descriptors such as summaries or other kind of aggregated data, which make it more difficult for the reader to comprehend how the researcher

crease the study's reliability (Seale, 1999, pp. 148 et seqq.). This also implies presenting long extracts of data in the research reports (Silverman, 2014, p. 88).

The three initiatives have in common that they all originate from sectors which are particularly vulnerable to corruption and which therefore seem worthwhile to be examined in more detail. These sectors are: the construction industry, the extractive industry, and the maritime transport industry. The figures speak for themselves: As much as 19% of the foreign bribery cases concluded since the entry into force of the OECD Anti-Bribery Convention in 1999 are found to be in the extractive sector, and 15% in the construction sector, respectively in the transportation and storage industries (OECD, 2014, p. 22).

4.1   EMB Case

4.1.1   Profile, Origin, and Sector Characteristics

The EMB is a business-driven initiative, which was founded as early as 1996 and started off as an initiative of the Bavarian construction sector (EMB, 2007a). In 2007, the EMB was transformed into a national initiative open to all members of the German Construction Industry Association (EMB, 2007e, p. 13). Today, three of the four leading construction companies in Germany – Bauer AG, Strabag AG, and Bilfinger (MarketLine, 2014) – are EMB members, at least with their regional subsidiaries.[66] Züblin is another major player of the industry that is an EMB member. In recent years, several corporate members from outside Germany, such as Austrian construction company Strabag or Swiss company Implenia, have joined the EMB with their German subsidiaries. However, it still remains a primarily national initiative.

The EMB aims to change conditions of actions in the construction industry, which has traditionally been plagued by corruption. The CGI aims to promote fairness and transparency of market players while at the same time curbing collusive behavior. In order to achieve this goal, companies commit to abide by a set of self-imposed rules. According to the EMB Charter, companies willing to join the anti-corruption initiative have to implement a value-driven compliance management system into their organization. In particular, they have to adhere to four central binding elements: codification, implementation, control, and organization. To make their endeavor more credible, member companies submit themselves to regular external audits. The focus of corruption prevention in this initiative is on the supply-side: The EMB targets corporations as the potential suppliers of bribes

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        arrived at his conclusions (Seale, 1999, pp. 148 et seqq.).

66   Of the four leading construction companies in Germany Hochtief AG is the only one that is not
      part of the EMB.

by making them implement a compliance system into their organization that shall prevent them from corrupt practices[67].

Although the EMB is primarily a corporate initiative, academia has been a crucial stakeholder, especially in the initiative's early days. Two renowned business ethics scholars from Germany – Karl Homann and Josef Wieland – helped develop the basic elements and provided the theoretical framework of this voluntary initiative (EMB, 2007a, p. 4). As of June 2016, the initiative has 158 corporate members (Bauindustrie Bayern, 2016; EMB, 2016, p. 11).

4.1.1.1   Origins: Corruption Scandal in the Bavarian Construction Sector

The EMB was founded in response to a severe crisis in the Bavarian construction industry in the 1990s (EMB, 2016). This crisis was the result of the disclosure of the so-called 'Kanalkartell' (canal cartel), which had existed in Bavaria for decades (EMB_R2). This cartel revealed a previously unknown dimension of systematic fraud and corrupt practices in the construction sector. Almost all major Bavarian construction companies were somehow involved in this cartel (EMB_R2). These companies were faced with allegations from collusion to bid rigging to bribery. The companies had systematically made anti-competitive agreements and had pursued illegal market allocation activities. The system worked roughly like this: The companies regularly met in secret during a tender for public works in order to determine which company was cheapest and to increase its price offer. The winning company then shared the increase in profits by providing compensation for the companies that were not 'selected' as winners in the bid. In addition, individual public servants provided the colluding companies with information about bids and competitors.

Following the revelation of the cartel, there was a huge public outcry and policy makers saw themselves forced to take decisive action against the construction companies involved in these corrupt practices. The idea was to put all those companies on debarment lists, thereby excluding them from public tenders for a certain period (EMB_R2). In actual fact, this represented the worst sanction for construction companies that often depended heavily on contracts by the public sector. Therefore, the exclusion from public tenders frequently led to companies being at risk of bankruptcy. Since so many companies were involved in the cartel, the debarment list measure would have had severe consequences for the entire Bavarian construction industry including the loss of many jobs.

In this difficult situation, a number of representatives of leading Bavarian construction companies thought about the best way to react to the imminent threat of debarment lists to be introduced by public authorities. As one representative explained, *"We tried to come to terms with what had happened, analyzed what the problems of the sector were*

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67   The EMB representatives stress, however, that the initiative is more than a mere instrument to combat corruption, but a means to signal to internal and external stakeholders a company's willingness and efforts to act in a fair and transparent manner. Nevertheless, the focus of this case study will be on the anti-corruption aspects of the EMB (EMB, 2007a, p. 5).

... You have to comprehend the problems first if you want to try to find a solution... And I said: 'We [the Bavarian construction companies] *need to do something else. Knowing that things cannot stay like they are, we need to find a way how our industry can initiate an improvement process. And if we succeed in finding a solution, then we can go and sell it to politicians. Then politicians have the possibility to, you know, stop the debarment lists because actually those lists don't serve anyone.'"* (EMB_R2).

Not least from the insight that a single company could not change the conditions in the construction sector, 13 Bavarian construction companies came together in 1996 to found the Bavarian Construction Industry's Ethics Management Initiative. In doing so, the construction industry not only wanted to preempt the public authorities and fend off the looming debarment lists, but also to make a collective effort to achieve a sustainable change in the sector. The value management system they introduced therefore focused right from the beginning on a functioning corporate culture as a means to root out corrupt practices (EMB_R4a).

4.1.1.2   Competitive Structure and Ethical Risks in the Construction Sector

The construction sector is very susceptible to corruption and therefore entails high ethical risks for companies operating in this sector. This is partly due to the competitive structure of the industry which is highly compartmentalized[68] and at the same time characterized by decentralized organizational structures. This in turn makes it harder for the corporate head office to control all business activities. Furthermore, a fierce competition in the construction sector leads to relatively low profit margins. Rivalry between companies is intensified by high operating and exit costs as well as tough regulatory systems (MarketLine, 2014, p. 12). One of the EMB members called the sector *"an unbearable market, where it is virtually impossible to earn money"* (EMB_R2). There is a trend towards businesses that offer the one-stop planning, financing, building, and operation of construction projects (so-called system suppliers) (Statista, 2016). Thus, the construction business by itself is only part of the overall German building sector. Moreover, quite often the demand is monopsonistic with the government as the sole buyer (IAB, RWI, & ISG, 2011, pp. 122 et seq.). The contract and transaction volumes in the construction industry are usually quite high, which additionally increases the risk of corruption.

Apart from bribery, other concomitant offenses in the sector are: bid rigging, illicit employment, and ostensible self-employment among others. Companies found guilty of one of these offenses are often fined under the Act on Administrative Offenses (OWiG). Even worse than fines are debarment lists. Once put on these lists, companies are excluded from public tenders for a certain period. In order to be eligible for public tenders again, they normally have to prove their restoration of reliability for procurement law reasons. Companies can avoid being excluded from public tenders or at least reduce the period

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68   There are about 75,000 construction companies in Germany, 97% of which have less than 50 employees (Zentralverband Deutsches Baugewerbe, 2016).

of exclusion by taking adequate organizational measures, such as implementing a value-driven compliance management program like the EMB. In recognition of the collective efforts undertaken by EMB member companies to combat corruption, this provision was included in the Bavarian anti-corruption guideline of 2004 (n.a., 2004). In addition, the Higher Regional Court of Brandenburg ruled in a decision of 2007 that the implementation of a compliance management system based on the model of the EMB was regarded as an effective preventive measure against corruption and therefore an adequate procedure to restore one's reliability (OLG Brandenburg, 2007, p. 16). This has certainly conduced to the promulgation of the EMB system among big construction companies in Germany.

Table 15 below summarizes the central characteristics of the EMB taking into account not only features such as the type of participants involved and the focus of corruption prevention, but also the origins of the CGIs as well as information regarding the legal framework which influences the initiative.

Table 15   Profile EMB Initiative

Dimension	Characteristics
Origins	Corruption scandal in the 1990s in Bavaria; fear of companies of being excluded from public tenders; reputational damage due to scandal.
Legal Framework Influencing the CGI	OWiG, Bavarian anti-corruption guideline
Goals	Strengthening reputation of the construction industry by fostering fair competition in the sector and avoiding corruption
Operationalization of Goals	Implementing a value-driven compliance management system in the member organizations
Participants Involved	Business, but with significant external support from academia
Focus of Corruption Prevention	Supply-side
Geographical Coverage	(primarily) national
Funding	Membership fees
Level of Institutionalization[C]	High (fully established governing bodies: Members' Meeting, EMB Board, secretariat based in Munich, audit committee; own legal status as legal entity under German law ('e.V.'); written statute: EMB Charter; formal membership)
Level of Enforceability[D]	High (external third-party monitoring through external audit; sanctions include denial of certification, expulsion from initiative)

C The level of institutionalization is a new dimension developed by the author for classifying CGIs. See chapter 2.2.3 for a detailed description of how this classification scheme has been developed.

D See footnote above.

4.1.2   Organizational Set-up and Operational Procedures

4.1.2.1   EMB Governance and Funding

The EMB has a relatively simple governance structure with the EMB Members' Meeting, the EMB Board, and the EMB audit committee as its main governance bodies. Figure 8 below depicts the governance structure of the EMB, whereby the framed boxes represent the participating actors, the ellipses exhibit the actions, and the arrows mark the direction in which the action takes effect. The Members' Meeting elects the Board as well as the audit committee alternately for a period of two years. The Board is presided by the EMB Chair and his alternate. The Board can have up to eight Board members, of which at least four are elected by the Members' Meeting. The managing director of the Bavarian Construction Industry Association is automatically a member of the Board. Up to three additional members can be directly appointed by the Board as members of the EMB Board (EMB, 2007d, p. 21).

The audit committee consists of six members, only three of which are allowed to be representatives of EMB member companies. The audit committee Chair and the Vice Chair should be independent and renowned figures external to the EMB association. The committee appoints the external auditors and decides on the basis of their audit reports on the awarding or the withdrawal of the audit certificate for EMB member companies (EMB, 2007d, p. 21). Although so far the most severe form of sanction, the expulsion from the initiative, has not been applied, the audit committee denied the granting of the audit certificate several times whenever it was not satisfied with the value-driven compliance management system implemented by the member companies (EMB_R4a). Alternatively, the certificate was granted several times only for one year instead of three (EMB_R4a; EMB_I1), which is the regular audit interval for EMB members that have successfully passed the first and the second audit in two consecutive years.

The EMB executive director is appointed by the Board and reports to the Board. He is in charge of directing the affairs of the EMB (EMB, 2007d, p. 22). Companies willing to join the EMB need to be members of the German Construction Industry Association as a precondition for EMB membership. This close relationship between the EMB and the association is also reflected in the position of the EMB executive director, who additionally is head of the legal department (section public procurement law) at the Bavarian Construction Industry Association (EMB_M1). Since the EMB is so closely related to the industry association and benefits from its organizational infrastructure, the initiative does not need a lot of funding. Membership fees are kept at a reasonable level of €250 per year for all member companies, regardless of their size. In addition, fees for the external audit are to be covered by the companies. The cost for a regular audit amounts on average to €3,200 (EMB_M1).
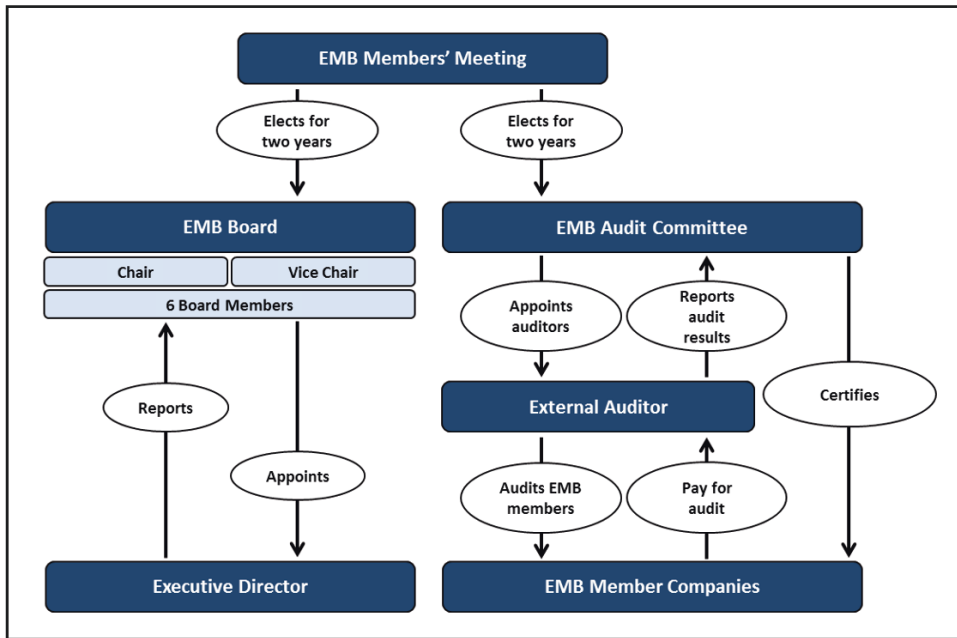
Figure 8 EMB Governance Structure

Source: own representation

4.1.2.2 The EMB Commitment Process: Four Binding Elements

The EMB has been classified as an anti-corruption initiative with both high levels of institutionalization and enforceability (see chapter 2.2.3). As regards the level of institutionalization, the EMB's classification as 'high' is justified since it has fully established governing bodies, i.e. the EMB Members' Meeting, the EMB Board, and the EMB audit committee. Moreover, the EMB is a registered association (e.V.) under German law with a formal membership process[69]. Last but not least, the initiative has a written statute, the EMB Charter, in which the core elements of the commitment process are described.

The four binding elements are: codification, implementation, organization, and control. The EMB Charter stipulates what is meant by these elements (EMB, 2007d, pp. 18 et seq.): First, codification means that companies need to develop and define their own written set of values they would like to follow. These values should also be visible in their everyday business practices. Ideally companies develop three types of documents (EMB_M1):

- A mission statement or code of ethics that specifies the core values of the company which serve as an orientation in daily business conduct. This declaration has to contain

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69 Companies have to apply for admission in written form. The EMB Board then decides if the membership bid will be accepted or not (EMB, 2007d, p. 19).

basic statements, such as adherence to the principle of integrity and law-abiding cor-
porate behavior.

- A more concrete document, e.g. a code of conduct in which corporate behavior policy
guidelines are defined and the rather abstract corporate values are explained.
- Workflow descriptions that give guidance regarding specific topics, such as gifts and
hospitality or sponsoring issues.

The implementation of these codified values represents the second element of the commit-
ment process. Values need to be transformed into clear rules for everyday business prac-
tice. They have to be integrated not only into the employer-employee relation but also in all
relationships with external stakeholders such as suppliers, customers, and subcontractors
(EMB, 2007e, p. 11). It is the responsibility of the management to lead by example. More-
over, companies commit to train their staff with respect to this value-driven compliance
management on a regularly basis (EMB, 2007d, p. 19).

The third element, control, lends credence to the EMB as companies need to regularly
submit to external audits (EMB_M1). Upon admission of a company to the EMB, this
company is registered as a non-certified member of the EMB. The value of the anti-cor-
ruption initiative, however, does not lie in being a member of the EMB, but being a certi-
fied EMB member (EMB_R4a). Construction companies that join the initiative commit to
undertake the task of being audited externally. An initial audit is conducted not later than
at the end of the first year of the EMB membership. The second external audit is conducted
at the end of another 12 months. Having passed these two first audits, companies from then
on need to undergo the external audits every three years. Additionally, they have to do an
annual self-assessment (EMB, 2007e, p. 11).

The last element, organization, implies that the necessary means to ensure the ade-
quate implementation of the value-driven compliance management are made available.
The company appoints a member of the top management who will be in charge of the
implementation of the EMB provisions (EMB, 2007e, p. 12). In doing so, it is of great
importance that there are sufficient human and financial resources available to be able to
incorporate the value management in the company's organizational structure. The four-
stage commitment process leads to the implementation of a value-driven compliance man-
agement system as depicted in figure 9.

The external audit as part of the 'control' component of the EMB is a so-called system
audit, which means that the auditor controls if the company has implemented a value-driv-
en compliance management system according to the provisions stipulated in the EMB
Charter and the EMB audit guidelines (EMB_I1). Hence, the external audit is not apt to
assess the effectiveness of the implemented compliance system or to identify infringements
committed (EMB_I1), nor does it guarantee that no incidents of corrupt practices or other
corporate wrongdoings can occur (EMB_R2). Rather, the certificate attests that the compa-
ny has implemented a system which reduces the risk of corporate misconduct.
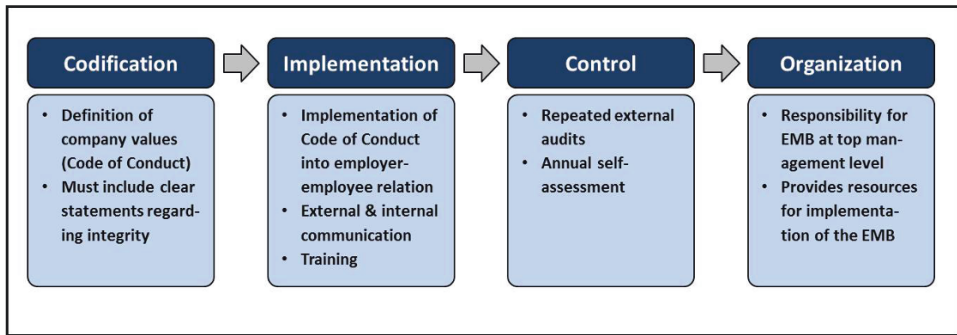
Figure 9   EMB Process of Commitment
Source: own representation

The audit certificate issued by the audit committee is only valid for a maximum period of three years. To prevent fraudulent use of the certificate, it needs to display the expiry date (EMB, 2007c, p. 29). EMB members that fail to complete the audit within the prescribed deadlines are automatically listed as non-certified members. They can, however, apply for a deadline extension of six months. Companies that do not abide by these deadlines will automatically lose the status of an EMB member and be expelled from the initiative (EMB, 2007c, p. 30). The external audit scheme and the fact that participants not passing the audit can be expelled from the initiative (EMB, 2007d, p. 20) qualifies the EMB as a CGI with a high level of enforceability.

4.1.3   Success Factors – General View

Having presented the organizational profile of the EMB, the main research question regarding the initiative's success factors will be addressed in the following paragraphs. Table 16 exhibits the a priori themes used for analyzing the first case, which have been derived from the six clusters of success factors found as a result of the brief literature review (see chapter 2.2.4). As mentioned above, the case analysis encompasses deductive and inductive elements. The use of a priori themes reflects the deductive aspect of the data analysis. Although the a priori themes guide the process of analysis to a certain extent, they are not meant to predetermine the outcome of the analysis. Instead, openness towards new findings has been retained by the author throughout the study. In the course of the analysis, several new themes have been added to the list of a priori themes and existing themes have been modified or refined. This is where the more inductive part of the analysis has been undertaken.

Table 16   A Priori Themes for the Template Analysis

A Priori Theme	Description
Institutional framework	Includes: Legal framework but also competitive structure of the sector and its degree of organization
Participants	Includes: Members of the CGI, their roles and responsibilities and how they interact with each other
Goals	Includes: Purpose of the CGI and how members aim to achieve their self-set goals
Governance	Includes: Governing bodies of the CGI and how well they are established
Decision-making	Includes: Decision-making processes and rules according to which decisions are made
Monitoring & enforcement	Includes: Type of enforcement of self-imposed rules and type of sanctions

Figure 10 below illustrates how the six original a priori themes have been transformed into five final coding themes as a result of the empirical analysis. The transformation process consists of three different procedures: renaming, integrating, and newly creating. Wherever the procedure of renaming has been employed, it is indicated by a continuous line pointing to the newly developed theme. Integration of original themes into other themes is indicated by a dotted line between the two themes. Finally, the creation of completely new themes is indicated in bold.
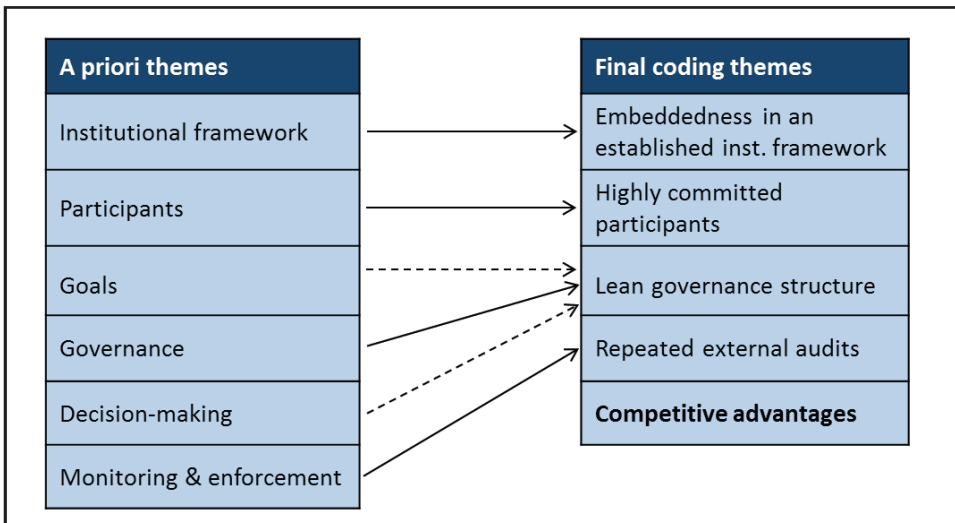
Figure 10   EMB: From A Priori Themes to Final Coding Themes

Source: own representation

As can be seen from the figure, the theme 'institutional framework' has been renamed 'embeddedness in an established institutional framework'. The analysis has shown that

the way the EMB is integrated into its institutional framework is an important factor of success. The theme 'participants' has been relabeled 'highly committed participants' as this label describes in more detail the characteristics EMB members need to exhibit to make the initiative successful. The theme 'governance' has been renamed 'lean governance structure' owing to the fact that this special type of governance structure has been identified as a main success factor. Additionally, two other themes, goals and decision-making, have been integrated into this theme as interviewees frequently brought up both topics in conjunction with the EMB's governance structure. The theme 'monitoring & enforcement' has been amended into 'repeated external audits', whereby it has been specified what kind of monitoring has proved to be successful in the context of the EMB. Finally, the new theme 'competitive advantages' has been created in order to account for the diverse benefits that have resulted from the frequent interactions of EMB members with internal and external stakeholders.

Table 17 exhibits the final EMB coding template in full detail with all subthemes that have evolved as a consequence of the template analysis. These success factors will be presented in the next sections[70].

Table 17   Final Coding Template EMB

1 Embeddedness in an established institutional framework
1.1 Benefits from industry association's infrastructure
1.2 Recognition by authorities
2 Highly committed participants
2.1 Commitment of top management
2.2 Commitment of employees
2.3 Implementation through analysis of company values
2.4 Benefits from the network
3 Lean governance structure
3.1 Simple rules
3.2 Leeway for companies
4 Repeated external audits
4.1 Risk of sanctions
4.2 Provision of learning opportunities
5 Competitive advantages
5.1 Meeting external stakeholders' expectations
5.2 Recognition of equivalence
5.3 Enhanced reputation
5.3.1 Number of participants

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70   All interviews of the EMB case study were conducted in German. Therefore, all quotes presented in the context of this case have been translated by the author. For reasons of readability and since this applies without exception to all direct quotes in chapter 4.1, the fact that the quotes have been translated by the author will not be indicated for every quote separately.

4.1.4   Embeddedness in an Established Institutional Framework

'Embeddedness in an established institutional framework' has been identified as the first success factor of the EMB. Two different aspects have proved to be of special importance here. On the one hand, the EMB benefits from the infrastructure of the German Construction Industry Association, in which the anti-corruption initiative is incorporated. On the other hand, the embeddedness in an established institutional framework is also reflected in the recognition of the EMB by public authorities.

Only members that are organized in the German Construction Industry Association can apply for EMB membership. EMB_M1 notes: *"In the Bavarian Construction Industry Association, you will find today … the few big construction companies, also some of the bigger SMEs, which are left in Germany. These are the members of our association* [the EMB]. *And I think this represents a certain quality criterion because only the better organized companies are represented in our association."* Apart from this, the initiative can make use of the industry association's infrastructure, e.g. the executive director of the EMB has been recruited from the staff of the Bavarian Construction Industry Association and is at the same time in charge of several legal issues for the industry association. In addition, EMB members benefit from a compliance e-learning tool, which has been developed jointly with the construction association and which is free of charge for EMB members (EMB_R3). As another corollary of the EMB being closely related to the industry association, the anti-corruption initiative has very reasonable membership fees: *"We are able to offer EMB membership at very reasonable prices… Since the foundation of the EMB we have managed to get along with a relatively small annual membership fee … of €250."* (EMB_M1). All in all, the public image of the EMB is strengthened by the fact that the initiative is associated with the German Construction Industry Association, as this EMB member highlights: *"We have got a certain standing and renown through our association. If there is something to say with regard to corruption, people almost inevitably turn to us."* (EMB_R4a).

The EMB's efforts to prevent corruption in the construction sector are recognized by public authorities. The CGI is known to public authorities, especially in Bavaria where it has its origins. EMB membership has been approved as an organizational measure by which convicted companies can restore their reliability for procurement law reasons (n.a., 2004). EMB_M1 explains: *"In the Bavarian anti-corruption guideline of 2004, there is a section on debarment of companies from public tenders. In this section, it is described how companies can avoid being put on debarment lists or reduce the period of debarment once it has been imposed. A number of criteria are mentioned in this guideline among others taking organizational measures, for example, installing an ethics management system. This is a direct reference to our value-driven compliance management system."* Therefore, in recent years there have been some new members that joined the initiative as a condition imposed by the building authority (thus, not completely voluntarily), as EMB_I1 remarks: *"Some companies join the EMB as part of a condition imposed by authorities in order to restore their reliability for procurement law reasons after criminal law investigations."*

The high acceptance of the EMB by public authorities, reflected not only in the mention in the Bavarian anti-corruption guideline of 2004 but also in a decision of the Higher Regional Court of Brandenburg in 2007 (OLG Brandenburg, 2007), has certainly added to the initiative's high level of recognition within the sector and ultimately to its success.

4.1.5   Highly Committed Participants

'Highly committed participants' has emerged as the second factor of success from the empirical analysis. Since the EMB is a voluntary initiative, its success depends to a great extent on the genuine commitment of its members. Four issues need to be mentioned in particular. As a first requirement, commitment of the top management is needed. Second, in addition to that, employees also need to show commitment for the cause of the EMB. Third, committed participants are also necessary, in that identifying company values with the aim of incorporating them in a value-driven compliance management system requires considerable efforts that should not be underestimated. Last, only committed participants benefit to the full extent from the network, which also represents a learning platform.

The implementation of the value-driven compliance management system is first and foremost a task for the top management and requires time and dedication of the leadership ranks: *"It must be implemented at top management level, not at a subordinate level …for example when implemented in a bigger company, a corporation, a member of the Board has to take the responsibility for the EMB"* (EMB_M1). A representative of the members expresses his view like this: *"The most important thing is that the boss backs the program. You know, the boss is the one who sets the targets …And that's the most important element. The boss impersonates the value program."* (EMB_R2). This is also in line with Hess, G. (2009, p. 151), who describes the EMB as a program in which compliance is regarded as a top management task. Top management commitment and a tone from the top are indispensable for a system such as the EMB in order to make a credible commitment towards the company's stakeholders. This also implies that senior managers live up to the self-imposed high ethical standards and lead by example.

Being an EMB member requires not only commitment of the top management but also commitment of the employees. A set of values that is simply proclaimed by the top management is likely to be dismissed by the staff, as this EMB member notes: *"You cannot push through such a program against your staff."* (EMB_R4a). Therefore, it is crucial to involve employees in this process. EMB_R3 sums it up like this: *"The success of the EMB within the single company is based on …the value-driven compliance program being developed jointly with employees. They were asked: 'What do you think about that?', 'Can we implement the program this way?' …It has been developed jointly and therefore it was accepted by everyone."* EMB_R1 explicates further what the process of implementation should look like: *"Ideally, the value-driven compliance management system is implemented and all employees say: 'That's right, these are our values, why did we have to write that down at all? These values have basically guided us all the time.'"*

In order to incorporate the compliance management system in their organizations, companies need to conduct a thorough analysis of their company values. After all, it is a value-driven compliance management system the EMB members have committed to implement. The evaluation of their own company values is a process that needs time and consideration. EMB_R3 describes the time-consuming process of implementation like this: *"Especially for small companies like us, we really have to undertake considerable efforts, have to discuss it intensively within the organization and think thoroughly about how to design our own value management system for our company."* Another EMB representative of the members explains the implementation of values stating that *"…the company defines its own moral concepts, it defines what is expected by employees, it determines the control mechanisms independently and also enforces them."* (EMB_R2). EMB_R4a adds: *"Implementation* [of values] *means, how do I really integrate this into the organization that the values are really seen as company values and not something that has been introduced by the executive director … to ask oneself in regular intervals 'Are we on the right track?', 'Where are the problems?', 'Does the value program still fit the company?'"*.

Participants need to be highly committed not only with regard to the implementation of the value program into their own organization but also with respect to the network of companies they have joined. The more the individual company is actively engaged, the greater the benefits are for all members. This is due to the fact that the initiative is also a learning platform. For instance, it gives guidance to new members on how to implement the value program best, as this statement illustrates: *"And then it's good to have people you can talk to and to have the network. Especially, at the beginning … This makes it definitely easier for companies because you get … orientation."* (EMB_R1). It also provides a safe space to discuss critical issues and to learn from each other: *"I think it's also important that it is not something static, but rather a dynamic system where everybody can play a part in, where there is also the possibility, for example, in the members' meeting to exchange views, to discuss issues … in order to further develop the EMB as an initiative, in terms of content."* (EMB_I1). Therefore, when every member openly shares experiences and exchanges ideas, the EMB network can unfold its full potential.

4.1.6   Lean Governance Structure

A lean governance structure has been identified as the third success factor of the EMB. In the case of the EMB, a lean governance structure is characterized by clear and simple rules that need to be adhered to by companies. This leads to the second aspect of this success factor, namely that the governance structure has to be designed in a way that leaves considerable discretion for companies in terms of how they incorporate the self-imposed rules in their organization.

The simple rules summed up in the formula KIKO (for German 'Kodifizierung', 'Implementierung', 'Kontrolle', 'Organisation') make it easier for companies to grasp what the

anti-corruption initiative is really about and what exactly is expected by EMB members. EMB_M1 explains: *"Companies commit to implement these minimum requirements and standards … codification, implementation, control, and organization."* These four binding principles have been at the core of the EMB since its early days, as this respondent remembers: *"The basic principles have always been the same since the inception of the EMB … there haven't been any changes with regard to these main principles."* (EMB_R4b). The simple rules have some additional advantages, e.g. they also make it clear to new staff which kind of behavior is expected from them: *"Every new employee has clear rules from the beginning on. And I think that's a great thing that you start a new job and you can be sure that this* [unethical behavior] *doesn't happen here … It's simply not tolerated here and it doesn't occur."* (EMB_R2). In addition, this has positive effects with regard to external stakeholders: *"The guidelines that we make available to our employees give them also security when they are doing business with our partners because they have the possibility to base themselves on their company's value management system and say that they are simply not able to act other than as prescribed in this set of rules."* (EMB_R3). Thus, these simple rules implemented into organizations have a clear signaling function towards business partners and intermediaries.

Companies implementing the EMB system enjoy considerable leeway in how they integrate these binding principles into their organization: *"A basic principle of our system is that we only prescribe as much as necessary … On the other hand, we try to grant companies the greatest possible freedom … We don't want a lot of bureaucracy, but rather lean organizational structures."* (EMB_M1). EMB_R2 explicates that this also has something to do with the individual corporate culture: *"And it's different in every company. We demand from EMB members to include certain minimum criteria, but we don't specify everything in advance. Some companies regard one value as more important and other companies view another value as more important."* Another representative of the members comments on the provisions made by the EMB: *"The initiative doesn't intervene concerning the design and implementation of the value program within the individual organization … Of course, we cannot say we treat the law with contempt … but every member company defines for itself the values on which it wants to lay the focus."* (EMB_R3). This view is also shared by the independent informant: *"A certain advantage is that the initiative doesn't determine in minute detail the content of the value-driven compliance management system, but that there are minimum standards. You have key words by which companies are guided, but it's their responsibility to invigorate those key words."* (EMB_I1).

The room to manoeuver for companies is also reflected in the different ways in which EMB members codify the self-imposed rules within their organization (second element of the EMB commitment process). While some companies have developed comprehensive brochures of 15 pages or more, which inform not only staff but also external stakeholders about the values that guide the company's business conduct (Max Bögl, 2014), others have created more concise documents labeled 'code of conduct' (Bauer Gruppe, n.d.) or 'value program' (Josef Hebel GmbH, n.d.) that sum up the most relevant points on two or three

pages. Yet others have written down the company values along with the more concrete corporate behavior policy guidelines in a company handbook which is handed over to every new employee (Xaver Pittrich GmbH, 2013).

4.1.7   Repeated External Audits

'Repeated external audits' has emerged as another crucial success factor from the analysis. Again, two different aspects need to be taken into account. On the one hand, the risk of sanctions for companies that fail to meet the EMB requirements is held up by means of the regular external audits. On the other hand, these audits also provide learning opportunities for EMB members as the audit reports always contain useful suggestions for improvements of the value-driven compliance management system.

The risk of being punished for failure of implementation of the four binding principles as a result of the external audit prompts EMB members to adhere to the self-imposed rules. *"The most interesting thing is … and I think we have got a unique selling proposition with that initiative here in Germany … because this control through the external auditing process is very strict and comprehensive."* (EMB_M1). EMB_M1 goes on highlighting the effectiveness of the regular external audit: *"… The auditor would discover at the latest when the on-site auditing is due … by asking just a few questions whether companies take the EMB and their commitment seriously, whether companies have really implemented the EMB."* Other representatives of the members note that the pressure exerted on the companies by the external audit is necessary and even beneficial: *"What has a really positive effect on the entire initiative, is this obligation to submit to the audit in the first year* [of membership]*, and one year later again. So there is a certain pressure to occupy oneself with the implementation of the value-driven compliance management system right from the beginning."* (EMB_R3). EMB_R2 adds: *"That's the advantage of the … biannual audit because you are consistently forced to do something. You have to be honest if there wasn't the external audit, the whole thing would pass out of mind."*

The independent informant also regards the pressure exerted through the audit as vital: *"I think both the external audit and the documentation of the self-assessment in the form of a progress report exert the necessary pressure on companies not to let up, but to further develop their own value program. And that's the main success factor of those voluntary initiatives because if there is no external pressure, then I can promise a lot of things without actually doing them."* (EMB_I1). He also explains why not passing the audit has severe consequences for EMB members: *"I think it's quite a harsh sanction and maybe also one of its success factors to deny the certificate that attests the company has implemented a value-driven compliance management system because, you know, people know each other in the construction sector."* (EMB_I1). Thus, although the potential for sanctions in a voluntary initiative such as the EMB may not be as great as in other rule-based approaches, enforcement mechanisms such as the external audit are nevertheless

regarded as an effective tool to make participants comply with the self-imposed rules. In doing so, the external audit lends strong credence to the EMB.

Apart from being a pressure point, the audits also represent a learning opportunity for companies, as this EMB member explains: *"At the end of the external audit the auditor writes an audit report … that also contains recommendations. But these recommendations are not to be understood as sanctions, but as suggestions for further improvement."* (EMB_R1). EMB_R3 is of the same opinion and views audits and recommendations made by the auditor as useful: *"Then, of course, there are these audits which are quite helpful because often you come up with new ideas … and suggestions on how to better implement the value management system … It's better than a strict system where everything is regulated down to the last detail. Then you meet these requirements without actually thinking about it, but during the external audits you get food for thought in terms of: Where can we improve?, Where are starting points for further improvements?"* (EMB_R3). Apparently, the external audits are not only seen as a burden by EMB members but also as a learning opportunity. Apart from representing a mere enforcement mechanism, the external audit serves another purpose, as EMB_I1 reports: *"During the external audit, all measures and recommendations for the company are compiled. We differentiate between measures, recommendations, and observations. Measures include actions that companies are compelled to take because otherwise this would represent a violation of the binding EMB principles. Recommendations are aimed to improve the value management, e.g. to phrase guidelines more comprehensible, in a way that fits the organization best … And then there are observations that aim to question certain habits, e.g. when there is a marked corporate culture of trust while having at the same time almost no internal controls."* Thus, the differentiation between measures, recommendations, and observations by the auditor helps companies to assess their own level of implementation of the self-imposed rules.

4.1.8 Competitive Advantages

'Competitive advantages' that arise from the EMB membership has been identified as the fifth success factor. This success factor has been derived inductively from the data. Three aspects concerning this last factor of success are to be highlighted in particular. First, by meeting their external stakeholders' expectations, EMB members benefit from different competitive advantages. Second, companies also benefit from the fact that the EMB has been recognized as equivalent with the compliance procedures of several big building contractors. Finally, the EMB membership usually involves an enhanced reputation which construction companies can avail themselves of.

According to statements made by interviewees, different external stakeholders such as customers, suppliers, investors or competitors, increasingly have expectations of construction companies. By participating in an anti-corruption initiative such as the EMB, these expectations are answered to a certain extent. This is true, for example, for investors but also for contracting authorities and potential future employees, as these statements

illustrate: *"I heard from companies that have been granted better conditions by their bank, better credit ratings, because they were EMB members … Risk assessment was better for those companies than without EMB membership."* (EMB_I1). As regards the contracting authorities EMB_I1 asserts that, *"I'm sure, for many companies the EMB is an instrument to better survive in competition, for instance, with regard to public tenders. Meanwhile, there are some contracting entities that appreciate it …when construction companies have implemented a value-driven compliance management system."* The EMB membership also appears to have advantages when companies compete for skilled employees: *"In job interviews with young graduates from university …we notice that the value-driven compliance management system is something many candidates are interested in …For us, the EMB is definitely a value added …it's something where we can score as an employer and where we can set ourselves apart from competitors."* (EMB_R4b). The increasing attractiveness as an employer is one aspect that is also pointed out by the authors of the EMB brochure, in which the positive effects of a value-driven compliance management system are described (EMB, 2007b, p. 7).

The so-called recognition of equivalence represents another important competitive advantage for EMB members. This means that the EMB system is recognized as equivalent to the compliance procedures of major building contractors in Germany. Therefore, when participating in a tender initiated by one of these building contractors, EMB members do not need to submit to their compliance checks. To date, five big building contractors have confirmed in writing to recognize the EMB system as equivalent. Siemens was the first company to approve the recognition of equivalence in 2010 (Weidinger, 2012), followed by Frankfurt Airport in 2011 (Weidinger, 2012), Deutsche Bahn in 2013 (Weidinger, 2013), Munich Airport in 2014 (Bauindustrie Bayern, 17.12.2014), and the City of Hamburg in 2015 (Bauindustrie Bayern, 09.04.2015). The significance of these agreements is elucidated by a number of individuals: *"We've achieved a lot in terms of practical value for our member companies. For example, Siemens has recognized the EMB system as equivalent, which means the EMB membership is regarded as a quality characteristic and EMB members don't need to submit to a compliance check when they do business with Siemens ... The same applies to Deutsche Bahn AG and FraPort AG."* (EMB_R2). EMB_I1 comments in like manner: *"Deutsche Bahn has recognized the EMB membership as equivalent to its business partner codex, just as Siemens and FraPort before."* EMB_M1 reports: *"A great success was …when we got the recognition of equivalence of big building contractors …like Deutsche Bahn, Frankfurt Airport, and Siemens …because we've realized that's a tangible asset to the EMB members."*

The recognition of equivalence as a tangible competitive advantage could have been discussed in the context of the previous paragraph as well, since EMB members answer to expectations of external stakeholders, in this case major building contractors. However, since the recognition of equivalence was mentioned as a crucial factor of success by all respondents without exception, it has been pinned down as a separate condition for the EMB's success.

In addition, the EMB membership enhances the reputation of its members. Owing to a number of massive corruption scandals throughout the last decades, the entire construction industry has incurred a doubtful reputation. Partaking of this initiative helps construction companies display their voluntary commitment to high ethical standards, thereby also improving their reputation. This EMB member remarks: *"I would say the construction industry has traditionally had a bad reputation and if there is a system* [such as the EMB] *that is tailored to the needs of the construction industry, that's of course well-received by companies in order to stand aloof from this negative image."* (EMB_R3). EMB_I1 shares this view in saying that, *"Companies join the initiative for different reasons … Certainly one reason is to protect their own reputation … because the construction sector all in all still has a bad reputation and joining the EMB contributes to an improved image."* In this context, there is another interesting finding concerning the number of participants: The more renowned companies join the initiative, the greater its importance, thus, its reputation (EMB_I1). Hence, reputation is a self-enforcing incentive, whereby the number of participants serves as an indicator for the EMB's success.

Table 18 lists the positive effects of the EMB membership which have turned out to be genuine competitive advantages for the EMB participants. The effects are listed with reference to the respective external stakeholder group. All these positive effects contribute to an overall enhanced reputation of the EMB companies and serve as a unique selling proposition to participants of the anti-corruption initiative.

Table 18 Effects of EMB Membership

External Stakeholder	Effects of EMB Membership
Applicants	EMB member is perceived as an attractive employer.
Banks	EMB member gets better rating conditions.
Investors	EMB member receives positive company evaluation.
Customers / Public Authorities	EMB member earns a reputation of being a reliable business partner.
Building Contractors (Siemens, Deutsche Bahn, etc.)	EMB member obtains recognition of equivalence.

4.2 EITI Case

4.2.1 Profile, Origin, and Sector Characteristics

The EITI is a multi-stakeholder CGI, which was launched in 2002 by the former British Prime Minister Tony Blair. It aims to improve openness and accountable management of revenues from natural resources by disclosing payments made by extracting companies to governments (Moberg & Rich, 2012). The rationale behind this financial disclosure requirement of profits earned by governments is that less money can be pocketed by a small elite, which should lead to decreasing levels of corruption. As opposed to the previ-

ously presented EMB, the EITI is an example for an anti-corruption initiative where the state remains an important player since countries are the ones implementing the standard. This is owing to the distinctive features of the extractive industry, in which the EITI operates. In the extractive sector, state involvement has traditionally been high as companies frequently partner with state agencies (e.g. via joint ventures) to further the exploration of natural (often state-owned) resources (Baumann-Pauly, Nolan, Heerden, & Samway, 2016). Companies nevertheless play a crucial role within the EITI, in that they need to publish what they pay (royalties, taxes, licensing fees, among others) to the governments of the countries they operate in. Since all companies in an EITI implementing country are obliged to publish the same kind of information, a level playing field between extractive companies is created, an essential prerequisite for functioning collective anti-corruption efforts. By disclosing revenue flows, governments and extractive companies conduce to increasing transparency in the extractive industries. This in turn is presumed to have a preventive effect on corruption within the extractive industry. As of 2016, 51 countries are implementing the EITI Standard, of which 31 countries have become 'compliant' with the EITI requirements (EITI, 2016b).

4.2.1.1   Origins: The Resource Curse and the Role of Civil Society

In the late 1990s and early 2000s, a number of economists and political scientists, among others, Jeffrey Sachs, Joseph Stiglitz, and Terry Lynn Karl addressed the so-called resource curse[71]. They showed in their publications how resource-rich countries on average were not able to realize substantial gains from the huge amounts of oil, gas or minerals they possessed. This resource curse (a term coined by the British economist Richard M. Auty in 1993) hindered most of these countries to exploit their natural resources to the benefit of their citizens. Instead, resource-rich countries tended to be underdeveloped and stricken by widespread mismanagement, weak institutions, and rampant corruption. These writings outlined the complexities of the governance of extractive resources, which encompassed not only environmental but also social and political challenges. According to most academics, remedies for addressing the resource curse had to be multi-faceted as no single action would be capable of tackling all of these challenges. However, transparency was an indispensable ingredient of any measures to be taken against the curse.

Following this academic analysis, an increasing number of civil society organizations such as Global Witness, Human Rights Watch, and Oxfam America took up the cause of the resource curse. This resulted in a growing campaign for more transparency in the extractive industry, calling on the big oil and gas companies to report their payments made to developing countries. In fact, the NGOs were looking for a law for companies to report their payments to these resource-rich countries. Their main claim against companies was summed up in the slogan 'Publish What You Pay' (PWYP), a phrase drawn from the

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71   For an overview of the most influential analyses and contributions regarding the resource curse by leading scholars in the field see Ploeg (2011).

Global Witness report entitled 'A Crude Awakening'. Launched in December 1999, this report focused on the opaque mismanagement of oil in Angola (EITI, 2016f). The report concluded by calling on the operating companies to adopt *"a policy of full transparency* [in] *Angola and in other countries with similar problems of lack of transparency and government accountability"* (Global Witness, 1999, p. 3). BP was the first company (and at that time, the only one) to respond to these calls and to the growing pressure from civil society campaigns and published the signature bonus of US$111 million it had paid to the Angolan government for an offshore license. This unilateral approach by BP provoked a strong reaction by the Angolan government leading to threats towards the oil company and a considerable deterioration of the relationship between the Angolan government and BP.

As a consequence of BP's experiences and to avoid such conflictual situations with host governments, which could easily put contracts at risk, the oil companies argued for a more collective and government-driven approach. In pursuing a collective approach, all companies would be required to disclose payments, thus creating a level playing field among competing extractive companies operating in a certain country, the argument went.

The UK government alongside with the UK Department for International Development listened to both the civil society organizations and the oil companies, and recognized the opportunity to develop an initiative built on the notion of equal transparency from the governments and the companies (EITI, 2016f). This was the beginning of the EITI.

4.2.1.2 Legal Framework of the Extractive Industry

Legal framework conditions in the extractive sector have been shaped by three laws in particular: the US Dodd-Frank Financial Reform Act (US Dodd-Frank Act) adopted in 2010 as well as the revised EU Transparency Directive and the revised EU Accounting Directive, both adopted in 2013. These acts have also been mentioned by several interviewees (EITI_R1; EITI_I1; EITI_I2).

In 2010, the US government issued disclosure requirements for extractive companies listed in the US under Section 1504 of the Dodd-Frank Act. Under these new requirements companies registered with the Securities and Exchange Commission (SEC) have to publicly report how much they pay governments for access to oil, gas, and minerals. Section 1504 of the Dodd-Frank Act has been seen by many anti-corruption organizations such as Revenue Watch and other organizations of the PWYP movement as a landmark requirement. They strongly supported the new disclosure requirements as they represent a powerful tool that, on the one hand, allows investors to properly assess risks and, on the other hand, gives citizens the opportunity to see the value placed on their natural resources.

However, the US law of 2010 was held up by industry lawsuits and regulatory delays. The American Petroleum Institute (API) and especially two major industry players represented in the API, ExxonMobil and Chevron, preferred anonymous disclosure and therefore filed a lawsuit against Section 1504 of the Dodd-Frank Act (Kaufmann & Williams, 2015). On December 11, 2015 the SEC eventually voted on a proposed rule to implement the section. The final rule regarding Section 1504 was held on June 27, 2016 (SEC, June 27,

2016) and resource extraction issuers are required to comply with the rules starting with their fiscal year ending no earlier than September 30, 2018. In short, the SEC made three key decisions: First, it stressed the importance of individual reports by companies in order to make a difference. Second, it also reaffirmed the significance of disclosing payments by extractive companies on a project-level. Third, although other comparable regulations such as the EU Directives do not allow exemptions whatsoever, the final rules adopted by the SEC include two targeted exemptions to the reporting obligations (see SEC, June 27, 2016). Hence, the demurrer by the API did neither result in major changes of the section's provisions nor in considerable concessions to the petroleum industry.

Following the adoption of Section 1504 by the US Congress, the European Commission adopted a legislative proposal in 2011, in which publicly traded and private EU companies should be required to disclose payments to governments made in exchange for oil, gas, mineral, and forest resources. In 2013, the EU Member States, the European Parliament, and the European Commission finally agreed on new transparency rules for oil, gas, mining, and logging companies. According to the new law, these companies have to publish details of the payments they make to governments for access to natural resources on a country-by-country and project-by-project basis. The disclosure requirements apply to all payments of €100,000 and above (Ernst & Young, 2013).

The disclosure requirements have been stipulated in two separate directives, the EU Accounting Directive 2013/34/EU (amending Directive 2006/43/EC) and the EU Transparency Directive 2013/50/EU (amending Directive 2004/109/EC). The new Accounting Directive applies to all limited liability companies that are registered in the EU, including some of the world's largest oil companies (such as BP, Royal Dutch Shell, and Total) and mining corporations (such as Anglo American, BHP Billiton, and Rio Tinto). The Transparency Directive extends the provisions of the Accounting Directive to all companies in the extractive and logging sector that are listed on EU-regulated stock markets, but are incorporated outside the EU, e.g. large corporations such as Gazprom, Rosneft or Indian oil giant Reliance Industries (Global Witness, 2013).[72]

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72   Explicit reference to the EITI requirements is made in both the Transparency and the Accounting Directive. In Section 7 of the EU Transparency Directive it is stated that *"In order to provide for enhanced transparency of payments made to governments, issuers whose securities are admitted to trading on a regulated market and who have activities in the extractive or logging of primary forest industries should disclose in a separate report, on an annual basis, payments made to governments in the countries in which they operate. The report should include types of payments comparable to those disclosed under the Extractive Industries Transparency Initiative (EITI). The disclosure of payments to governments should provide civil society and investors with information to hold governments of resource-rich countries to account for their receipts from the exploitation of natural resources."* (EU, 2013b). Moreover, in Section 45 of the Accounting Directive it is noted that *"The report should serve to help governments of resource-rich countries to implement the EITI principles and criteria and account to their citizens for payments such governments receive from undertakings active in the extractive industry or loggers of primary forests operating within their jurisdiction"* (EU, 2013a).

As regards the opaque extractive industries, the US regulation and the EU provisions are to be understood as complementary regulations to the voluntary EITI. While there is a considerable content-related overlap between the Dodd-Frank Act, the EU Directives, and the EITI, there are at the same time a number of significant differences between the three, which substantiates the provisions' complementary character. The fact that the EITI's disclosure requirements do not only apply to foreign oil and mining companies, but most importantly also to state-owned enterprises (SOEs) in the resource-rich country itself can be seen as one example for this complementarity[73].

Following the adoption of these mandatory disclosure requirements by US and EU authorities, it is expected that US-listed and European companies will respond to these requirements by pushing recalcitrant countries to implement the EITI to ensure a level playing field. Otherwise, US-based and European companies would be likely to suffer competitive disadvantages compared to extractives companies from other states that are not obliged to disclose payments according to the legislation of their country of origin. Thus, the new US and EU transparency rules may contribute indirectly to the further promulgation of the EITI Standard. Table 19 provides a short profile of the EITI gathering the most important features of the CGI.

Table 19   Profile EITI Initiative

Dimension	Characteristics
Origins	Public pressure on companies by civil society in the context of the PWYP initiative resulted in a crisis over how BP – responding to this pressure – published data about its extractive activities in Angola
Legal Framework Influencing the CGI	US Dodd-Frank Act Sec. 1504; EU Accounting and Transparency Directives (2013/34/EU and 2013/50/EU)
Participants Involved	Multiple stakeholders from the public sector, business sector, and civil society (depicted at national level through the MSG and at global level through the EITI Board)
Goals	Transparency and good governance in the extractive industry; strengthening institutions in the country, preventing corruption
Operationalization of Goals	Disclosure of revenue flows according to the EITI Standard in EITI implementing countries
Focus of Corruption Prevention	Supply- and demand-side
Geographical Coverage	Global
Funding	Through international supporters, i.e. supporting countries and supporting companies

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73   Other differences include auditing requirements and different provisions regarding materiality thresholds: The EITI requires an audit of the annual report, whereas this is not required under the Dodd-Frank Act or the EU Directives. The latter two have stipulated that payments above US$100,000, respectively above €100,000 need to be disclosed. By contrast, in the context of the EITI, materiality thresholds are defined in each national MSG (Ernst & Young, 2013).

Dimension	Characteristics
Level of Institutionalization	High (fully established governing bodies: International Secretariat, Board, Members' Meeting; own legal status: non-profit members' association under Norwegian law; written statue: EITI Standard; formal membership)
Level of Enforceability	High (external third-party monitoring through EITI validation process; sanctions include the suspension of EITI membership or the delisting as a final means)

4.2.2   Organizational Set-up and Operational Procedures

4.2.2.1   EITI Governance and Governing Bodies

Figure 11 below depicts the governance structure of the EITI, particularly with reference to the actors involved and their relations among each other. The framed boxes represent the participating actors, the ellipses exhibit the actions, and the arrows mark the direction in which the action takes effect. As opposed to the EMB's lean governance structure, the EITI has a particularly complex governance structure comprised of two different levels, the global level and the country (or national) level. The EITI's inherent multi-stakeholder approach is reflected equally at both levels. The three main stakeholder groups are the representatives of the public sector, company representatives, and civil society organizations. Since these groups exercise different responsibilities at the global and the national level, they are presented separately, starting with the global level, followed by explanations concerning the actors of the national level. Whereas stakeholders of the former primarily have a steering and coordinating function, it is the stakeholders of the latter that really implement the EITI requirements working towards an extractive sector free of corruption. This is where the actual core of the EITI lies.

At the global level there are three main governing bodies: the EITI Members' Meeting, the EITI Board, and the EITI International Secretariat. The Members' Meeting meets at least every three years. It approves the activity reports, accounts, and the activity plan of the EITI Board. Furthermore, it elects the EITI Chair and the EITI Board members as well as their alternates (EITI, 2013c).

The Board is the EITI's executive body. It oversees the activities of the initiative and has representation from governments (implementing and supporting), companies, and civil society. The Board has 20 members, including an independent Chair. It is composed as follows: five representatives of the implementing countries, three from supporting countries, five from civil society, and six representatives from companies and investors (three of these from oil and gas companies, two from mining, and one representative of investors) (EITI, 2013c). Implementing countries are resource-rich countries[74] that have voluntarily

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74   So far, implementing countries have been mostly resource-rich countries from the global South with Norway as the only exception (EITI compliant since 2011). However, this has begun to

committed to adhere to the EITI principles in order to foster good governance in the extractive sector of their country. By contrast, supporting countries are industrial countries providing technical and financial support to the EITI. Civil society organizations have been a driving force behind the EITI since its inception. They play key roles at the global level with respect to advocacy, analysis, and capacity building. Civil society organizations also provide technical and financial support to local civil society.
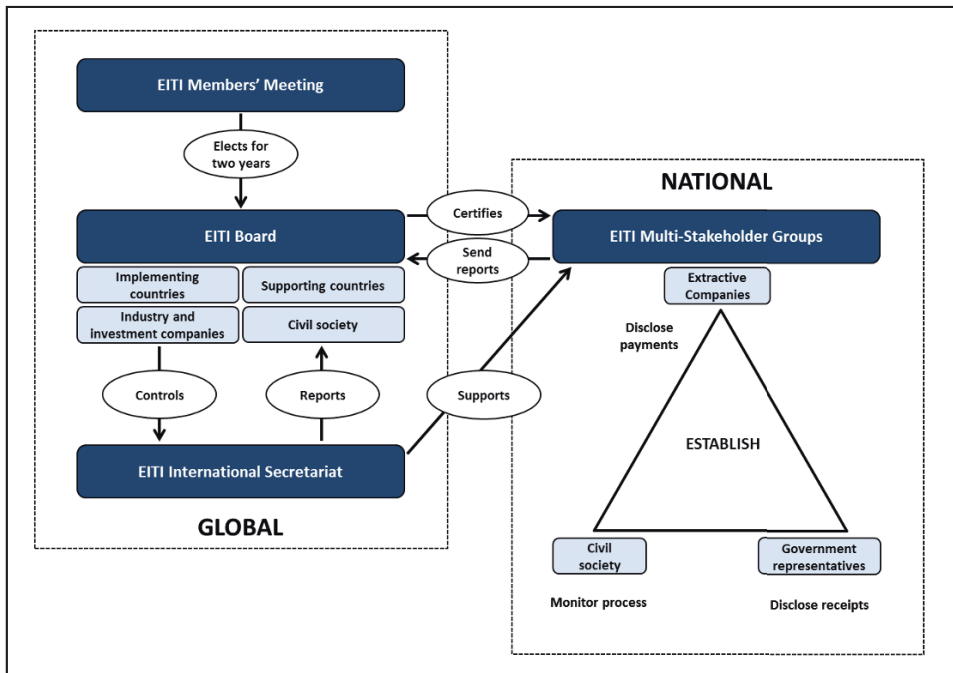
Figure 11   EITI Governance Structure
Source: own representation

Most of the Board members are involved in one or more Board committees (e.g. audit committee, implementation committee or validation committee), which prepare recommendations for the Board. The Board meets three to four times a year at different places around the world. The EITI Board oversees the implementation of the EITI Standard in

change recently. On the one hand, countries with considerable natural resources from the global North such as the US and the UK have committed to implementing the EITI Standard and have achieved candidate status already in 2014. On the other hand, countries usually seen as poor in natural resources such as Germany have also announced their intention to implement the EITI (BMWi, 22.12.2015). This development is understood as having an important signaling function, since industrial countries, being the major consumers of natural resources, show that they practice what they preach. Germany has been admitted as an EITI Candidate during the last EITI Global Conference in Lima (Peru) in February 2016 (EITI, 2016d).

the countries; this implies reviewing annual reports and audit reports of the implementing countries and deciding on their status. Moreover, it decides on work plans and budget matters and steers the work of the International Secretariat. Last but not least, it develops further the validation process if necessary. (EITI, 2013c)

An NPO under Norwegian law, the EITI's headquarters, the International Secretariat, is based in Oslo, Norway. As such, it is hosted by the government of Norway. The International Secretariat coordinates worldwide efforts to implement the EITI and supports implementation. This includes the support of implementing countries through so-called country managers who are in charge of different regions of the world. The secretariat is also responsible for outreach and advocacy, for communicating lessons learned with stakeholders, and for oversight of the validation process (EITI, 2016c). Last but not least, it organizes the EITI Conference, which takes place every two to three years. The secretariat is funded by supporting countries and supporting companies (EITI, 2016g).

At the national level the most important governing body is the multi-stakeholder group (MSG). The MSG mirrors the structure of the EITI Board at the national level, whereby all relevant stakeholders play a key role in determining how the EITI should be governed and how the EITI process should work in their country (EITI International Secretariat, 2016, pp. 15 et seq.). It consists of government representatives of the implementing country, representatives of extractive companies operating in that country, and local civil society. As a first requirement to be granted candidate status, implementing countries must establish an MSG (EITI International Secretariat, 2016, pp. 15 et seq.). Thus, although the EITI Standard has some minimum requirements, countries have autonomy in how they design the process. The MSG is also responsible for approving annual work plans and the EITI reports.

Different from implementing countries that voluntarily join the EITI, extractive companies operating in that implementing country have to participate in the initiative and are obliged to disclose all material payments made to the government. This information includes but is not limited to profits taxes, royalties, dividends, bonuses (such as signature, discovery, and production bonuses), and license fees (EITI International Secretariat, 2016, p. 24). The same requirements apply to SOEs. Disclosing information regarding the beneficial ownership and contract information is encouraged, but not (yet) mandatory. Each MSG decides on whether or not it wants to require companies to publish this kind of information.

Governments in turn have to disclose receipts. Payments and receipts are then assessed and reconciled in the EITI report by an independent administrator appointed by the MSG. In doing so, discrepancies between payments and receipts can be disclosed more easily. Civil society organizations also play an important role at the national level. In monitoring the EITI process they are central players in public debates about the EITI and transparency-related issues in the extractive industries. They increasingly make active use of data from the initiative in order to deduce lessons for governance of the extractive industries. As stipulated in the EITI Standard, the active participation of civil society is crucial at all stages of the EITI process (EITI International Secretariat, 2016, p. 42).

In order to make the EITI reports more meaningful, the MSG is also required to publish contextual information concerning the legal framework and the fiscal regime governing the extractive sector (EITI International Secretariat, 2016, pp. 18 et seqq.).

4.2.2.2   International Supporters and EITI Funding

A broad coalition of governments, civil society, and international organizations supports the EITI: 400 NGOs (most of them being part of the global PWYP Coalition), the World Bank, the IMF, the International Council on Mining and Metals[75] (ICMM), and the regional development banks. These organizations not only provide technical and financial support to implementing countries, but also support EITI outreach. Two groups of supporters, which fund the initiative to a great extent, are to be mentioned in particular: supporting countries and supporting companies (with investors).

Countries supporting the EITI include: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Qatar, Spain, Sweden, Switzerland, the UK, and the US (EITI, 2016i). Apart from technical and financial support, these countries also support the initiative at the political level by actively promoting good governance of the extractive industries across the world. In particular, EITI-supporting countries

- support and promote EITI in international fora,
- encourage companies to become supporters of the initiative,
- encourage resource-rich countries, through diplomatic and commercial channels, to implement the EITI,
- provide technical support in resource management to implementing countries which have low technical capacity,
- commit to high standards of transparency in the domestic extractive sector,
- finance the international management of the EITI and the World Bank-administered Multi-Donor Trust Fund (EITI, 2016i).

Many of the world's largest oil, gas, and mining companies have become EITI-supporting companies in recent years. As of 2016, the EITI has more than 90 supporting companies (EITI, 2016a), 66 of which have made a voluntary financial contribution between US$20,000 and US$60,000 depending on the company size (EITI, 2016a). These companies benefit from enhanced relations with stakeholders and local communities, better risk management, improved company reputation and the opportunity to demonstrate industry leadership. Becoming a supporting company does not involve any additional disclosure requirements. Companies simply have to publicly declare support for the EITI principles and submit the EITI-supporting company form. In addition, over 90 institutional investors,

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75   The ICMM is an industry alliance dedicated to promoting better international practices around mining, e.g. with respect to environmental safety or community development.

who collectively manage assets of over US$19 trillion, have declared their support (EITI, 2016h).

The annual expenses for the management of the initiative amount to approximately US$5 million (EITI, 2015a). This sum covers the salaries and associated costs for staff, a small Chairman's office, Board meetings, travel and conference expenses, consultants, and communications. Figure 12 exhibits which share of the expenses is covered by which stakeholder group.
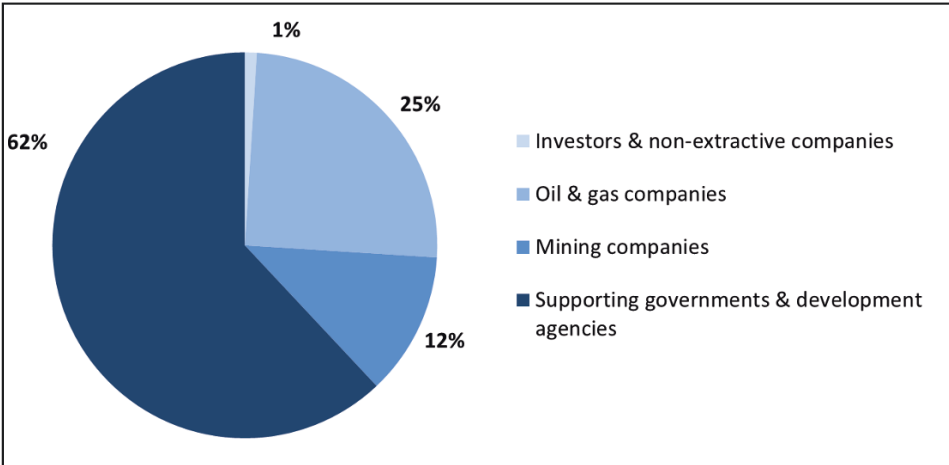
Figure 12   EITI Funding
Source: EITI (2016g)

4.2.2.3   The EITI Commitment Process: From Candidature to Compliance

As described in chapter 2.2.3, the EITI displays a high level of institutionalization having fully established governing bodies such as an International Secretariat in Oslo, Norway, an EITI Board, a Members' Meeting, and a global conference. It is a non-profit members' association under Norwegian law. EITI membership is formalized through an elaborate two-stage process (from EITI candidature to EITI compliance). The rules that EITI members commit to are written down in the EITI Standard. This standard contains the 12 EITI principles, which build the cornerstone of the CGI, as well as the seven EITI requirements that describe in detail which conditions countries implementing the EITI have to meet in order to become EITI compliant (EITI International Secretariat, 2016).

Payments and receipts need to be reconciled and published in annual EITI reports. EITI candidate countries have to publish their first EITI report within 18 months of being admitted as a candidate. The disclosure of payments and receipts as prescribed in the standard covers almost all stages of the extractive industries value chain. Figure 13 displays the extractive industries value chain from the awarding of contracts and licenses to the expenditure monitoring, and the respective EITI requirements for disclosure of these

payments. The publishing of information regarding contracts (contract transparency) and beneficial ownership[76] until now is encouraged, but not yet mandatory (Requirements 2.4 and 2.5) (EITI International Secretariat, 2016, pp. 20–22). Implementing countries are expected to pay for the implementation of their EITI process, whereas validation is covered through a specific grant from the World Bank-administered Multi-Donor Trust Fund.

Contracts & Licenses	Exploration & Production	Revenue Collection	Revenue Allocations	Social & Economic Spending
Requirement 2	Requirement 3	Requirement 4	Requirement 5	Requirement 6
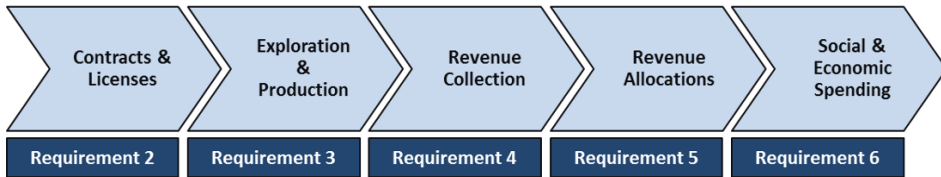
Figure 13 EITI Requirements along the Extractive Industries Value Chain
Source: Adapted from EITI International Secretariat (2016)

The EITI also has a high level of enforceability since there is a well-defined validation process, conducted by external validators, and sanctions for violation of the EITI requirements. Validation is an essential feature of the EITI process. It serves to assess a country's performance and promotes dialog and learning at the country level. It also guarantees the integrity of the EITI since all EITI implementing countries have to meet the same requirements as stipulated in the global standard.

Countries are admitted as EITI candidates as soon as they have met the five sign-up steps, which are stipulated in requirements 1.1–1.5: government engagement, industry engagement, civil society engagement, the establishment and functioning of a multi-stakeholder group, and an agreed work plan (EITI International Secretariat, 2016, p. 14). Countries then need to begin validation within two and a half years of becoming an EITI candidate. The level of progress and compliance with each individual EITI requirement is indicated by using one of the following designations:

• satisfactory progress
• meaningful progress

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76 In 2013, the EITI Board agreed that the initiative should in the future require the disclosure of beneficial ownership in oil, gas, and mining companies operating in implementing countries (EITI_M3a). Subsequently, a pilot project was launched to assess the feasibility of such an undertaking. Eleven EITI countries – Burkina Faso, the Democratic Republic of Congo, Honduras, the Kyrgyz Republic, Liberia, Niger, Nigeria, Tajikistan, Tanzania, Togo, and Zambia – have voluntarily taken part in the project (EITI, 2015c). As a result of this pilot project, the new EITI Standard adopted at the EITI Global Conference in Peru in February 2016, contains additional provisions concerning the disclosure of beneficial ownership information: National MSGs need to publish a roadmap for disclosing beneficial ownership information by January 1, 2017. From January 1, 2020 on MSGs are required to provide information regarding beneficial ownership in their reports (EITI International Secretariat, 2016, p. 21).

- inadequate progress
- no progress

Countries that have achieved satisfactory progress in the EITI validation will be designated as EITI compliant by the EITI Board. They have to be re-validated every three years. Countries with no progress will be delisted. Countries with meaningful progress will be considered as an EITI candidate and are requested to undertake corrective actions until the second validation. Countries that have made inadequate progress are suspended and asked to carry out corrective actions until the second validation. The EITI Board sets the timeframe in which countries can make corrective actions. The next validation usually takes place within 3–18 months. (EITI International Secretariat, 2016, pp. 35 et seq.)

4.2.3   Success Factors – General View

The presentation of the EITI's organizational profile and operational procedures leads to the question of what makes the EITI a successful initiative. The findings of the second case study, which are summarized in the next chapters, give insight into this question. Figure 14 below shows how the final coding themes have been derived from the a priori themes[77]. A continuous line means the theme has been renamed, a dotted line indicates the original theme has been integrated into the new theme, and a theme written in bold symbolizes the theme has been developed inductively from the data.

It can be seen that some major changes have been made to the list of a priori themes. First, the institutional framework theme has been renamed 'supportive institutional framework' as this label describes more precisely which kind of institutional framework is necessary to accommodate successful sector-specific CGIs. Even those anti-corruption initiatives that end up being dysfunctional have some kind of institutional framework, probably one with weak institutions. Therefore, it was essential to further explicate the type of institutional framework. Second, the theme 'participants' has been integrated into the new theme 'representation of diverse interests' indicated by a dotted line between the two. While examining the EITI case, it has become clear that the representation of diverse interests in the context of the EITI is pivotal for the success of the initiative. Three different stakeholder groups – the public sector, the business sector, and civil society – take part in the initiative and their diverse interests are equally represented. Third, the 'goals' theme has been amended or renamed into the more specific theme 'narrow scope of objectives'. The study of the data suggests that the initiative can only be successful if self-set goals of the CGI are framed clearly. Fourth, the theme 'governance' has been relabeled 'flexible governance structure'. Again, it appears necessary to be more precise with reference to the kind of governance structure. As opposed to the other two Coordinated Governance Initiatives analyzed in this multiple-case study, the

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77   For more details regarding the meaning of each a priori theme, see table 16 in chapter 4.1.3.

EITI governance structure is extraordinarily complex. The data suggests that this complexity is not to be regarded as burdensome, but as conducive to the EITI's success. Fifth, the theme 'decision-making' has been integrated into the 'flexible governance structure' theme. Although decision-making processes play an important role within the EITI, the interviewees rarely referred to them explicitly. Instead, decision-making processes have been mentioned more indirectly when talking about certain governing bodies such as the national MSGs or the EITI Board. Sixth, the theme 'monitoring & enforcement' has also been renamed into 'ability to enforce rules'. It includes all actions undertaken and prescribed by the CGI that are intended to safeguard the enforcement of self-imposed rules and thus foster the initiative's ability to enforce the rules. Seventh, a new theme called 'country-ownership' was created (see the bold print in figure 14). The emergence of this theme was somewhat surprising at first. However, it soon became clear that it was a dominant and recurring theme in almost all interviews, which seemed of fundamental importance to the initiative's success. Therefore, it appeared to be justified to create a separate theme. Table 20 shows the complete final coding template of case 2 including the subthemes, which will be described in detail in the next sections.
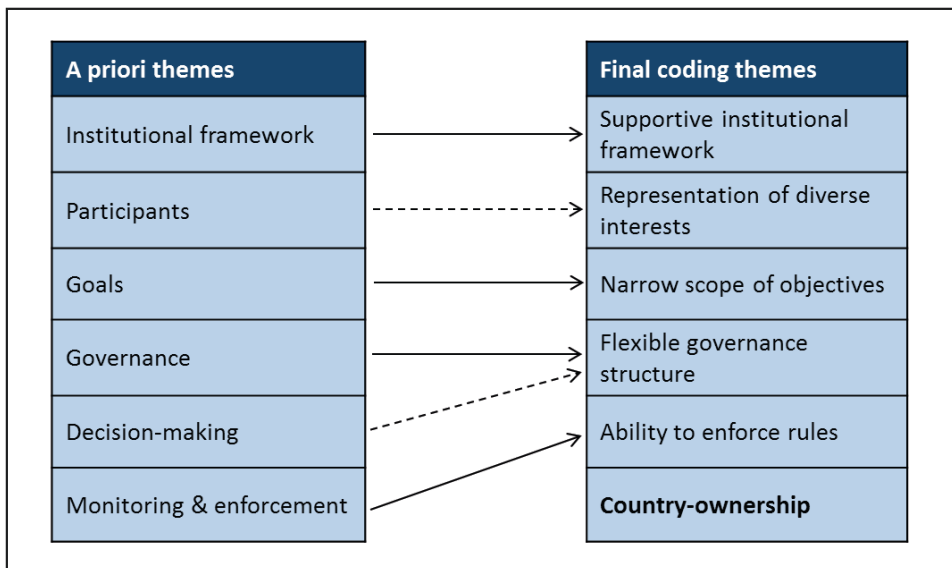
Figure 14   EITI: From A Priori Themes to Final Coding Themes

Source: own representation

Table 20   Final Coding Template EITI

1 Supportive institutional framework	
	1.1 Persistent support by stakeholders
	1.2 Greater societal awareness of corruption as a problem
	1.3 Competitive structure & degree of organization of sector
	1.4 Complementarity of EITI and US/EU regulation
2 Representation of diverse interests	
	2.1 Enables dialog and reform
	2.2 Provides benefits for all stakeholders
	2.2.1 Benefits for implementing countries
	2.2.2 Benefits for civil society
	2.2.3 Benefits for companies
3 Narrow scope of objectives	
4 Flexible governance structure	
	4.1 Adaptability of rules
	4.2 Application to different governance problems
5 Ability to enforce rules	
6 Country-ownership	

4.2.4   Supportive Institutional Framework

The first success factor identified in the EITI case is a 'supportive institutional frame-work', which implies four different aspects. First, the CGI benefits from the persistent support of economically and politically relevant stakeholders. Second, a greater societal awareness of the problem of corruption has been found to be another crucial aspect of a supportive institutional framework. Third, a competitive structure characterized by a high degree of organization of the industry is conducive to the initiative's success as well. Fourth, the EITI being complementary to the US and EU regulation also had positive effects on the CGI.

Among the stakeholders are politicians from industrial countries, especially the UK, which took a leading role in the establishment of the CGI, and international extractive companies supporting the initiative. BHP Billiton (2016, p. 13), BP (2016, p. 49), Repsol (2016, p. 14), Royal Dutch Shell (2016, p. 49), Statoil (2016, p. 31), and Total (2015, p. 26) were among the early international supporting companies and founding members of the EITI. Last but not least, civil society organizations such as PWYP belong to the relevant stakeholders that have worked hard to keep the topic of the resource curse high on the political agenda, urging policy makers to deal with this problem. As one interviewee put it, *"And a good start … when Tony Blair takes the initiative from Publish What You Pay and says: You know what, let's turn this into something institutional … That made a difference that it has had persistent support. It's not people coming and going or donors saying 'This year I will support you and the next one I won't', like they do with NGOs,*

but it was constant." (EITI_I1). Thus, *"turn*[ing] *this into something institutional"* also means persistent financial support, which is essential for such a complex and global initiative to work effectively.

Some of the respondents have elucidated that a supportive institutional framework also involves an altered perception of corruption in society: *"And I think the corruption discourse has changed in our society. Previously people said, 'You simply need to bribe if you want to get the contract, that's the way it works.' And today people tend to reflect more about corruption. I think you can really notice that something has changed here"* (EITI_I2, translated by the author). Hence, corruption is no longer perceived as the norm, but as the deviation from the norm. This changed perception of corruption can be observed on both sides the giving and the receiving side. On the one hand, corruption is increasingly condemned in the global North, where many of the big extractive companies have their headquarters. On the other hand, there is also a greater social awareness of the problem of corruption on the receiving side in resource-rich countries. Corrupt practices are increasingly seen as detrimental to the whole society.

Moreover, the competitive structure of the extractive sector contributes to a supportive institutional framework: *"… that there are some preconditions for the EITI in terms of industry concentration. There are not that many companies in the sector, so it's relatively easy for the international companies to organize themselves. That names are involved, that means that there are pressure points for the civil society to use and so on. I think that has helped in, you know, making companies and civil society engage with EITI."* (EITI_M2). This statement brings up two interesting aspects. First, the industry concentration tends to lead to a situation in which the big industry players know their competitors quite well, not least because they are all organized in one or two big industry associations. One of them is the ICMM, the industry association of the mining industry. Second, the fact that there are only a few big players in the industry provides civil society organizations with pressure points. Companies such as Royal Dutch Shell, BP, Rio Tinto represent valuable brands behind which there are companies that have to protect their reputation. This gives civil society the opportunity to exert a certain pressure on those companies. Similarly, another interviewee has mentioned: *"Among the EITI-supporting companies there are almost all major publicly listed oil, gas, and mining companies."* (EITI_M1). This simple statement contains a decisive message for the business sector. If all or most of the major publicly listed oil, gas, and mining companies are part of the initiative, this means there is a level playing field between companies. Such a level playing field between competitors is a primary precondition to escape the prisoners' dilemma situation which companies frequently face when trying to combat corruption.

Finally, although the EITI is a voluntary governance initiative, the regulatory framework in the US and the EU has been developed further in recent years. With the adaption of Section 1504 of the US Dodd-Frank Act as well as with the revised EU Transparency and Accounting Directives, the regulation of the extractive industries has become stricter. This comprehensive regulatory framework has a complementary function to the EITI. As such, it conduces to the EITI's success, as expressed by this interviewee: *"I think the fact*

that the EITI has evolved into an international reporting standard that has, you know, compulsory elements now because of the US and EU regulation in that context [shows the EITI has had some success]*"* (EITI_I2, translated by the author).

4.2.5   Representation of Diverse Interests

The representation of diverse interests in the context of the EITI is regarded as another crucial success factor. The analysis of the interviews has shown that two aspects have been of special significance here. On the one hand, the representation of diverse interests enables a dialog and reforms between the different parties; on the other hand, a governance form which allows for the representation of diverse interests acknowledges the needs of all stakeholder groups equally and makes clear the benefits for each stakeholder group.

The fact that diverse interests are represented in the initiative enables a dialog between stakeholders that have often been opposing each other for years in a rather hostile manner. At the national level, the dialog takes place within the national MSGs. At the international level, the EITI Board provides space for discussion. This interviewee describes the advantages of the national MSGs as follows: *"It depends on the country itself how often it wants to renew its multi-stakeholder group and select members, but it's often years that the same people from different sectors meet there and discuss issues and concerns. So it builds a certain trust in a sector that is often pretty antagonized and where the different poles are pretty far from each other."* (EITI_M1). Coming together in these MSGs helps to build trust between the different stakeholders, a precondition for an effective collaboration. The positive effects on stakeholders are also depicted by this staff member: *"… that you have a proven record of governments, industry, and civil society working together over quite some time now and actually being able to sit them on the table at the national level but also at the international level, and come with concrete results and concrete processes and develop them as time passes. A lot of the initiatives that I am aware of … were very much up to either governments to implement or companies to volunteer to implement"* (EITI_M3b). He goes on explaining: *"I think what's important here and what sets the EITI apart, why has it managed to survive as long as it has survived and actually achieved what it has achieved and that is I think the ability through the three different stakeholders to work together in a safe environment that is conducive towards cooperation"* (EITI_M3b). Thus, the MSGs and the EITI Board do not only provide a forum for discussion, but these governing bodies also allow participants to achieve concrete results. In addition, although the CGI's focus is on transparency in the extractive industries, these fora can also be used to discuss other issues and concerns of stakeholders. This in turn may contribute to a better awareness of social and political problems in a country, which ideally leads to greater reform processes.

The EITI equally provides benefits for all three stakeholder groups – countries (or government representatives), civil society, and companies – which conduces considerably to the initiative's success. One interviewee describes the difficult situation in the extractive

industries in the early days of the EITI and benefits from participating the CGI as follows: *"And it provides benefits for all stakeholder groups. I mean, for companies, I think it was in 1999 further if I remember correctly, the oil company BP published under pressure what they paid to the Angolan government and the Angolan government got very pissed off. … Yeah, so there was the need of everyone to do the same or the requirements to be the same for everyone and also for government to engage in this. So if the companies see the benefit of having a level playing field, and then for civil society it provides the data, the information that they haven't had, that it's an industry that had often or traditionally been so opaque"* (EITI_M1). The EITI Chair summarized the CGI's benefits like this: *"There was something in it for everyone. Governments wanted a good reputation to get investment, civil society wanted money spent well for the benefit of the people, and companies didn't want their reputations to be further damaged"* (This is Africa Online, 2013).

A number of interviewees give further information what the benefits for the different stakeholder groups consist of. As regards the benefits for countries, several respondents (EITI_R1; EITI_I1; EITI_I2; EITI_M2) point out the sheer number of countries that have joined the CGI so far: 51 implementing countries worldwide, 31 of which are already EITI compliant (EITI, 2016b). Since the EITI membership for countries is completely voluntary, the constantly increasing number of countries acts as an indicator that such a membership provides real benefits for them. One important benefit for countries is described by this interviewee: *"Often for the governments it's a good label, it's showing that 'We are one of the good guys', 'We belong to the transparency club'. Sometimes they want to show it to investors, pretty popular. They might want to show it to their own people and civil society, which is of course the new ideal model, I guess. And to be completely honest, sometimes they just want to show it to their donors. But even if it's pushed from outside or doesn't stand from the ones to be accountable to citizens, it might actually provide that space and might lead to that accountability even though it hasn't maybe started from there"* (EITI_M1). Apparently, the EITI membership is regarded as a valuable asset by implementing countries. The initiative has a high reputation and being part of this exclusive club seems worthwhile in many aspects. For instance, a country that implements the EITI Standard signifies to its investors that it is willing to cater for a stable institutional framework without corruption. Additionally, it can also be beneficial with regard to the donors of a country: International financial institutions such as the World Bank or the International Development Association regularly require countries to comply with the EITI principles in order to be eligible for World Bank money. Against this background, it becomes evident that the EITI provides strong incentives for countries to apply for membership.

However, there are also countries that join the CGI for other reasons as this staff member reports: *"I mean there is a reason why countries come to us and say: 'Look, we found oil and gas, for example, and we're going to start extracting this in the near future. We want to make sure that this happens in a responsible and transparent manner. We understand that the EITI is a framework that can help us do this'"* (EITI_M3b). In these cases, countries turn to the EITI because they have realized that this initiative can support them

in sustainably capitalizing on their natural resources. After all, funds of resource-rich countries are non-renewable; there is only one chance for these countries to exploit their resources and they want to do this in a responsible way.

With resource-rich countries joining the EITI, civil society's influence is strengthened as it gains the opportunity to hold the government accountable. Data on payments and receipts from oil and gas or minerals are now at their disposal. Some respondents mention additional benefits for civil society: *"The great thing about the EITI is country-owner-ship, the requirement that governments have to take the lead, but they have to involve civil society and companies as partners in that process. And that's often a very culturally unfamiliar concept in many countries. We take it for granted perhaps in Europe now. And that each of those partners has to have the freedom to contribute and express views free-ly."* (EITI_R1). Involving civil society organizations thus implies their active participation and their voice being heard and considered in these issues. This staff member adds: *"But of course you can think about the multi-stakeholder process in countries; there is repre-sentatives of the government, companies, and civil society discussing on what should be required from whom and what information should be included. So in that sense the obli-gations towards governments are set there and that's where the companies themselves but also civil society has a say in that."* (EITI_M1).

The greatest benefit for companies lies in the fact that a level playing field is created when a country commits to the EITI principles as all extractive companies operating in that country are obliged to disclose their payments: *"… two reasons, and it comes back to where our conversation started. The first one is that you create a level playing field. It means that once the government does it, at least in the case of the EITI, all companies in that country have to report according to the EITI"* (EITI_M2). Apart from this most fre-quently mentioned benefit, the EITI Business Guide lists as benefits for companies among others (EITI, 2013a, pp. 10 et seqq.):

- a stronger license to operate with better relations to communities and governments
- a tool to understand and mitigate political risks and public discontent
- credibility and a better reputation (internationally)
- respect as an industry leader

One representative of the members explains further how companies can foster their repu-tation through the EITI: *"Before EITI came along, although they didn't necessarily know it, the assumption of many people in civil society was: All mining companies or all oil and gas companies, they don't pay tax, they bribe everyone and, I mean, a very simplistic car-icatural view, but if you live in that environment, perhaps it's understandable that people make those assumptions. And EITI gives an opportunity for companies to make public what contribution THEY are making and have that validated independently"* (EITI_R1). Hence, although countries, civil society, and companies derive different benefits from the initiative, in the end, having the diverse interests of all three stakeholder groups represent-ed seems to be a real success factor in such a difficult sector as the extractive industries.

4.2.6   Narrow Scope of Objectives

The template analysis of the interviews has also shown that it needs to be defined explicitly what the commitment of CGI members consists of. Thus, the initiative must have a narrow scope of objectives in two respects. First, the focus on the extractive sector is of special relevance. One reason for the success of the EITI is that they resisted the temptation to include other sectors, for example fishery or forestry, into the initiative. This is at least what the EITI Chair, Clare Short, thinks: *"Some countries like Liberia talked about logging from the beginning. Mauritania is talking about including fisheries, which is as big for them as extractives … But our focus will remain extractives, and of course on our Board we have oil companies, mining companies, investment companies. If you spread too wide, you lose your niche and your expertise"* (This is Africa Online, 2013). An independent EITI informant agrees: *"I think the biggest challenge is really depth. And it's not about including fishery and including forestry and including all sorts of sectors. No, it's really going in depth. … It's actually the crucial question of global governance, which is: How do you really change things locally by acting globally"* (EITI_I1). The EITI is a very complex initiative. Increasing further its complexity by including other sectors would therefore not serve its original purpose of more transparency and less corruption in the extractive industries. With respect to the CGI's focus a member of the EITI staff notes: *"I think the fact that you have … a narrowing clear standard, it has a tight focus, is part of the success"* (EITI_M2).

   This leads to the second aspect of the identified success factor. The EITI's focus lies on a particular section of the extractive industries value chain, i.e. on the revenue side. Companies commit to disclose payments made to governments and governments commit to disclose receipts. Consequently, the expenditure side is not in the focus of the initiative[78]. Hence, the CGI's narrow scope of objectives is in line with the basic knowledge of organizational theory, according to which specificity is essential for organizations to succeed in the presence of uncertainty (Williamson, 1991).

4.2.7   Flexible Governance Structure

The case study has also revealed the meaning of an elaborate and, most importantly, flexible governance structure for the EITI's success. A flexible governance structure is characterized by at least two aspects: first, the adaptability of rules over time, and second, the fact that the governance structure is applicable to different governance problems.

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[78]   With the adoption of the 2016 Standard, the EITI saw a slight softening of this point: Requirement 6 ('Social and economic spending') now demands the disclosure of information related to the social expenditure of companies, trying to capture the social and economic impacts and outcomes of the extractive industry for a country (EITI, 2016c, p. 29). Nevertheless, the EITI's primary focus remains on the revenue side.

Since its inception in 2002, the initiative has developed a sophisticated set of rules that every member has to adhere to once it decides to join the CGI. Changes to the rules have been made carefully and in an incremental manner in order to preserve the accomplishments which have been achieved so far. In 2016, the fifth version of the EITI Standard was adopted. Unlike the 2013 EITI Standard[79], relatively few changes were made to the new standard. However, three new aspects need to be highlighted (EITI International Secretariat, 2016, p. 8): First, the EITI requirements have been reordered and follow the extractive value chain order now. Second, the requirement to publish beneficial ownership information from 2020 on has been included. Third, the validation system has been revised in order to better account for the diversity of implementing countries and their progress over time. An EITI representative of the members describes how changes to the governance structure have been made: *"On the other hand, EITI is also gradually expanding beyond just the making of payments and receipts … to also look at issues like: Who owns exploration licenses? Who are the beneficial owners of contracts?"* (EITI_R1). He explicitly mentions the gradual development of the EITI rules and specifies the kind of information that needs to be published to make meaningful progress: data not only about payments and receipts, but information that covers a greater section of the value chain in the extractive industries beginning with exploration licenses. The importance of continuously adapting the rules to the needs of the EITI members is also expressed by this independent informant: *"You know, EITI is somehow trying to find solutions to certain weaknesses that emerged at the beginning by focusing more on transparency along the value chain, requiring contract transparency … Well, this standard certainly has the potential to further develop"* (EITI_I2, translated by the author). The incremental approach is also supported by the EITI management staff: *"I think another one* [success factor] *has been that it has been important to ensure that you develop substance and organization, administration in a way that is good, timing-wise, that you do it bit by bit … That you don't try to do everything in one go, that in a sense it has to be somewhat incremental that worked quite well in the beginning, but might create some challenges in terms of growth when it becomes really big"* (EITI_M2).

A flexible governance structure does not only imply that rules can be adjusted to the changing needs of the members, but also that it is applicable to different governance problems in different countries. Being an extractive industries transparency initiative, the EITI covers both the oil and gas and the mining sector. However, as one interviewee remarks, *"I myself recognize that because you have many more actors, you have very different problems. The transparency problems of colton are not the same transparency problems of gold or the same transparency problems of coal for that matter. So it's very hard to …*

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79   The 2013 Standard brought about major changes. Back then, the so-called EITI rules were replaced by the more comprehensive and more demanding EITI Standard (EITI International Secretariat, 2013). The majority of requirements of the EITI rules were retained. However, the EITI Standard was restructured into a smaller set of requirements with clearer expectations (only 7 instead of 21 requirements).

instead of oil – oil is oil, no matter what, it goes through one pipeline and you can measure from start to end how much it is and that's it" (EITI_I1). Although EITI countries possess very different natural resources – reaching from countries with massive oil and gas resources such as Nigeria or Iraq to countries rich in minerals such as Peru (copper, tin, zinc among other things) or Zambia (copper, cobalt) – the EITI as an initiative is flexible enough to accommodate all these different countries and to help them with their specific governance problems. The national MSGs are a crucial governance instrument since MSGs are invited to design the national EITI process in a way that reflects their national priorities best. An EITI staff member explains, *"The Standard is the same. But if you go through the Standard, you see that in many points there is a requirement of what information should be public or should be in the record, but not that much in the way or the form it should be presented. For example, it may say that there maybe needs to be information on the licensing process, but then it's often up to the MSGs on how to present it"* (EITI_M1).

4.2.8   Ability to Enforce Rules

The ability to enforce rules has been identified as another important success factor of the EITI. A staff member describes the way rules are enforced within the initiative as follows: *"On the international level … EITI processes in countries are assessed as a whole and this means basically assessing whether a country meets the requirements to become a candidate and then when it reaches the validation date, it's assessed whether the country meets all the requirements and can become an EITI compliant country. And then in certain situations if they, for example, miss reporting deadlines or if there is a big political change … or the government is just dysfunctional, the country may become suspended. Then, when the situation gets better, the suspension may be lifted and as a final means, a country may be delisted from the EITI process"* (EITI_M1).

At the beginning, especially civil society representatives feared that the EITI could turn out to be another 'toothless tiger' and might not be able to enforce the rules as prescribed. However, with the first suspensions and delistings made these concerns could be overcome: *"There has been time and persistence, they have increased the number of countries, they have managed to be hard or relatively hard to certain countries and make them improve, perhaps a little bit, but that's already a lot"* (EITI_I1). As of 2016, there are two countries that have been delisted and two that have been suspended. Equatorial-Guinea was delisted in 2010 after the EITI Board did not agree to extend the validation deadline (EITI, 2010). Gabon lost its status as an EITI candidate in 2013 when the MSG refused to adopt the second validation report and decided not to submit the report as prescribed in the EITI rules (EITI, 2013b). The Central African Republic and Yemen have been suspended due to political instability and ongoing conflict in the countries (EITI, 2016b). The EITI Board also showed its ability to enforce the EITI rules when it downgraded Azerbaijan as the first country ever to candidate status in 2015 (EITI, 2015b), after

ongoing allegations that the Azerbaijani government hindered civil society to critically engage in the national EITI process (McIntosh, 2014).

However, when it comes to enforcing its self-imposed rules, the EITI Board has to make considerate decisions. While it is obviously not in the interest of the CGI to expel countries from the EITI – because this would mean that the chances for real change in these countries would deteriorate – not enforcing the EITI rules could have even more negative consequences. As it is clearly specified under which conditions a country's suspension or delisting takes effect, the EITI Board has to take action in such cases. Otherwise, the initiative would risk losing its credibility and seriously damaging its reputation, its most valuable resource. This dilemma is also explained by another independent informant: *"Regarding sanctions, it's of course always the question, you know, what kind of sanctions can be enforced? Where is my bargaining power? Certainly, the EITI can only take away what it gave to countries before, that is incentives to work on the reputation and to improve the reputation of the country"* (EITI_I3, translated by the author). With this statement the interviewee alludes to the EITI's voluntary character through which the possibilities for sanctions are naturally limited.

Another aspect of the CGI's ability to enforce its rules is that countries have the possibility to adopt national EITI laws if they wish to do so. *"Many of the countries that implement the EITI do so through law, that means that it by law is a requirement to report according to the EITI"* (EITI_M2). In doing so, countries establish a national framework that promotes their own, national ability to enforce the rules they have consented to when they joined the EITI.

4.2.9   Country-Ownership

The success factor 'country-ownership' has emerged as a new theme from the analysis. Country-ownership implies that out of the three participating stakeholder groups, the governments have to take the lead since they decide whether they would like to join the EITI. This seems to be contradictory to the core principles of CGIs presented in chapter 2.2.2, where the central role of the private actors has been highlighted. However, the private sector, particularly the business sector, has in actual fact a pivotal position in the initiative. Although countries need to take the first step and commit to the EITI principles, the companies' role is equally important. They have to actively engage in the CGI and disclose payments made to the governments. Without their active participation the EITI would not work. The idea behind this governance model is that if countries decide about joining the initiative, thereby obliging all extractive companies operating in that country to participate, then a level playing field between companies is created. Such a level playing field makes it easier for companies to commit to transparency and refrain from corrupt practices since they know all competitors have to submit to the same rules.

The particular relevance of country-ownership was mentioned by a number of interviewees. For instance, one representative of the members explained, *"The great thing*

about the EITI is country-ownership, the requirement that governments have to take the lead, but they have to involve civil society and companies as partners in that process … And I think that requirements, country ownership and government leadership, and involvement of the other partners, is critical and unusual" (EITI_R1). In saying this, he named the two crucial conditions, country-ownership and the involvement of other partners such as businesses. Another respondent stated: *"The very important thing is that it's implemented … by governments, and I think that is the logic state, a big part of the success of EITI, for a number of reasons, its national ownership …"* (EITI_M2).

However, country-ownership means more than countries having to take the lead when joining the EITI. It also ensures that priorities in dealing with governance problems in the extractive industries are set by those who know best about the challenges: the countries, more precisely the national multi-stakeholder groups (sometimes also referred to as 'national stakeholder commissions'). As one EITI staff member points out, *"So in any EITI implementing country, there is a national multi-stakeholder commission which has … representatives from the countries, government, civil society, and companies operating in that country. And they have autonomy what they're prioritizing in their EITI process"* (EITI_M1). This view is shared by an independent informant: *"They* [the countries] *are very diverse, yeah, but this is why I think the system of EITI is very clever in letting the multi-stakeholder groups in each country decide: 'OK, what do we need to do?'"* (EITI_I1). The EITI governance explicitly gives these national multi-stakeholder groups the freedom to design their national EITI process in a way that reflects the needs and particularities of their country best. Thereby, the diversity of the countries that take part in the CGI is acknowledged. The EITI minimum requirements ensure that all EITI members pursue the same goal, but the actual implementation of the EITI rules varies considerably from country to country.

4.3 MACN Case

4.3.1 Profile, Origin, and Sector Characteristics

The MACN is the most recent CGI of all three initiatives. It was established in 2011 and formalized in 2012 by leading companies of the shipping industry (MACN, 2016a). The anti-corruption network regards cumbersome approval processes, weak controls, and poor port governance as the primary drivers of corruption in the maritime sector. Since its foundation the MACN has developed into a network of about 60 companies that cover the whole supply chain within the maritime sector, ranging from shipping companies to providers of port management services and shipping agencies, to shipowners' associations (MACN, 2016b). Seven of the 50 leading liner companies participate in the MACN: Maersk Line, CMA CGM, Mitsui O.S.K. Lines (MOL), Hamburg Süd, Nippon Yusen Kabushiki Kaisha (NYK), Kawasaki Kisen Kaisha (K Line), and Swire Shipping[80]

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80 Swire Shipping belongs to the China Navigation Group which is an MACN member.

(UNCTAD, 2015, pp. 37–39), which together account for roughly 32% of the world's total container-carrying capacity (this corresponds to 6,054,490 TEU[81]). Thus, the MACN has managed to engage several big players of the shipping industry, an industry which is generally seen as very fragmented with over 20,000 companies worldwide (MACN_R1).

Since its foundation the CGI has cooperated closely with Business for Social Responsibility (BSR), a global business-driven CSR platform which assumes the function of a secretariat for the MACN, as long as the network has not achieved the status of a legal entity (MACN_M1). MACN's vision is a maritime industry free of corruption (MACN, 2014), focusing on both: strengthening members' internal anti-corruption programs including best practices sharing, and contributing to an improved external operating environment by engaging in local collective actions together with business, governments, international organizations, and civil society (MACN & BSR, 2014, p. 3). The first local collective action was initiated by MACN in six Nigerian ports and is now in the implementation phase (TUGAR, 2014). Two other local collective actions have recently been conducted in Argentina and Indonesia (MACN, 2016c) and additional local activities are planned in ports around the world for the following years (MACN_R1). Although being a business-driven network, the CGI is aware that it needs to involve local stakeholders in their collective actions. Therefore, the anti-corruption initiative can be regarded as a hybrid between a mainly business-driven initiative, such as the EMB, and a multi-stakeholder initiative, such as the EITI.

The MACN emerged as a response to the UK Bribery Act that came into force in 2011 (MACN_R1; MACN_R2; MACN_R4; MACN_M1). The UK Bribery Act represented a threat particularly to the maritime sector because it was the first anti-corruption law that regarded facilitation payments, which are widespread in the industry, as bribes[82]. Facilitation payments are small payments made primarily to port officials or customs officials, e.g. to clear goods for import or to facilitate port state control inspections. They are also frequently demanded from captains when vessels enter canals such as the Suez Canal (MACN_R2; MACN_I1). Shipping companies that refuse to make such payments often face significant and costly delays in standard port and customs procedures (Control Risks Group, n.d.). Under the new law shipping companies thus faced two options, both of which implied high risks: While acquiescing in the demands of facilitation payments meant to risk prosecution under the UK Bribery Act, refusing to pay entailed high economic risks by delays in port procedures.

In order to act on this two-fold threat, leading companies of the maritime sector came together in Oslo in late 2010 for a workshop on anti-corruption. This meeting had been

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81   TEU stands for twenty foot equivalent unit and is a common measure used in the shipping industry to indicate the total shipboard capacity deployed.

82   Unlike the FCPA, the UK Bribery Act considers facilitation payments to be bribes under Section 1 of the Act. Moreover, it introduces the offense of failure of commercial organizations to prevent bribery (Section 7 of the UK Bribery Act) (UK Ministry of Justice, 2011, p. 15).

initiated by the leading Danish shipping company Maersk[83], and was hosted by the Norwegian Shipowners' Association (MACN_R4). On that occasion the idea to engage collectively against corruption by means of a sector initiative evolved: The MACN was born.

As mentioned in the footnote above, by introducing the offense of failure by a commercial organization to prevent bribery, lawmakers place the burden of proof on companies to show they have implemented so-called adequate procedures to prevent bribery. According to the UK Ministry of Justice (2011, pp. 20 et seqq.), these preventive procedures to be implemented by companies should be based on the following six principles:

- Proportionate procedures: A commercial organization's procedures need to be proportionate to the bribery risks it faces.
- Top-level commitment: The top-level management is committed to preventing bribery and fosters a corporate culture in which bribery is not accepted.
- Risk assessment: The firm assesses the nature and extent of its exposure to bribery risks periodically, and documents this assessment.
- Due diligence: The commercial organization applies due diligence procedures by employing a risk-based approach in order to mitigate identified risks of bribery.
- Communication and training: The firm communicates the bribery prevention policies and procedures both internally and externally and conducts training for staff.
- Monitoring and enforcement: The commercial organization regularly monitors and reviews procedures designed to prevent bribery and makes improvements where necessary.

In short, companies need to ensure they have implemented a robust compliance program. The MACN supports companies in strengthening their internal anti-corruption programs by providing tools and sharing best practices. Interviewees frequently referred to the initiative as a learning platform (MACN_R2; MACN_R3; MACN_R4; MACN_R5; MACN_M1). Furthermore, MACN participants actively engage in local collective actions in order to help improve the external operating environment. Therefore, MACN membership itself and all corresponding activities can be regarded as a preventive measure according to the UK Bribery Act. Indeed, being a member of a sector anti-bribery initiative is explicitly mentioned on the checklist for adequate procedures by TI-UK (2012a). Table 21 sums up the main characteristics of the MACN and its external operating environment.

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83   Maersk is not only the initiator of MACN, but also belongs to the group of companies that support the EITI (EITI, 2016a).

Table 21   Profile MACN Initiative

Dimension	Characteristics
Origins	Adoption of the UK Bribery Act that considers facilitation payments to be bribes and puts companies in charge of implementing preventive measures against bribery
Legal Framework Influencing the CGI	UK Bribery Act
Goals	Maritime sector free of corruption; elimination of facilitation payments in the maritime industry
Operationalization of Goals	Implementing anti-corruption compliance programs in members' organizations; local collective actions in ports around the world
Participants Involved	Business, but collaboration with (local) key stakeholders
Focus of Corruption Prevention	Predominantly supply-side; demand-side included in local collective actions
Geographical Coverage	Global
Funding	Membership fees
Level of Institutionalization	High (operating charter and MACN anti-corruption principles; Members' Meeting, Steering Committee, secretariat based in Copenhagen; formal membership)
Level of Enforceability	Intermediate (self-monitoring; suspension/termination of membership)

4.3.2   Organizational Set-up and Operational Procedures

4.3.2.1   MACN Governance and Funding

Figure 15 below shows the MACN's governance structure, whereby the framed boxes are the participating actors, the ellipses represent the actions, and the arrows indicate the direction in which the action takes effect. The MACN is a business network that is governed by a Steering Committee and a Members' Meeting. In addition, there is a secretariat that coordinates the members' activities. As such, the MACN has a relatively simple governance structure.

The MACN admits organizations either as regular members or associate members. Companies that own and/or operate commercial vessels, and do so as a primary business purpose, can be admitted as regular members. All other organizations in the maritime sector, for instance, ports, terminal operators, shipping agents, and associations are admitted as associate members (MACN, 2012b). New members have to be approved by the members of the Steering Committee in order to protect the MACN's reputation (MACN_R2). Regular and associate members have different rights and obligations. Generally, regular members have more rights but also more obligations than associate members. Regular members in particular have the right to vote at Members' Meetings.
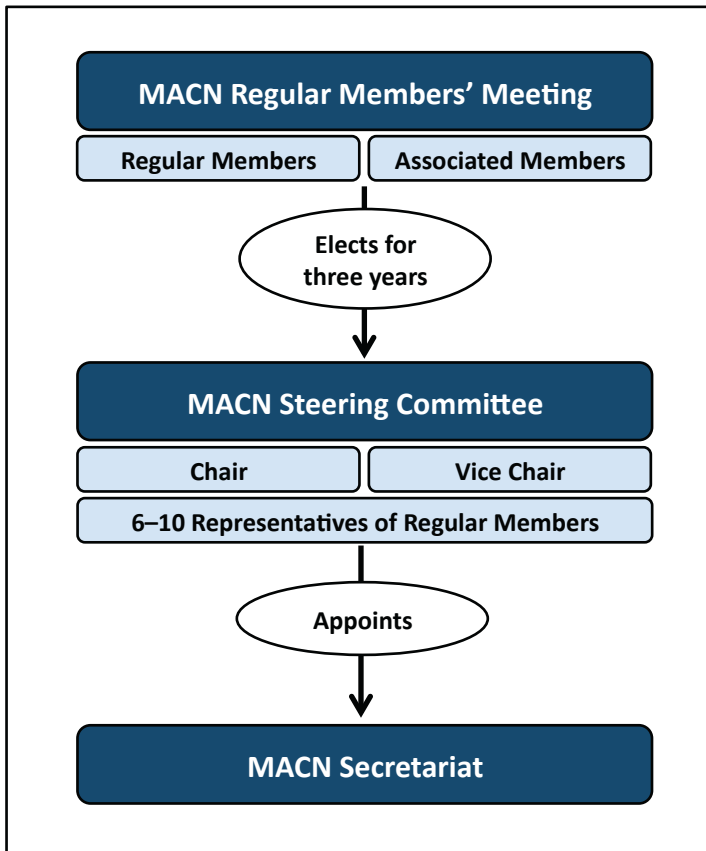
Figure 15   MACN Governance Structure

Source: own representation

At the same time, regular members have a number of obligations (MACN, 2012b): Besides having to pay their annual memberships fees, they also need to publicly endorse the MACN vision, mission, and anti-corruption principles. Furthermore, they need to participate and (financially) contribute to all collective actions undertaken by the initiative. Last but not least, regular members have to adopt and implement the MACN anti-corruption principles (MACN, 2012a) and report to the MACN annually on the progress made regarding the implementation of the anti-corruption program.

The Steering Committee, which is elected for three years, is made up of 6–10 representatives of regular MACN members. Out of these 6–10 members, a Chair and a Vice Chair are elected. The Steering Committee promotes the adoption of and adherence to the MACN anti-corruption principles, proposes an annual work plan and budget, and sets the agenda for annual member meetings. The committee furthermore has the right to exclude members in the case of any misconduct such as a violation of the operating charter's provisions and the seven anti-corruption principles (MACN, 2012b).

The MACN Secretariat is appointed by the Steering Committee. The function of the MACN Secretariat has been taken by BSR, which is located in Copenhagen. It mainly has a coordinating function and facilitates open discussion among members as well as decision-making. Moreover, as a neutral facilitator it removes competitive issues between members (MACN_I1). Due to the fact that the MACN as a non-statutory organization is not able to act as a legal entity, contracts regulating the rights and obligations of MACN members (such as the statement of commitment) are concluded between the BSR and MACN participants (MACN_M1).

Additional to the main governing bodies described above, there are four working groups within the anti-corruption network. They were created to facilitate internal collaboration among MACN members (MACN_M1). The four groups, in each of which at least one Steering Committee member is represented, are:

- Creating Awareness
- Collective Action
- Incident Reporting Mechanism
- Best Practice Sharing and Tool Development (MACN, 2016c)

The CGI is primarily funded by annual membership fees. The fees for regular members amount to 8,500 US\$, while associate members only pay 5,100 US\$. So far, there is no differentiation as regards the amount of fee according to company size. In addition, both regular and associate members make an annual contribution of 4,000 US\$, from which local collective actions are financed (MACN_R1). The MACN makes an effort to acquire additional sources of funding for these local collective actions. For example, the United Nations Development Programme (UNDP) co-financed a pilot study conducted in six Nigerian ports on corruption risk assessment in the Nigerian port sector (TUGAR, 2014).

4.3.2.2   The MACN Commitment Process: Seven Anti-Corruption Principles

The MACN has been classified as an anti-corruption initiative with a high level of institutionalization and an intermediate level of enforceability. As explained in chapter 2.3.3, a high level of institutionalization implies that the initiative possesses fully established governing bodies, a written statute, and a formal membership process. Having established a Steering Committee, a Members' Meeting, and a secretariat the CGI fully meets these requirements. In addition, the MACN Charter stipulates the participants' commitment by the explicit obligation to sign the correspondent statement of commitment. In particular, companies commit to implement and adhere to the seven MACN anti-corruption principles as shown in figure 16 below[84] (MACN, 2016c).

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84   Moreover, MACN members must also agree to comply with anti-trust principles given that it
     is a network of competitors (MACN_R5).

Compliance Program Requirements	Risk Assessment	Proportionate Procedures	Training & Communication

Monitoring & Internal Controls	Due Diligence	Reporting, Discipline & Incentives
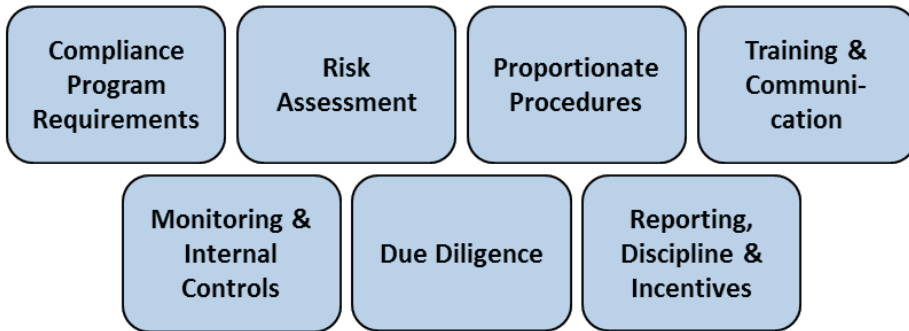
Figure 16   Seven MACN Anti-Corruption Principles

Source: own representation

These principles are based on the prescriptions made in the UK Bribery Act, the OECD Guidelines for Multinational Enterprises, and the FCPA (MACN_M1). First, companies need to create an anti-corruption compliance program that reflects the risks pertinent to the companies' business. Senior management should give explicit support to the anti-corruption compliance program. Second, MACN participants should assess external and internal corruption risks regularly and document the results of these assessments continuously. Third, companies should have clearly articulated policies and procedures that fully comply with the laws that apply to their organization. These procedures must include the prohibition of all forms of corruption, and give specific guidance on facilitation payments with the ultimate aim of their complete elimination. The policies and procedures should be proportionate to the risks faced by each MACN member. Fourth, companies commit to train employees on their anti-corruption policies and procedures. Awareness of policies and procedures should also be reinforced through communications. Fifth, companies need to install appropriate internal monitoring mechanisms in order to ensure that the anti-corruption compliance program is apt to prevent and detect incidents of bribery, facilitation payments, and other forms of corruption. Sixth, members should conduct risk-based due diligence on third parties and business partners. The due diligence needs to contain an anti-bribery commitment from third parties. Seventh, MACN participants should provide employees with access to methods for asking questions and/or reporting concerns. Those reporting concerns in good faith should be allowed to do so without fear of retribution. Companies have thus to investigate credible information on improper behavior and must implement appropriate corrective actions where necessary. Compliance with the anti-corruption compliance program should be encouraged by incentives for proper behavior and punishment for improper behavior. (MACN, 2016c)

Regarding the enforceability, the initiative is classified at an intermediate level as the responsibility for monitoring the implementation of the anti-corruption compliance programs lies with its members. As opposed to the EMB or the EITI, the MACN has no external monitoring. Instead, MACN participants are expected to conduct an annual self-as-

sessment with the aim of determining the current status of implementation of the seven anti-corruption principles. This intermediate level of enforceability can be explained by the fact that the CGI has been established only recently and is in a phase of consolidation. Therefore, the initiative's focus lies on attracting new members in order to attain a certain significance within the sector. In this regard, one interviewee stresses the fact that strict external enforcement of self-imposed rules would deter potential new participants (MACN_I1). The relatively weak monitoring mechanisms at this early phase of the MACN are therefore partly comprehensible. They might represent, however, a threat to the network's credibility as the initiative is growing and gains a certain prominence. The Steering Committee is nevertheless entitled to take action against members that deliberately and continuously infringe on the self-imposed rules as laid down in the MACN Charter. These members can be excluded in order to protect the initiative's reputation.

4.3.3   Success Factors – General View

Figure 17 illustrates how the final coding themes for the third case have been developed. A continuous line indicates the theme has been renamed, a dotted line means the original theme has been integrated into the new theme, and a theme written in bold symbolizes the theme has been developed inductively from the data. In contrast to the first two cases, the a priori themes in the MACN case are only partly reflected in the final coding themes[85].
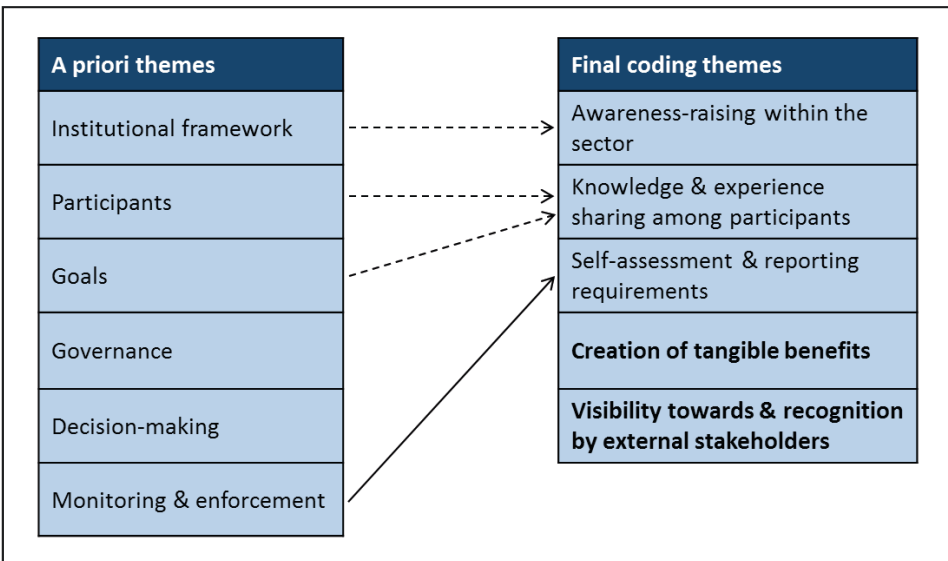
Figure 17   MACN: From A Priori Themes to Final Coding Themes
Source: own representation

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85   For more details regarding the meaning of each a priori theme, see table 16 in chapter 4.1.3.

First, the theme 'institutional framework' has been integrated into the final coding theme 'awareness-raising within the sector'. The original theme listed in table 16 above included all statements that refer to the legal framework and the competitive structure of the sector. The analysis of the interview transcripts showed that the institutional framework in which maritime transport companies operate is not as well-established as in the other two sectors. Therefore, companies first need to start raising awareness of the problem of corruption within the sector. Second, two a priori themes, participants and goals, have been integrated into a new theme labeled 'knowledge & experience sharing among participants'. Both original themes are represented in the newly created theme: The original 'participants' theme includes, among others, all that was said about the responsibilities of participants. In the MACN case the participants' responsibility consists not only of implementing the seven anti-corruption principles but also – which is equally important according to the interviewees – of sharing their knowledge on how best to tackle corruption. In addition, many respondents regarded the network mainly as a learning platform; sharing knowledge and experience was identified as one of the primary goals of the CGI. Third, the analysis of the MACN interviews revealed that there has neither been an equivalent to the 'governance' theme nor to the a priori theme 'decision-making'. Fourth, the theme 'monitoring & enforcement' has been renamed into 'self-assessment & reporting requirements' since the MACN's monitoring consists only of a self-assessment tool and does not provide for additional external monitoring. Last but not least, two completely new themes evolved from the analysis of the third case – 'creation of tangible benefits' and 'visibility towards & recognition by external stakeholders'. The first one encompasses all statements that describe the benefits that accrue to MACN members from being part of the local collective actions. The latter one refers to all that is said about how and to what extent the MACN's activities have been recognized by external stakeholders. Table 22 shows the final coding template with the success factors of the MACN case.

Table 22   Final Coding Template MACN

1 Awareness-raising within the maritime sector	
	1.1 Anecdotal success
2 Knowledge and experience sharing among participants	
	2.1 Openness and trust among members
	2.2 Organizational changes
3 Self-assessment and reporting requirements	
4 Creation of tangible benefits through local collective actions	
	4.1 Local ownership
5 Visibility towards and recognition by external stakeholders	
	5.1 Growing network

4.3.4   Awareness-Raising within the Maritime Sector

'Awareness-raising within the sector' has been identified as the first success factor of the MACN. The problem of corruption is widely known both in the extractive industries and in the construction industry. Stakeholders are aware of the detrimental effects of corruption and have therefore tried to combat this phenomenon collectively. By contrast, companies in the maritime sector just begin to talk about the problem of corruption, in many cases induced by the tightened new anti-corruption regulations, such as the UK Bribery Act. In line with this, one representative of the members declared: *"One major accomplishment by the MACN was that for the first time it was talked about the corruption problem in the industry"* (MACN_R1). One could infer from this statement that stakeholders probably knew about the corruption problem before the foundation of the MACN, but accepted it as an immutable fact. This is beginning to change now, as MACN_R2 explains: *"Well, the most beneficial part so far is probably that I think we have taken quite a big step from being a very closed group of company to becoming more transparent about our challenges and talking to key stakeholders about our challenges. We've built awareness in the industry about how effective it can be if we join forces and work on this together."* By talking about the challenges in the sector, companies for the first time realize that they may be capable of curbing corruption (i.e. in the case of the MACN mostly facilitation payments) by acting collectively. Apparently, many companies in the maritime transport sector have a similar perspective on this issue and feel the need to become more engaged, which explains this assertion by an MACN staff: *"What has been quite unique about the approach of MACN compared to some other initiatives ... is that we are actually bringing a lot of companies to the table"* (MACN_M1).

Although the anti-corruption network came into existence only in 2012, interviewees reported on some anecdotal successes the CGI has already achieved. On one occasion an MACN member managed to avoid the almost obligatory facilitation payment due when entering the Suez Canal (MACN_R2). On another occasion, a shipping company succeeded in avoiding the payments requested by port authorities by mentioning that it was an MACN member (MACN_R3; MACN_M1). While these success stories are far from being representative for the industry, they can nevertheless help *"to kill some myths"*, e.g. that you cannot cross the Suez Canal without paying, as one respondent noted (MACN_R2). This kind of anecdotal success encourages other companies to start to fight old habits that have long gone unquestioned and ultimately change the rules of the game in the maritime sector.

4.3.5   Knowledge and Experience Sharing Among Participants

'Knowledge and experience sharing among participants' has turned out to be another important success factor for the anti-corruption network. Again it becomes evident that the fight against corruption in the maritime sector is still in its infancy. Before companies can commit to elaborate rules comparable to those of the EITI, they deem it necessary to

learn more about how best to tackle corruption, and how anti-corruption principles can be implemented in their organizations. Therefore, the anti-corruption network is a valuable learning platform for members. MACN_R5 elucidates: *"There is big learning from the other organizations that are members as well. So when we sit down and talk about challenges we are facing and ways you can go about trying to resolve those challenges. Those are very beneficial"*. Another interviewee adds: *"At the end, transparency and best practice sharing in developing tools, those areas are very key for us"* (MACN_R2). This is also confirmed by one of the MACN staff: *"The main take-away for them then is that they know that being a member they will get to have best-practice sharing between each other on how to implement the principles and thus improve their anti-corruption program ... They got tools like due diligence frameworks and risk assessment frameworks and training tools, so that's the practical side"* (MACN_M1). The sharing of concrete tools such as due diligence frameworks and risk assessment frameworks that have been developed jointly is obviously a real benefit for companies. Another aspect of this mutual support by sharing knowledge is touched upon in this statement: *"The other benefit is that they are able to share information about the incidents that happen. So they've got early warning signals about the type of incidents that they may come across if they are calling port in Nigeria. So they can tell their crew what to look out for"* (MACN_M1). Thus, on the one hand, by sharing knowledge and experience the network aims to improve internal processes (e.g. due diligences, risk assessments). On the other hand, it also aims at exchanging ideas on how to react to specific external challenges, such as incidents of facilitation payments being requested in certain ports.

An essential prerequisite for exchanging information and learning from each other is openness and trust among members. As MACN members in many cases are direct competitors, the existence of such trustful relationships can by no means be taken for granted. Rather, the trust-building has been an enduring process facilitated by BSR as a neutral organization. MACN_R1 reports that the so-called Chatham House sessions helped considerably in creating an atmosphere of trust among participants. In these meetings companies had the possibility to talk frankly about the corruption challenges they faced and how they dealt with them in practice. MACN_M1 states more precisely: *"This is about learning and sharing and a major part of our group meetings is something called Chatham House Sessions ... The idea is that you can basically get companies who are not normally this open with each other to basically sit around and say: This is what we actually experience in the field. We give them some raw data that they have reported themselves about the types of incidents that are happening and they can just spent two hours discussing and brain-storming with each other and we sort of facilitate that discussion, but it's really open to say: These are the types of problems we have, are you having the same? Like: How do you tackle them? How do you deal with them?"*. An independent informant shares the opinion that trust between members is essential in CGIs such as the MACN: *"And trust is very important if you want people to share information and information is key to making actions happen. So, I think that chain of building trust, having a clear mandate and so on have all helped"* (MACN_I1).

Some companies have reported about organizational changes they have undergone as a consequence of this knowledge sharing within the anti-corruption network. For instance, one company that had major changes to its organization developed robust internal anti-corruption policies and began to use online training tools for captains, the crew, and shore-based staff (MACN_R1). Other companies had some minor organizational changes, as this MACN member notes: *"… for example, we changed our due diligence process a bit. We use the MACN due diligence questionnaire, which is more in depth than what we have been using previously. So it's more on those smaller levels that we've actually had to tweak things a little bit"* (MACN_R5).

4.3.6   Self-Assessment and Reporting Requirements

The third factor of success that has evolved from the analysis has been 'self-assessment and reporting requirements'. Unlike in the EMB or the EITI, there is no external monitoring mechanism in the MACN. As mentioned above in chapter 4.3.2, this lack of external monitoring has been justified with the deterrent effects of such monitoring for potential new members, which could inhibit the prosperous development of the emergent anti-corruption network. Hence, companies are only required to implement the seven MACN anti-corruption principles in their anti-corruption compliance program and to report on an annual basis about the progress they have achieved in this regard (MACN, 2012b, p. 2). In 2015, however, a new self-assessment tool was developed and sent to all MACN members: *"As I certainly mentioned, we're rolling out a self-assessment this year* [2015]. *So, members will set their baseline on their own assessment of how well they're implementing the principles, whether they're implementing the principles"* (MACN_M1). Although the self-assessment is voluntary, companies expect solely positive effects from the new tool and regard it as a crucial step for the entire network. For instance, this member remarks: *"I think the self-assessment questionnaires will be really important. If you start looking at the self-assessment questionnaire then you have an average score of a three and you're one; 3.2 and you are 2; 3.5 and you're 3 …and you can tie that back to either best practice sharing sessions or collective actions or whatever it may be. That's another way, I think, that it would be possible to demonstrate some progress and some positive steps and impact by MACN"* (MACN_R5). Hence, the result of the self-assessment across all MACN companies will be made available to each member in an anonymous and aggregated form. In doing so, companies are able to see where they stand in terms of implementation of anti-corruption principles in comparison to their peers. If the self-assessment is repeated periodically (which is planned), MACN participants can monitor their own development and track how they have improved over the years.

4.3.7   Creation of Tangible Benefits through Local Collective Actions

The fourth success factor has been labeled 'creation of tangible benefits'. Besides achieving improvements regarding the internal anti-corruption compliance programs of members, the MACN also aims to improve the external operating environment for shipping companies. This objective shall be reached by conducting local collective actions, mostly in ports around the world, in which MACN members do business. The first local collective action of the network was conducted in Nigeria as this MACN participant recalls*: "And as a large group, we also started a pilot project in Nigeria and we got a lot of credits for tackling Nigerian ports. Nigeria is such a difficult country to work in and many of MACN members are not even doing ports calls in Nigeria but we consider this a learning journey and we worked with UNDP on identifying key challenges, risks in six Nigerian ports. And we've got a lot of learning out of that project for future projects"* (MACN_R2). As a tangible result of this 'learning', key challenges for six Nigerian ports were identified, local risk assessors were trained, and concrete suggestions for improvement in the form of so-called integrity plans were made (TUGAR, 2014, pp. 42 et seqq.). These integrity plans are now being implemented by local authorities. This MACN member describes what the tangible benefits consist of in the following way*: "… basically our strategy evolves around making things easier for the captains in the port. When they are entering the port they should notice that the MACN has been engaged in the longer term. If we have been involved in projects like, say, Nigeria, after our involvement ideally it should be the effect that port operations are working smoother than they were and that there is less demand* [of facilitation payments]" (MACN_R2). Another interviewee goes more into detail: *"Well, that could be something like, you know, our reporting program shows in 2013 members reported 50 incidents of bribes being requested at a certain port. We have a collective action, three years later, members show only two incidents"* (MACN_R5).

Two additional local collective actions have recently been conducted in Argentina and Indonesia and a number of other local collective actions are planned for the next years (MACN_R1; MACN_R2). Ports in these countries have been selected because they are among the most relevant for MACN members. MACN respondents have expressed their hope that similar tangible benefits as in the pilot project in Nigeria can be achieved, i.e. smoother port operations and less demand of facilitation payments.

The benefits through local collective actions, however, can only become manifest if those local collective actions are owned by local stakeholders. The MACN as a global network of companies may initiate the local activities and provide funds for the early stages of the project, but long-term commitment by local authorities is needed if the project is to be successful and sustainable improvements are to be achieved. Involving local stakeholders means first and foremost local government officials – who are often at the same time part of the problem – but also local civil society. MACN_R2 explains what is meant by local ownership: *"… someone needs to take responsibility for implementing that* [the local collective action]. *And that's not MACN's responsibility. That's a local government's responsibility and the whole commitment from local stakeholders and governments goes*

back to their willingness to actually make change happen". The MACN member adds: *"It needs to be a continuous process and owned locally, like the TUGAR example in Nigeria, which I think is a good one"* (MACN_R2). This respondent also considers the local stakeholders to be indispensable partners for the CGI: *"I think they are very important because in these countries, where we want to do collective actions, you need to have the local authorities, the locals on board. They have to share your kind of thinking and want to reach the same goal. Otherwise I don't think it will be possible. They must understand why we do this and maybe we have to support those countries in other ways"* (MACN_R4). This MACN staff confirms the need to involve local stakeholders: *"They* [the MACN companies] *are operating globally, but they understand that* [there are] *local nuances … and especially when we talk to funders and the local partners ... We know that there's going to be very specific nuances that we just don't have a full bearing of. So, we definitely need their input and their buy-in to kind of actually make it work at all"* (MACN_M1).

4.3.8   Visibility towards and Recognition by External Stakeholders

The last success factor identified has been named 'visibility towards and recognition by external stakeholders'. The template analysis showed that it is of great importance for MACN members that their efforts become visible and are recognized by external stakeholders. The term 'external stakeholder' is broadly defined and encompasses not only customers and suppliers of the shipping companies but also international organizations that share some of the CGI's goals, such as the World Bank and the UNDP. The MACN has already collaborated with the latter in the context of the pilot project in Nigeria. One interviewee remarks proudly: *"We are getting a lot of attention form the World Bank, UN Global Compact and others, like the FCPA Blog mentioned MACN. I think a lot of key stakeholders and important organizations are seeing that the way to work on such challenges is by joining forces across business and governments and WE have started that"* (MACN_R2). This MACN member names another reason why it is important to be recognized by external stakeholders: *"There is also, just in terms of visibility of the compliance program, you know, we have interaction with a lot of international organizations, UN Development Programme, US Department of State and US Department of Commerce recognized it as well. So, it is good from an awareness and a visibility stand point of our compliance program, as well"* (MACN_R5). In his eyes, being known to public authorities as a company that undertakes substantial efforts to prevent corruption and bribery is beneficial in any case. Moreover, being part of a network of companies helps when trying to enter into dialog with public authorities in order to motivate them to support the cause of the MACN, as this member points out: *"… and also this approach to collective action is of great value because it's usually quite difficult, commercially as well, to basically be one company going to the authorities and saying, my ships can't move because I am being caught illegally because ... nothing really moves, whereas if they can do it together behind a symbol of MACN rather than picking out any one company, it can be more effective"* (MACN_R1).

Last but not least, a growing network with an increasing number of committed members helps the MACN to achieve greater visibility and recognition by their external stakeholders. This member explains: *"It's a bit complex, obviously we need committed members, we need funding in place to have a project secretariat and people working on this; we need more members, so that this is established as THE initiative within maritime industry"* (MACN_R2). Another member adds: *"…because the more we grow, the more collectives we have, and the more recognized will the MACN logo become. And that becomes more and more recognizable and our weight grows, we may have more potential to actually impact the way things are happening around the world"* (MACN_R5). Hence, according to the interviewees it would be of no avail to represent one anti-corruption initiative among many in the maritime sector since such an initiative would not be able to develop the necessary strength and capacity to change the rules of the game in the industry. MACN_R5 highlights another aspect of growing as a network: *"... really try to continue to grow this into areas where it hasn't been such a big topic. You know if we can get greater membership out of companies that operate out of Dubai or out of companies that operate out of South America. Absolutely, I think that's important and continuing to grow"*. Indeed, so far, most MACN members have their origins in Europe and particularly in Scandinavia. Among the first companies to join the network were the Danish companies Norden (NORDEN, 2016), J. Lauritzen (J. Lauritzen, 2016), and the Clipper Group (Clipper Group, 2016), as well as Grieg Star (Grieg Star, 2016) from Norway. In 2014, companies such as Ardmore Shipping from Ireland (Ardmore Shipping, 2014) and the Norwegian Wilh. Wilhelmsen Group (WW Group, 2016) inter alia followed. The concentration of Scandinavian companies in the early days of the initiative comes as no surprise since its initiator Maersk is a Danish shipping company (Maersk, 2015). However, the composition of MACN members' countries of origin is beginning to change. From 2015 on, an increasing number of companies from outside Europe joined the MACN, e.g. Masterbulk from Singapore (Masterbulk, 2016), Japanese companies MOL (Mitsui O.S.K. Lines, 2015) and NYK (NYK Line, 2015), as well as Ultranav from Chile.

CROSS-CASE ANALYSIS AND DISCUSSION 5

The separate study of the three anti-corruption initiatives revealed interesting, partly unexpected results. The purpose of this section is twofold: First, the three cases will be compared with the aim of outlining similarities and differences across the three initiatives with special emphasis on the identification of success factors. Although several success factors are interconnected they are presented separately for analytical reasons. Second, the meaning of these success factors is discussed in light of previous findings by other scholars (see section 2.2.4) and on the basis of different theoretical conceptions, mainly those of order ethics.

Although the results presented in chapter 4 are not representative given the qualitative research approach employed, generalizing from these results is nevertheless possible to a certain extent. Eisenhardt and Graebner (2007) note that multiple cases – as considered in the research project – may provide a sound basis for analytic (not statistical) generalization since they typically yield more robust findings than single-case research. As is reflected in the structure of the previous chapter, the three cases have been studied in minute detail one after another without jumping to hasty and generalizing conclusions. It is only after this case-by-case analysis that the findings of the three cases are compared with each other in the present cross-case analysis. As Miles et al. (2014, p. 101) explain, such a cross-case analysis enhances generalizability and deepens understanding and explanation through the examination of similarities and differences across cases.

While making analytic generalizations the technique of comprehensive data treatment has been applied in order to avoid anecdotalism. In this practice relatively common in qualitative research, only a few well-chosen examples that support the emerging theory are used, while less clear data that do not provide instant explication of a phenomenon are ignored (Silverman, 2014, p. 21). Using this technique means that generalizations are only made where data sets have been inspected repeatedly and where these generalizations could be applied to every bit of relevant data (Silverman, 2014, p. 100). This procedure also contributes to an enhanced validity of the findings.

Six cross-case success factors have been identified.[86] The first success factor that emerged has been labeled 'initiatives' company composition' and illuminates the heterogeneity of companies within an apparent homogeneity. The 'situation of crisis and external threat as initiating factor' (and second success factor) emphasizes the significance of the early phase of Coordinated Governance Initiatives and names potential motives of actors for engaging in CGIs. These two success factors have been inductively developed throughout the series of interviews and do not correspond to any of the six clusters derived from the literature (see chapter 2.2.4). The success factor 'existence of a supportive institutional framework' addresses the question of embeddedness of CGIs. Anti-corruption initiatives do not exist in vacuo, but are incorporated in an institutional framework characterized by major or minor deficiencies. The relevance of this factor has become most clearly visible while analyzing the EMB and the EITI case. The factor 'continuing commitment of participants' focuses on the preconditions that need to be met in order to motivate participants to show continuing commitment for the anti-corruption initiative. This topic was touched upon in all three cases, whereby in each case different aspects were predominant. The cross-case factor 'complexity-dependent governance structures and procedures' deals with governance issues. It is argued that successful sector-specific CGIs set up structures and procedures that correspond to their complexity, thereby preserving the greatest possible degree of flexibility. This factor was highlighted in the EMB and the EITI case likewise. Finally, the success factor 'enforcement mechanisms for reputation protection' is related the question of adequate monitoring and enforcement which needs to be established to lend credence to CGIs. The necessity of an effective enforcement of the self-imposed rules was pronounced in all three case studies in equal manner.

5.1   Initiatives' Company Composition

The company composition appears to be of particular relevance for successful Coordinated Governance Initiatives. At first sight, the initiatives under study are relatively homogeneous in terms of membership; all companies stem from the same industry. After all, sector-specificity has been one of the selection criteria for the anti-corruption initiatives of this investigation. The group's homogeneity in this respect contributes not only to a similar perspective on and understanding of the problem of corruption, but – even more important – to the development of a collective problem-solving approach while taking into account the particularities of corruption in the respective industry. However, the analysis shows that there is considerable heterogeneity of companies within this apparent homogeneity: Companies vary in terms of size and type of ownership. In addition, they occupy

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86   As the findings presented in the previous chapter are based on the individual perspectives of the representatives of the three CGIs under study, it cannot be ruled out that there are other success factors which simply have not been mentioned by the interviewees.

different segments of the value chain which reflects the diverging degrees of vertical or horizontal integration.

In the first case, the EMB, companies vary not only in terms of size (employees) but also according to market segments they operate and their involvement in different stages of the value chain. Although the initiative originally has targeted mostly bigger SMEs[87], it meanwhile accommodates construction companies ranging from small firms with 20 employees to medium-sized building companies to subsidiaries of big market players with several thousand employees. Altogether, they operate in the three main market segments: homebuilding (which accounts for 41.5% of the industry's total value), non-residential construction (37.5%), and civil engineering (21.0%) (MarketLine, 2014, p. 9). The majority of EMB participants are active either in the non-residential construction segment and/or in the civil engineering segment. Concerning their involvement in different stages of the value chain, some companies are highly specialized niche suppliers (e.g. tunnel construction, port construction or railway construction), others are active in several stages of the value chain (e.g. construction of buildings intended for commercial and manufacturing purposes, along with road construction including bridge building). Yet others are full-range suppliers that cover the entire value chain from planning to financing, building, operation, and maintenance of construction projects. These so-called system suppliers, characterized by a high degree of vertical integration along the construction industry's value chain (Schober, Sievers, Schmitt, & Walter, 2011, p. 15), have increased in number in recent years, in parallel with the increasing total number of participants of the EMB over the last years[88].

As regards the EITI, there is naturally a high degree of heterogeneity of members due to the initiative's multi-stakeholder approach. By definition, the EITI is a tripartite construct, bringing together government representatives, company representatives, and civil society. Here, the focus lies on the companies operating in EITI implementing countries. As is the case with the EMB, companies in the EITI are relatively diverse. First, there are differences regarding ownership. In the extractive sector, one can distinguish between two types: private enterprises and state-owned enterprises. While in the mining industry privately owned MNCs remain the dominant producers, the ownership picture regarding the international oil industry has changed since the 1970s, when state-owned national oil companies replaced the previously dominant and privately owned oil majors (UNCTAD,

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87   SMEs are defined as companies with less than 500 employees and less than €50 million annual turnover, a definition that applies to 99% of all companies in Germany (IfM Bonn, 2016).

88   Generally, there are three types of contractors: general contractors (German 'Generalunternehmer') assume the role of the sole contract partner to the principal and hand over a building turnkey ready. In other business models the contractor's responsibilities go even further, in that contracts are drawn that include the planning, delivery, construction, and commissioning of a project (German 'Totalunternehmer'). The third group of contractors, so-called system suppliers, has the most wide-ranging responsibilities, which also includes the facility services after the construction phase. In this research project, for reasons of simplification the term 'system supplier' is used to designate all three groups of contractors.

2007, pp. 107–115). Within the EITI all companies – independently of their respective ownership – have to disclose payments equally. EITI companies also exhibit differences with respect to the industry segments they operate in. Since the CGI targets the entire extractive sector, ranging from oil and gas production to the mining of all kinds of metals (from iron ore to copper and zinc), all corresponding companies are part of the initiative, irrespective of the diversity of natural resources that exist in these EITI implementing countries. EITI companies also vary with regard to the different stages of the value chain in which they are active (see figure 18 below for a prototypical value chain of the mining industry). There are companies that focus on a single core activity while relying on specialized service providers for all other related activities. At the same time, many extractive companies are engaged in more than one stage of the industry's value chain, for instance in the production, smelting, and refining of copper, following an ongoing trend of increasing vertical integration in the mining industry (UNCTAD, 2007, p. 111). With the new 2016 EITI Standard, the initiative has recently adopted a more holistic view on corruption risks in the extractive industries by listing the EITI requirements along the extractive value chain, which has contributed to increase the Standard's coherence.
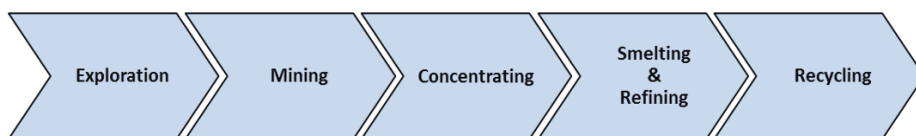
Figure 18   Prototypical Mining Value Chain
Source: own representation

A considerable heterogeneity of members also exists in the MACN case, again in several respects, i.e. in terms of company size, industry segments, and degree of vertical and horizontal integration in the value chain. Company members range from small shipping companies with 200 employees (e.g. Clipper Group) to large global corporations with more than 90,000 staff (e.g. Carnival Corporation). On average, the shipping companies represented in the anti-corruption network have several thousands of employees. The maritime transport sector can be categorized according to vessel types and thus goods shipped on these different vessels. There are five main vessel types – dry bulk carriers, oil tankers, container ships, general cargo ships, and others (including ferries and passenger ships) – all of which are represented by MACN members. However, companies with fleets of mainly dry bulk carriers and oil tankers are in the majority. By and large, the composition of MACN participants according to vessel types resembles the composition of the world merchant fleet depicted in figure 19 below. Apart from shipping companies (that either own or operate vessels as their primary business activity), the MACN also accepts other companies in the maritime industry such as ports, terminal operators, shipping agencies, freight forwarders, shipowners' associations, and cargo owners as associate members. Two extractive companies, BHP Billiton and AngloAmerican, have also joined the net-

work, albeit only as associate members. As it is often goods produced by the extractive industry that are shipped by MACN members, the commitment of these third parties is regarded as aiding to the cause of the whole network.
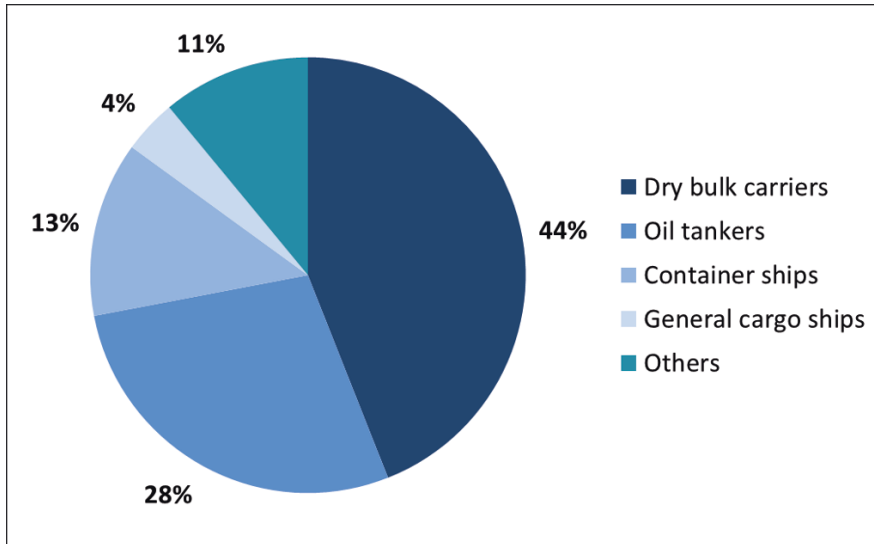
Figure 19   Principal Vessel Types World Merchant Fleet

Source: UNCTAD (2015)

Furthermore, companies are heterogeneous as regards their degree of vertical and horizontal integration in the maritime transport value chain. Generally speaking, there is a strong horizontal integration dynamic, and a rather limited vertical integration in the maritime transport sector (Frémont, 2010, pp. 45 et seqq.). Despite the limited vertical investment, a number of MACN shipping companies offer – apart from their core activity – various other logistical services along the value chain, such as cargo handling and hinterland transport. Maersk is a case in point, representing a vertically integrated corporation, just like the CMA CGM Group, the NYK Group, and Mitsui OSK Lines (Frémont, 2010, pp. 49 et seq.). However, most other members of the anti-corruption network do not reach this high degree of vertical integration, but are rather specialized shipping companies.

A strong horizontal integration dynamic can be observed within the maritime sector throughout the last decades, whereby this integration takes place more in the form of strategic alliances than in mergers and acquisitions (Voorde & Vanelslander, 2010, p. 80). Currently, four strategic alliances are dominating the maritime sector: 2M, Three Ocean Alliance, G6, and CKYHE (UNCTAD, 2015, p. 21). In each of the four alliances there are also MACN members, e.g. Maersk is part of 2M (together with MSC) and CMA CGM is part of the Three Ocean Alliance. At the same time, there are many smaller shipping companies in the MACN that do not participate any of these alliances and are thus horizontally less integrated.

There is no doubt that all three initiatives accommodate a rather heterogeneous group of companies. In the author's view, one reason why this heterogeneity has evidently conduced to the CGIs' success rather than to their failure is that such a composition inhibits in all probability the rise of one dominant actor forcing its rules on all other actors. In all CGIs under study there has not been one single leader, but rather a few leading companies. Moreover, in a completely homogeneous group of firms the risk of collusion of participants is much higher. A great heterogeneity (in terms of size and other company characteristics) within a rather homogeneous (in the sense of belonging to one specific sector) group thus caters for a certain balance of power and a decreased tendency of companies to collude. In addition, this heterogeneity in the homogeneity is also a precondition for learning from each other (see section 5.4).

Scholars so far have not paid much attention as to which company composition contributes best to an initiative's success and why. They have often confined themselves to studying either purely business-driven or multi-stakeholder initiatives which was itself a preselection that did not make it necessary to think about the composition of such initiatives beyond the obvious differentiation. As one of few, Pieth (2012) has commented on the topic of company composition, stating that it is crucial to win at least one industry champion for the cause of the anti-corruption initiative. Without the support of such a big market player, he argues, it would be difficult to gain the momentum necessary to be able to change the rules of the game. Although in all initiatives under study it has been stated that the participation of major (leading) companies is essential, a statement which coincides with Pieth's observation, the criteria of 'many' and 'heterogeneous' have been perceived as more important regarding the company composition of the initiatives.

5.2   Situations of Crisis and External Threats as Initiating Factors

As was previously demonstrated, all three anti-corruption initiatives have emerged from some sort of crisis or have faced some kind of external threat at the beginning. In the first case, the EMB case, a big corruption scandal in the Bavarian construction industry and the resulting threat of debarment lists to be imposed by the Bavarian public authorities has been identified as a trigger for the foundation of the EMB. The construction companies pursued two goals by launching the EMB: The primary goal was to preempt sanctions or the tightening of the law by the state. In its charter the EMB explicitly refers to the principle of subsidiarity according to which the state should only interfere by means of criminal law in cases where the business sector is not able to solve the issue by its own (EMB, 2007a, p. 5). The second goal was to signalize to their stakeholders that they took the corruption problem seriously and were interested in initiating a sustainable and institutionalized improvement process within the construction sector.

In the second case, the EITI case, the oil company BP found itself in the middle of a crisis after it had published – in a unilateral move – payments made for concessions to the Angolan government. BP's unilateral move was preceded by a massive campaign by civil

society in the context of the PWYP Coalition. Extractive companies were urged to bring light into the opaque extractives sector in order to thwart the negative effects of resource wealth in particular countries, where the exploitation of natural resources coincided with a high degree of corruption (resource curse). From the insight that one company alone could not change the rules of the game of an industry, the UK government together with civil society and a number of supporting companies launched the EITI. The risk for extractive companies in the EITI case was more indirect and consisted primarily in potential reputational damage induced by the pressure of civil society. The threat to companies' reputation, however, is not to be underestimated. This is especially true when big brand names, e.g. Shell, Statoil, and Total, are involved, which are generally more vulnerable to boycotts or global campaigns by civil society.

In the MACN case, the adoption of the UK Bribery Act served as a trigger for the network to be founded. As the first anti-corruption act worldwide, the UK Bribery Act stipulated harsh sanctions for making facilitation payments, thereby putting them on the same level as bribes. Since facilitation payments are widespread within the maritime sector, shipping companies were directly threatened by these tightened regulations. The initiative thus emerged as a reaction to changes in the legal framework. The UK Bribery Act's harsh sentence for facilitation payments constituted a concrete threat to business in the maritime transport industry. The MACN participants aim to introduce a real change within the sector. However, unlike in the EMB case, the MACN's members already face a tightened law and therefore attempt to meet the requirements of the new law in order to protect themselves from prosecution by UK authorities. This is all the more necessary as the UK Bribery Act requires companies to take preventive actions. Participating in a Collective Action Initiative such as the MACN can itself be considered a preventive action.

Although the situation of crisis as an initiating factor for Coordinated Governance Initiatives seems to be of particular relevance, it has not been prominently discussed in the literature to date. This is all the more remarkable since it points at another important aspect, which has been considered as constitutive for the CGIs under study: their voluntary nature. At least for the EMB and the MACN, which are primarily business-driven initiatives, it can be inferred that a certain pressure form the external environment appears to be necessary for the business sector to become actively engaged in the fight against corruption. It is unlikely that these initiatives would have come into existence, had there not been the concrete menace to business delineated above. Although the EITI membership is voluntary as well, this is only valid for countries that join the CGI. However, companies' participation in these countries is mandatory.

Apparently, voluntariness is a malleable term here, which raises the question where exactly these anti-corruption initiatives derive its force from. Rasche (2012) states that voluntary initiatives derive its force, on the one hand, from societal expectations. This is in line with the empirical results of the present study. For instance, interviewees in the MACN case indicated that the visibility towards and the recognition by external stakeholders played an important role for the network's members (see also chapter 4.3.8). Similarly, the meaning of an adequate recognition by public authorities was underlined by

EMB respondents (see chapter 4.1.4). The meeting of societal expectations in both cases finds expression in the recognition by external stakeholders and possibly in an enhanced reputation. Societal expectations thus represent a push factor (or a negative incentive) for companies, which are pronounced by external stakeholders especially in a situation of crisis, where social wrongs become manifest.

On the other hand, voluntary anti-corruption initiatives derive its force from clear benefits for participants. This relation is also supported by the findings of the multiple-case study. EMB companies have described the various competitive advantages they experienced by being part of the initiative, among other things how they are able to avoid additional compliance checks by their contractees (see chapter 4.1.8). In like manner, MACN members pointed out a number of tangible benefits they could take advantage of by means of their affiliation to the anti-corruption network (see chapter 4.3.7). Not to forget the advantage of having a level playing field, which was mentioned in all three cases, but especially by EITI respondents (see chapters 4.2.4 and 4.2.5). These benefits for CGI members can be construed as a pull factor (or positive incentive) for companies. The benefits that result from companies adhering to self-imposed rules need to become manifest at least in the long term, i.e. over a sequence of actions (Homann & Lütge, 2013). Since the benefits might not be discernible right from the start, a push from external stakeholders might be helpful for companies to overcome concerns of short-term losses. These losses could be induced either by employees that need to be detached for the new tasks in the CGI or by the loss of contracts for opting out of corrupt practices. When benefits finally become visible in the long term, they help to stabilize and sustain the companies' commitment, provided that the free-riding problem can be kept under control.

Negative incentives generated from a situation of crisis and external pressure may also be helpful, in that bigger companies are frequently led by managers, not by their owners. In most cases, there will be a discrepancy between interests of managers and owners, the well-known principal-agent problem. As for the decision of participating in an anti-corruption initiative, managers usually will be reluctant to do so since it would imply first and foremost additional costs, possibly at the expense of their overall performance. However, when there is substantial external pressure by stakeholders and an imminent reputational threat, managers may be in a position where they can better justify short-term losses with the prospect of future benefits.

Thus, it is the interplay between positive and negative incentives that prompts rational self-interested companies to join CGIs voluntarily. Companies recognize that it is in their own interest to limit their scope of action by collectively committing to self-imposed rules. The common objective to refrain from corruption, which companies were not able to achieve before, can now be realized in the context of a Coordinated Governance Initiative. By participating in the initiative, the firms can now credibly commit to anti-corruption rules. CGIs are thus an indirect means to achieve rationality (Elster, 1979). This also answers the overriding question of chapter 2, according to which the self-interest of companies is indeed an appropriate means to prevent corruption, albeit with the confinements described above.

5.3   Existence of a Supportive Institutional Framework

The synopsis of the three cases reveals that anti-corruption initiatives benefit from a supportive institutional framework, albeit this support can have many different faces. The different aspects of a supportive institutional framework have been described in most detail in the EITI case. According to the findings of the EITI case, such a framework is made up of the persistent support by relevant stakeholders, an increased societal awareness of corruption as a problem, a particular competitive structure of the sector the initiative operates in, and the complementarity of regulatory efforts.

The persistent support by relevant stakeholders from governments (particularly the UK government), EITI-supporting companies, and the PWYP Coalition has been critical in the EITI case. This support has also contributed to a greater awareness of the corruption problem, mainly because civil society organizations vigorously fought the resource curse, in which corruption plays a major role. This changing perception of corruption in society at large requires visible efforts by companies to combat corruption. As such, this aspect is closely related to crisis and external threat as a major determinant of success. The competitive structure of the extractive sector which is characterized by a considerable industry concentration turned out to be a supportive factor as well. Owing to this industry concentration, companies find it relatively easy to organize themselves, e.g. in industry associations. The ability to coordinate different interests within a group of stakeholders is a decisive advantage for anti-corruption initiatives. This propensity and ability to come together may also have negative effects, for example concerning the competitive intensity in a particular market, which makes this argument somehow ambiguous. Furthermore, the industry concentration opens up pressure points for civil society because the companies involved usually represent well-known brands that have a reputation to lose. Last but not least, a supportive institutional framework in the context of these three initiatives sheds also light on the type of relation between the anti-corruption initiative and the respective regulatory environment. The EU and US provisions (EU Transparency and Accounting Directives and US Dodd-Frank Act) that regulate the extractive industries are of particular relevance here. They can be seen as complementary to the voluntary EITI. The meshing of the EITI and EU/US regulation is clearly beneficial for the sector as a whole and contributes to the aim of reducing corruption within the extractive industry.

To the EMB, a supportive institutional framework means that the anti-corruption initiative is embedded in an established organizational structure and is recognized by public authorities. The initiative has experienced support by stakeholders as well, but in a different form. The fact that the EMB is closely related to a greater organization, the German Construction Industry Association, has had a clear supporting effect since the initiative benefits from the infrastructure and the renown of the parent organization. The altered perception of corruption as a significant problem of the whole industry came with the revelation of the large-scale collusive behavior of construction companies in the 1990s. The scandal was widely discussed in the public and media, and further contributed to the degradation of the construction industry's reputation. This eventually prompted companies to

launch the EMB in order to repair the industry's damaged image. Unlike the extractive industry, the construction industry in Germany and the global maritime industry are both highly fragmentized. In industries characterized by an atomistic structure, trust among companies can instead lead to cooperation. As regards the EMB, trust is generated by the mandatory membership in the German Construction Industry Association. Membership in this association is a precondition to EMB membership. Since only the bigger and better organized companies are affiliated to the German Construction Industry Association, this preselection mechanism serves as a filter or quality criterion for EMB companies. The companies usually know each other, which facilitates coordination among them. There is also a direct link between the initiative and government regulation. Public authorities recognize the EMB – or more precisely the implementation of a value-driven compliance management program – as a condition for a company's eligibility for procurement and the restoration of a company's reliability for procurement law reasons. These conditions are prescribed in the Bavarian anti-corruption guideline. This formal recognition, which was confirmed in a decision of the Higher Regional Court of Brandenburg, certainly constitutes a substantial part of the EMB's supportive institutional framework.

Unlike the first two cases, the MACN members are just beginning to form a kind of supportive institutional framework by raising awareness of the problem of corruption in the industry. The anti-corruption network cannot yet rely on an equally institutionalized support by stakeholders. Rudimentary forms of stakeholder support are existent, e.g. the network has received support by organizations such as the Basel Institute on Governance in making contact to potential partners for local collective actions. The UNDP which supported the pilot project in Nigeria is another example of stakeholder support on a case-by-case basis. This may be a reason why the MACN puts so much emphasis on growing as a network of like-minded companies in its present phase of development. Rapidly increasing membership figures may be regarded as a way to compensate for the lack of institutional support. The highly compartmentalized maritime sector in which the MACN operates neither has an industry concentration, comparable to the one in the extractive sector, nor a trust-building mechanism such as the membership in the German Construction Industry Association as a precondition for EMB membership. Nevertheless, the anti-corruption network has managed to build trust among participants through the so-called Chatham House discussions[89]. In doing so, it has succeeded in involving some of the industry's big players, e.g. Maersk or CMA CGM that together have a considerable market share. However, it remains to be seen whether the MACN can generate the same cohesive power as the other initiatives. Since the MACN emerged as a response to the UK Bribery Act, the network is closely linked to this extraterritorial law adopted by the UK government. The UK Bribery Act stresses the responsibility of companies to take adequate procedures against bribery. Participating in a Collective Action Initiative (such as the MACN) is considered as such an adequate procedure and may be recognized by prosecuting authorities

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89   See chapter 4.3.5.

in the event that a shipping company becomes involved in a corruption-related incident (TI-UK, 2012a).

The empirical findings of this multiple-case study coincide to a certain extent with the results of some earlier studies in which the importance of a supportive institutional framework had been highlighted. The meaning of such a framework has been emphasized by a number of scholars, namely Lucke and Lütge (2011) ('enabling environment'), Pies et al. (2005) ('effective legal system'), and Søreide and Truex (2013) ('government support' and 'legal framework') among others. In the present case studies, the institutional framework has been a recurring theme and interviewees specified what is meant by institutional framework beyond what has already been known from the previous studies. As regards the first subject described above, the persistent stakeholder support, the analysis shows that the stakeholder support is necessary, especially in the early phase in which the initiative is set up, but also later when the CGI has reached the consolidation phase. Who qualifies as relevant stakeholder, depends on the initiative and its primary target.

The institutional framework (or order framework) within which companies act is one of the central elements of order ethics (Lütge, 2012c). According to this ethical conception, the corruption phenomenon is attributed to deficiencies in the order framework. Governance gaps, a corollary of the persistent trend of globalization, represent one way how these deficiencies manifest. Therefore, by collectively engaging in CGIs, companies not only assume order responsibility (Lütge, 2012b), but also contribute to an improved institutional framework by closing the governance gaps, be it in the maritime industry, the construction industry or any other industry. Although Coordinated Governance Initiatives cannot permanently replace an insufficient order framework, this form of cooperation between competitors is at least capable of temporarily compensating for a weak regulatory environment.

5.4 Continuing Commitment of Participants

The cross-case analysis indicates that a continuing commitment of participants makes Coordinated Governance Initiatives successful. To facilitate the continuing commitment of participants, it is important for CGIs to have specific goals. This also implies that participants have developed a common understanding of the type of corruption the initiative targets.

For companies it is not sufficient to join an anti-corruption initiative, e.g. by simply signing a letter of commitment. Participants need to do more. As regards the EMB, the primary responsibility of participants is to develop a value-driven compliance management system for their own organization. In order to do so, they do not only need top management commitment but also the commitment of employees. The commitment of the latter group is essential as employees need to integrate the agreed-upon company values in one way or another in their daily work. Consequently, they have to be involved in this process right from the start. Moreover, commitment needs to be demonstrated in dealing

with the other EMB participants as the initiative also serves as a learning platform where experiences and ideas are exchanged. For instance, the EMB provides guidance particularly for new members on how to implement the compliance management system. This only works if members are willing to actively participate in the CGI. Regular external audits ensure that the companies' commitment with regard to the implementation of the value-driven compliance management system is continuous.

The three CGIs have identified different types of corruption as their main target. The EMB primarily targets grand corruption[90]. The scale and complexity of many construction projects make the construction industry particularly vulnerable to this type of corruption. Grand corruption occurs when larger sums of money are paid to high-level officials and can distort policies and the central functioning of the state (TI, 2009a, p. 23). Although the three initiatives all pursue the general goal of curbing corruption in their respective sector, each CGI has specific goals apart from this (see table 23 below). As for the EMB, the initiative aims to fight corruption in the construction sector by making its members implement a value-driven compliance management system. The EMB rules (KIKO rules for German codification, implementation, control, and organization) roughly describe the steps a company has to take in order to implement this compliance management system. These self-imposed rules are on purpose loosely defined since the EMB follows a value-based approach that leaves considerable discretion for companies to design their own value-driven compliance management system, which best fits their organization. According to the EMB, the critical examination of the own company values and their consistent implementation into the organization are preferred to rigid and externally prescribed rules. In line with such an approach which guarantees flexibility, the focus of operationalization is centered on a lean governance structure with simple rules and a substantial leeway for companies so that they can deal with the subject of company values adequately.

Commitment in the case of the EITI means first and foremost dealing with the diversity of interests represented in the initiative. Commitment of EITI participants is mainly required in the national MSGs, in which all three stakeholder groups come together. It is here where the EITI requirements need to be implemented. Basically, MSGs need to agree on what the EITI process should look like in their country. As a consequence of this multi-stakeholder effort, they need to publish annual progress reports in which revenues and payments within the extractive industry are disclosed and discrepancies between payment flows are identified. This complex task requires time and dedication. Commitment of EITI participants needs to be continuous, in that the work of the MSG does not stop when a country reaches the EITI compliant status. To the contrary, it is essential that the commitment of all stakeholders be upheld as EITI compliant countries have to undergo validation every three years. Countries may be downgraded to candidate status or even suspended if it has been found that they do no longer meet the EITI requirements. Cooperation of participants in the context of MSGs is undoubtedly necessary, but cannot be taken for granted. The EITI's multi-stakeholder approach, in which every stakeholder group has

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90   See chapter 2.1.3 for more details on frequently made distinctions of corruption.

equal rights, is, on the one hand, an often unfamiliar concept to participants in EITI implementing countries. On the other hand, governments, companies, and civil society have often been cultivating their antagonistic positions for years. Therefore, the different stakeholders have to learn to be open towards the views of other participants and cooperate in order to achieve their common goals.

Just as the EMB, the EITI also focuses on grand corruption, which is considered pervasive in the oil and gas sector (Al-Kasim, Søreide, & Williams, 2008). The initiative aims to combat corruption in the extractive sector by obliging companies to disclose payments made to the governments of the resource-rich countries they operate in. Similarly, governments need to disclose their receipts by the extractive companies. The EITI prescribes seven clear rules which correspond to the different sections of the extractive industries value chain and the respective potential corruption issues at certain points of the value chain. The EITI requirements stipulate how the goal of revenue transparency is to be attained. There is a certain room to manoeuver for stakeholders on how to effectuate these requirements in the context of MSGs in EITI implementing countries, depending on the institutional framework in each country. However, it is regarded as a clear advantage that the focus of the EITI is on keeping the initiative's narrow scope of objectives, which implies not only the exclusive orientation towards the extractive sector but also the explicit focus on the revenue side of payments[91].

At the MACN, commitment consists primarily of the companies' willingness to share knowledge and experience. For MACN companies, being a committed member does not only imply to implement an own anti-corruption program, but also to actively participate in local collective actions. However, it is not yet clear what this engagement in local collective actions will exactly look like, except that all MACN members have to contribute to local collective actions financially. Neither has it been clarified how the commitment can be ensured over a longer time period, especially as the network has to cope with rapidly increasing membership figures. Apart from this, the willingness to learn from each other is highly developed among MACN participants. The majority of members consider the network first and foremost as a learning platform. Shipping companies are eager to exchange views and ideas on how to curtail facilitation payments in the industry, not least because the initiative is the first of its kind in the maritime sector. This happens for instance through the development and sharing of concrete due diligence or risk assessment tools but also through regular Chatham House sessions, where critical issues can be discussed in a safe space.

As opposed to the other two cases, in the MACN the focus is clearly on combating petty corruption or facilitation payments. Petty corruption is the everyday abuse of entrusted power, e.g. by low-level public officials who demand small sums of money for granting access to basic goods or services that the other party has a right to use (TI, 2009a, p. 33). In the maritime transport industry, facilitation payments are paid either in the form of small sums of money or cigarettes or alcohol. They are handed over to port officials to facilitate

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91   See chapter 4.2.6 for additional information on how this provision has been softened recently.

all sorts of port handling operations. Although these payments may be small, they have corrosive effects in the long run and are therefore considered an offense according to the UK Bribery Act (UK Ministry of Justice, 2011). The MACN's main goal is to eliminate these facilitation payments in the maritime transport sector by binding its members to implement an anti-corruption compliance program in their organization. The seven MACN anti-corruption principles describe the elements that the anti-corruption compliance program should contain, in accordance with the provisions of the UK Bribery Act, the FCPA, and the OECD guidelines for multinational enterprises. Similar to the EMB, the participants' main task is to implement a functioning compliance program into their organizations. However, while the EMB puts special emphasis on values, the MACN's approach is centered on certain regulatory provisions, such as the one of the UK Bribery Act. In addition, the MACN requires its members to take part in local collective actions. Other than in the EMB, the focus of operationalization in the MACN is on sharing knowledge and experience among participants. It is primarily about learning how best to tackle the issue of facilitation payments and how best to steel the own company against the temptation to circumvent bureaucratic obstacles by way of bribing. Table 23 sums up the specific goals of each CGI and indicates the type of corruption the respective initiative aims to target.

Table 23 Clearly Identifiable Type of Corruption and Specific Goals in CGIs

	EMB	EITI	MACN
Type of corruption	Grand corruption	Grand corruption	Petty corruption
General goal	Strengthening the construction industry's reputation by fostering fair competition in the sector and avoiding corruption	Transparency and good governance in the extractive industry; strengthening institutions in the country; preventing corruption	Maritime sector free of corruption; elimination of facilitation payments in the maritime industry
Basic principles	Four EMB rules (KIKO)	Seven EITI requirements	Seven MACN anti-corruption principles
Specific goal	Implementing a value-driven compliance management system in the member organizations	Disclosure of revenue flows according to EITI Standard in EITI implementing countries	Implementing anti-corruption compliance programs in member organizations; participating in local collective actions
Particularity	Lean governance structure with simple rules and leeway for companies	Narrow scope of objectives, especially in terms of revenue orientation	Knowledge and experience sharing among participants

The importance of a continuing commitment of participants has been stressed in previous studies. For instance, Locke and Henley (2013) have pointed out that a lack of continuing commitment will likely result in the initiative losing momentum after some early successes. In like manner, Lucke and Lütge (2011) have maintained that an active and continuous

participation of members is indispensable for an anti-corruption initiative's success. In addition to that, the findings of the present analysis indicate that 'continuing commitment of participants' also implies the constant willingness of participants to learn from each other and to share information about experiences made in combating corruption. This learning aspect has emerged in all three initiatives, albeit to different extents. The degree to which information is shared among group members is an indicator of their ability to cooperate. It evinces to what extent they are capable of coordinating their interests and thus do pursue the same goal.

The specificity of the CGI's goals as well as a common understanding of the type of corruption the initiative aims to target are regarded as prerequisites for the continuous commitment of participants. Both Hess, D. (2009) and Søreide and Truex (2013) suggest that the focus on a specific target contributes to the success of anti-corruption initiatives. Results of this multiple-case study point in the same direction. The three cases already account, to a certain extent, for the specificity of goals in so far as they all represent sector-specific CGIs, thus they have automatically a narrower focus than cross-sector initiatives. In addition, CGIs benefit from the fact that their members have agreed upon specific goals, e.g. as for the EMB implementing a value-driven compliance management system. Furthermore, Aaronson (2011) mentions a shared vision of participants as a crucial success factor. The present study specifies this point: It is not sufficient to share the same vision, but it is of greater significance to have a concrete common understanding regarding the specific type of corruption the CGI attempts to tackle. If participants are distinctly aware of the specific corruption problem they are faced with, it is easier for the collective to find a suitable answer to the problem.

All three CGIs have substantially grown in number. The number of EMB members has risen to about 160 lately, but over a period of almost two decades. As opposed to this rather incremental growth, the EITI and especially the MACN have seen a more rapid increase in membership figures. The former has managed to gather 51 EITI implementing countries (and a lot more companies and civil society organizations in these countries) in just about 14 years. The MACN has witnessed a disruptive growth, starting with seven founding members in 2012 and having grown to over 60 members as of 2016. Interviewees have consistently commented positively on these increased membership figures. However, they entail at the same time considerable coordination problems. It stands to question how the continuing commitment of participants can be maintained under these conditions, which may induce participants to free-riding behavior.

Olson (1965) and Ostrom (1998) elucidated in their works on social dilemmas and collective action that these negative side effects can be avoided by fostering face-to-face communication between group members. This holds also true for Coordinated Governance Initiatives. In doing so, cooperation of companies and collective action can be sustained. Face-to-face communication and interactiveness of members in subgroups is in actual fact promoted in different forms in the anti-corruption initiatives. For instance, the MACN has established several work streams where particular issues are discussed in smaller groups in order to facilitate collaboration. In addition, there are regular Chatham House meetings

in which members can talk openly about their individual experiences in tackling corruption. The EITI has created a number of Board committees where recommendations for the Board are prepared. The EMB has annual membership meetings where companies meet and discuss relevant issues. The great variety in face-to-face communication in CGIs mirrors their diverging growth rates. The faster the initiative grows, the greater the need for elaborated face-to-face communication in subgroups. This may be the reason why the EMB did not have the necessity to develop sophisticated face-to-face communication platforms beyond the annual member meetings. They have grown more incrementally and therefore have been able to manage coordination problems better.

5.5   Complexity-Dependent Governance Structures and Procedures

The setting up of governance structures and procedures that correspond to the CGI's level of complexity adds to its success. Governance is defined here as the entirety of rights and responsibilities of CGI members and encompasses the (self-imposed) rules and decision-making processes that govern the initiative. An initiative's complexity finds expression first, in the number of different stakeholder groups that are part of the CGI. Multi-stakeholder initiatives tend to be more complex than anti-corruption initiatives in which only representatives of the business sector take part. Second, an initiative's complexity is also related to its geographical coverage. Global initiatives that bring together participants from all over the world tend to be more complex than primarily national CGIs. Third, complexity is reflected in the different levels of implementation of the CGI's self-imposed rules and in how these levels are interconnected, the so-called global-local nexus. Anti-corruption initiatives in which these rules are broken down to all levels, including the local level (thereby being mindful of the local context) tend to be more complex than those in which rules are proclaimed and implemented only at one level.

Considering the above mentioned dimensions that constitute the complexity of Coordinated Governance Initiatives, the EITI is the most complex of the three initiatives. It is a multi-stakeholder initiative that brings together actors from three different societal sectors, namely the public sector, the business sector, and civil society. These three groups naturally represent diverse interests that need to be coordinated in order to be able to tackle the extractive industries' corruption problem collectively. The EITI is a truly global initiative operating in many different resource-rich countries around the world. In addition, globally binding anti-corruption rules are implemented at different levels via different types of governing bodies: At the global level, rules take effect through global governing bodies such as the EITI Board, the EITI International Secretariat, and the EITI Members' Meeting. At the local level this happens mainly through the local governing bodies, such as the national MSGs[92]. While the global governing bodies mainly assume steering and coordinating responsibilities, the local governing bodies with the national

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92   See also chapter 4.2.2.

MSGs leading the way, have the task of implementing these global rules. By granting national MSGs certain discretion with rule implementation, the diverse institutional settings of different countries and their particular governance problems are taken into account in the best possible way. The head of the EITI Secretariat described this relationship once as *"a nationally-owned process and an internationally-owned standard"* (Moberg & Rich, 2012, p. 117). With the two levels being interconnected in this way, the global-local nexus has become institutionalized in the EITI's governance design.

Another aspect of complexity which is somehow related to the global-local nexus lies in the initiatives' responsiveness to its institutional environment. The term 'responsiveness' refers to the CGI's ability to learn from experience with respect to the own anti-corruption efforts. Improvements regarding the initiatives' self-imposed rules and procedures are made as a consequence of a learning process, not so much due to external pressure. Those CGIs that manage to root their anti-corruption rules at the local level have at the same time better insight into the specific corruption problems on the spot and therefore are capable of conceiving these problems in time and reacting to them more directly. By contrast, when an initiative prescribes global rules and does not care about the on-site implementation, no connection to the local level can be established. Thus, the initiative will not be able to answer changes in the institutional environment adequately as it simply lacks the knowledge thereof.

The responsiveness of initiatives can be tracked with the aid of the respective charter or statute that the CGI has drawn up and which encompasses its main anti-corruption rules. Put differently, the changes made in statutes and anti-corruption rules in the course of time are indicative of the initiatives' responsiveness. Measured against the number of revisions of the EITI Standard, the anti-corruption initiative from the extractive sector has shown a very high degree of responsiveness. The EITI Standard has seen several revisions since it came into existence, the latest being published only recently in 2016 (EITI International Secretariat, 2016). Its first version, the so-called EITI Validation Guide, was superseded in 2009 by the EITI rules. Here for the first time, the label 'EITI requirement' surfaced. A new edition of the EITI rules was published in 2011, which summarized the disclosure requirements for countries and companies in six EITI criteria and 21 EITI requirements. In the following years, the guidelines underwent major changes, whereby the requirements were drastically reduced to only seven. The result was the new EITI Standard published in 2013 that put greater emphasis on seeing the results from multi-stakeholder efforts, underlining that reporting was not an end in itself (EITI International Secretariat, 2013). Following intensive consultation processes with all stakeholders involved, this standard again was revised and is now available in the fifth edition[93]. This time, only minor changes have

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93   On the one hand, the numerous revisions of the EITI rules are deemed positive since they strengthen the EITI's position as a learning organization, capable of responding quickly and adequately to changes in the institutional framework. On the other hand, this (over-)flexibility has already proved to be a burden for some member countries. Particularly developing countries struggle to implement the constantly changing and ever demanding EITI requirements

been made, e.g. the requirements have been reordered according to the extractive indus-
tries value chain. The refinements made in the context of the EITI, especially the improve-
ments laid down in the 2013 EITI Standard, served the purpose of *"making the Standard
more meaningful"* (Short, 2015). Put differently, the EITI needed to *"…progress from a
process that encourages the meeting of* [its] *requirements to one that encourages better
governance of the extractive sector in each of* [its] *member countries"* (EITI International
Secretariat, 2013, p. 6).[94]

Although being not as complex as the EITI, the MACN is still considered a complex
initiative. As a global maritime initiative the MACN accommodates members from all
over the world, which automatically brings about a considerable degree of complexity.
However, the absence of any other stakeholder group with which companies would have
to coordinate their interests reduces the network's complexity. As regards the subject of
rule implementation, the nexus between global rule-making and local rule implementation
is also pronounced in the MACN. Local rule implementation takes place mainly via local
collective actions which are initiated by MACN members in different regions around the
world. Countries and/or subnational units for collective actions are selected according to
the needs of MACN member companies. In most cases, the local collective actions tar-
get ports in which shipping companies operate and which bear a high risk of facilitation
payment requests. To achieve sustainable results, the MACN always involves local public
authorities or local civil society organizations. The anti-corruption network thus fully rec-
ognizes the necessity to translate the self-imposed and generally agreed upon global rules
into local action in order to ensure the initiative's outreach. Unlike the EITI, the network
has not yet institutionalized this global-local nexus, but acts on a case-by-case basis.

The MACN so far does not display particular responsiveness to changes in its institu-
tional environment. Neither its operating charter nor its anti-corruption principles have un-
dergone any revisions. They are available in their first version as of 2012 (MACN, 2012b).
Up to now, the EITI appears to be much more responsive to changes in its institutional en-
vironment and to demands by its members. However, one reason for this difference to the
other initiatives is the MACN's relatively recent establishment. Owing to the short time
span since its foundation, the MACN members have not yet witnessed any major changes
or new stakeholder demands. It is likely that the network will have to accommodate its
operating charter and anti-corruption principles in the following years, as a response to
changing framework conditions. This will also serve to encounter potential coordination
problems, which may arise from the substantial increase of membership figures.

The EMB is the least complex initiative of the three organizations under study: It is a
CGI with its origins in the business sector and – unlike the two other CGIs – a primarily
national initiative. Therefore, it is sufficient for the EMB to have relatively simple (or lean)

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because the necessary data is often not available in electronic form. This example illustrates
the challenges the initiative faces in keeping the standard the same for every country.

94   This position is outlined in more detail in one of the EITI's latest publications entitled 'From
     Reports to Reform' (EITI, 2016e).

governance structures and procedures in place, granting considerable discretion to its members. As opposed to the EITI or the MACN, the EMB so far has failed to attach much value to the global-local nexus, which can be partly explained by its primarily national orientation. As a result, EMB members are not engaged in any kind of local action. They confine themselves to implementing the self-imposed rules and values in their organizations. As such, they exhibit a quite introspective attitude. It stands to question whether this commitment will be sufficient in the long run in order to combat corruption effectively in the construction sector. However, owing to the EMB's national focus, the initiative is automatically firmly entrenched in local realties and has knowledge of local conditions of the sector, which may compensate for the lack of local rule implementation. Moreover, Integrity Pacts, a tool developed by TI to combat corruption in public procurement (TI, 2009b), may serve as a suitable supplement to the construction companies' commitment within the EMB. The contract, signed between a government or a public authority and all bidders for a particular public sector project, could function as a continuation of private anti-corruption commitment by other means, with the aim of better taking into account the local implementation and contextualization of anti-corruption rules.

The EMB exhibits a certain degree of responsiveness, albeit not to the same extent as the EITI. Throughout the years, the EMB has revised its statute once, responding to changes in the operating environment and to new demands by its members. This realignment was undertaken in 2006, 10 years after the EMB's foundation. It resulted in the publication of a new EMB Statute in 2007 (EMB, 2007d), which is valid until today. The main aim of the revision was to generate greater impact of the own anti-corruption efforts. The launch of the EMB statute was accompanied by a geographical expansion of the initiative: From 2007 on, construction companies from all over Germany (or German subsidiaries of international companies) were admitted as new members.

The comparison of the three initiatives[95] reveals substantial differences with regard to their complexity. Anti-corruption initiatives range from very complex initiatives (EITI) to initiatives with an intermediate complexity (MACN) to CGIs displaying a rather low level of complexity (EMB). However, this does not mean that Coordinated Governance Initiatives with low or intermediate levels of complexity cannot function well. What is more important is that the governance structures correspond to the initiative's complexity.

Governance issues in anti-corruption initiatives have been addressed by previous research. For instance, Hess, D. (2009) and Locke and Henley (2013) have explained the meaning of a flexible governance structure that allows an initiative to evolve over time

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95   Surprisingly, decision-making processes have not been made a subject of discussion in any of the three initiatives. Decision-making processes are interwoven with an initiative's governance structure. In voluntary initiatives decision-making is mostly consensus-based and decisions are taken within different governing bodies, e.g. in the Board and the Members' Meeting, which are hierarchically interrelated. Generally speaking, the more different perspectives of stakeholders need to be taken into account (such as in multi-stakeholder initiatives), the greater is the need for coordination and the more sophisticated the governance design, including the consensus-oriented decision-making processes.

and to react to altered framework conditions. The EITI is certainly the most flexible of the three initiatives and the most complex at the same time. Not only does the EITI display a great flexibility regarding the application of transparency rules to different governance contexts, i.e. EITI implementing countries, but also with respect to the adaptability of these rules over time (corresponding to the above mentioned responsiveness of initiatives). As regards the EITI, complexity and flexibility apparently do not mutually exclude each other.

The important nexus between global rules (or rule-making) and local action (or rule implementation) has somehow been neglected in recent studies on CGIs. The cross-case analysis elucidated that this nexus may be conducive to an initiative's success. At the very least it adds to the CGI's ability to respond to changing framework conditions. Those initiatives that strive for a thorough local implementation of anti-corruption rules meet at the same time those requests for better contextualization of the corruption problem, which has been expressed by various scholars (Hough, 2013; Mungiu-Pippidi, 2013). Taking into account the local level of CGIs may also be advisable from an order ethics perspective since the underlying local incentive structures play an important role. Where like-minded actors come together to combat corruption, it is essential to understand these underlying incentive structures and involve all relevant local players so that cooperation (not defection) becomes the dominant strategy (Lütge, 2012b).

Hence, the results of the present cross-case study expand the body of knowledge regarding governance structures and procedures primarily by examining the aspect of complexity more closely: The findings indicate that CGIs should choose the governance design that matches their level of complexity.

5.6   Enforcement Mechanisms for Reputation Protection

Last but not least, adequate enforcement mechanisms to protect an initiative's reputation conduce to its success. Every voluntary anti-corruption initiative needs to provide not only incentives to encourage proper behavior (i.e. the adherence to self-imposed rules) but also enforcement mechanisms to act on deviant behavior (i.e. the violation of self-imposed rules). These monitoring and enforcement mechanisms are necessary to protect an initiative's reputation. Naturally, the possibilities of punishing deviant behavior of participants are limited in voluntary initiatives. They need to strike a balance between protecting their credibility by demonstrating preparedness to punish non-compliant behavior and still being attractive to potential new members by setting compliable requirements. The three initiatives under scrutiny have found different answers to the enforcement problem, which is in line with their divergent levels of enforceability described in chapter 2.2.3.

The EMB exhibits a high level of enforceability. It has an external third-party monitoring including a certification process that all members have to undergo every three years. The certificate attests that the company has implemented a management system which reduces the risk of corporate misconduct. EMB participants that fail to take the audit will first be publicly listed as 'not audited' and later be excluded from the CGI. Apart

from this, the EMB Board can opt for granting the audit certificate for only one instead of three years, which gives members the opportunity to make up for shortcomings identified during the previous audit. The EMB interviewees have highlighted the importance of repeated external audits and have explicitly referred to the pressure exerted on companies by way of these audits. From the EMB members' standpoint this pressure is necessary to maintain a continuous commitment of all participants. Although the external third-party monitoring provides a good basis for effective enforcement, these strict rules are only valid for the German subsidiaries of EMB companies. Given that the internationalization of business activities does not spare the construction industry (Hess, G., 2009, p. 148), this confinement to national subsidiaries represents a major drawback of the EMB. According to the view of the author, widening the scope of the initiative by integrating the firms' international subsidiaries will be one of the main challenges for the EMB.

Furthermore, a good reputation secured by adequate monitoring and enforcement mechanisms plays a particularly important role in the German construction industry, an industry characterized by tough regulatory systems and high entry barriers for new players (MarketLine, 2014, p. 15). As projects are often lengthy and expensive, buyers need to be able to trust the company they have employed. Therefore, a firm's reputation is often crucial and sometimes decisive to winning contracts. Being member of a sector-specific anti-corruption initiative can foster a firm's reputation, but it can also impair it. This is the case when another member of the CGI is found guilty of serious misconduct. The disclosure of one member's individual misconduct may be sufficient to question the integrity of the entire collective anti-corruption effort and rubs off on all other CGI members. Therefore, CGI participants have a genuine interest in enforcing the self-imposed rules, thereby strengthening the initiative's reputation. Accordingly, the loss of reputation due to the discovery of a major corruption case in a member company has been rated among the greatest dangers for the EMB.

The level of enforceability is also high for the EITI. EITI implementing countries regularly have to undergo independent validations in order to keep their EITI compliant status. In addition, national MSGs need to report annually to the EITI Board on their activities. The EITI stipulates three different measures in case a country does not comply with the EITI rules: a country's downgrading from EITI compliant to EITI candidate status, a temporary suspension, and a permanent delisting. Similar to the EMB, monitoring and enforcement is regarded as an essential task in the EITI. The initiative's ability to enforce rules was tested several times since the initiative has come into existence. Throughout the years, a number of countries for different reasons did not meet the disclosure requirements as prescribed in the EITI Standard. So far, two countries have been suspended and two other countries have been delisted[96]. However, it is always a balancing act for the EITI Board to decide on a country's status. Given their difficult institutional environments, a lot of EITI implementing countries have made considerable progress over time, but have not fully met the requirements. In order to reward these efforts, the EITI validation system has

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96 See chapter 4.2.8.

been revised as part of the new 2016 EITI Standard. It now sets out fairer consequences for countries that have not yet achieved compliance (EITI International Secretariat, 2016, pp. 33 et seqq.).

As regards the third CGI, the MACN, the level of enforceability is only intermediate due to the network's lack of external monitoring. The MACN builds on self-assessments and relatively low reporting requirements. By means of the recently set up self-assessment tool, members report on their progress in implementing an effective anti-corruption compliance program, in accordance with the MACN anti-corruption principles. If a company has been found to be violating the network's charter or its rules, the CGI prescribes the termination of membership as the only measure. Network representatives stress that learning and experience sharing among participants are more important to them than external monitoring at this relatively early phase of the CGI.

In sum, all three Coordinated Governance Initiatives have installed some kind of monitoring and stipulate certain sanctions that take effect if rules are not adhered to. The expulsion of members from the initiative is seen as the ultima ratio in all three cases. Until now, only one CGI, the EITI, has made use of this disciplinary measure. All of the aforementioned sanctions primarily target the participants' reputation. It is assumed that a loss of membership concurrently implies reputational losses for participants. Whether such a kind of sanction will have substantial effects, depends on the initiative's renown and on the brand awareness of the company in question. Being expelled from a widely known initiative such as the EITI has presumably a stronger impact on a participant's reputation than being expelled from a primarily national CGI such as the EMB, or a relatively young network such as the MACN. Moreover, companies with a brand name that have a reputation to lose may suffer more from being excluded than a relatively small firm.

Most scholars have referred to the importance of appropriate monitoring and enforcement mechanisms in anti-corruption initiatives. For example Lucke and Lütge (2011) highlighted monitoring and enforcement as a crucial success factor. In like manner, Locke and Henley (2013) pointed out that a monitoring system is indispensable for CGIs to work properly. Mena and Palazzo (2012) emphasized the ability of CGIs to ensure that rules are complied with, while Petkoski et al. (2009) advocated not only for monitoring systems, but also explicitly for sanctions for non-compliant behavior. Voluntary initiatives without any kind of monitoring and/or sanctions, i.e. with low levels of enforceability, tend to lack credibility. By contrast, the threat of expulsion in the event of deviant behavior contributes to their credibility. In addition, adequate enforcement mechanisms and sanctions have a signaling function to external stakeholders and competitors: They show that participants take their anti-corruption commitment seriously. Otherwise, companies would not publicly commit to an initiative which stipulates sanctions in case of a breach of the self-imposed rules. Or as Pies et al. (2005, pp. 187 et seq.) put it: Only if rules are secured by effective sanctions, will there be the confidence among participants that every member will adhere to the rules. The voluntary binding linked with the threat of expulsion from the CGI and the potential reputational damage brings firms in the position to credibly commit to law-abiding behavior and thus escape the prisoners' dilemma.

SUMMARY AND CONCLUSIONS

<div style="text-align:right">**6**</div>

Corruption is a global challenge with severe negative effects for politics, the economy, and society. In the last two decades, numerous, mostly government-centric, approaches to counter corruption in the form of laws, conventions, and treaties have been undertaken. In spite of these enormous efforts across many countries, corruption has failed to decrease. One of the reasons for this failure lies in the fact that corruption is a transnational governance challenge, and that, in light of globalization, nation-states often lack the transnational regulatory power to enforce anti-corruption rules. In order to close this governance gap, two parallel developments have taken place in recent years: On the one hand, there has been a shift regarding anti-corruption actors. Nation-states are no longer the only protagonists in the fight against corruption. New private actors have increasingly assumed responsibility for countering corruption. On the other hand, a shift in the focus of anti-corruption interventions can be detected, from formerly exclusively compliance-oriented measures to preventive and incentive-oriented measures. The emergence of Coordinated Governance Initiatives (CGIs) can be regarded as a result of this marked shift.

These CGIs reflect the globally shifting power relations. They are characterized by a central role taken up by private actors, a decentralization of regulatory authority, the voluntary commitment of their participants, and a collective action approach. In CGIs, like-minded MNCs, often along with other stakeholders, join forces to tackle corruption. So far, little has been known about these initiatives and in particular about their effectiveness. The aim of this dissertation has been to explore these newly emerged governance mechanisms with a specific focus on the identification and analysis of their success factors. As these issues pertain to a relatively nascent field of inquiry, a qualitative research strategy has been chosen. This kind of research strategy is particularly useful for describing and understanding interactions and processes in real-life organizational settings such as CGIs (Gephart, 2004). An exploratory descriptive multiple-case study design has been applied. The cases from three different industries (construction industry, extractive

industries, and maritime transport industry) have been selected on conceptual grounds, i.e. based on their relevance and expected new insights, not for reasons of representativeness. Semi-structured interviews have been used as main data collection instruments and template analysis has been employed to analyze the interview data. Findings derived from the interviews have been corroborated with additional information gathered from organizational documents.

The focus has been on sector-specific initiatives (as opposed to cross-sector initiatives). In doing so, the study concentrated on sectors most susceptible to corruption according to available empirical evidence. This has allowed for an appropriate contextualization of the anti-corruption initiatives, which is regarded as a constitutive element of qualitative inquiries. Furthermore, the orientation towards specific sectors has helped to better address the typical collective action problems to be expected when direct competitors join forces. In this respect, sector-specific Coordinated Governance Initiatives are considered in the present study as a competitive-neutral institutional arrangement suitable to overcome this dilemma situation by leveling the playing field among competitors.

In the present dissertation, a classification scheme for Coordinated Governance Initiatives has been developed. This scheme represents are refinement of the classification system first proposed by the World Bank Institute and depicts more accurately the diversity of existing CGIs. The three anti-corruption initiatives which have been in the focus of this case study, the Bavarian Construction Industry's Ethics Management Initiative (EMB), the Extractive Industries Transparency Initiative (EITI), and the Maritime Anti-Corruption Network (MACN), have been sorted into the redesigned classification matrix as follows: The EMB and the EITI both have been assigned a high level of institutionalization as well as a high level of enforceability. These classifications are justified given that both initiatives not only entirely fulfill the rule-making function (through fully established governing bodies, an own legal status, a written statute, and a formal membership) but also the rule-monitoring and enforcement function (through an external monitoring including a certification process and sanctions for non-compliance with the self-imposed rules). The MACN has been classified as having a high level of institutionalization and an intermediate level of enforceability as it relies on self-assessments instead of external third-party monitoring.

As a result of this multiple-case study, six success factors for sector-specific Coordinated Governance Initiatives have been identified. These success factors which reflect the perspective of the respondents are: the initiatives' company composition, situations of crisis and external threats as initiating factors, the existence of a supportive institutional framework, the continuing commitment of participants, the complexity-dependent governance structures and procedures, and effective enforcement mechanisms for reputation protection. Some aspects of the success factors are consistent with what has been previously discussed in the literature; others appear to be new success factors.

The synopsis of the three cases revealed the 'situations of crisis and external threats as initiating factors' as an important success factor for CGIs which has not been prominently discussed in the literature to date. Apparently, a certain pressure from the external environ-

ment is conducive to the development of Coordinated Governance Initiatives. This finding points at one of the main characteristics of CGIs: their voluntariness. Although they may be referred to as voluntary, almost all of these initiatives derive their dynamic from two antagonistic forces: On the one hand, from clear benefits for participants (pull factor) and, on the other hand, from societal expectations (push factor). While the benefits for CGI members can be construed as a positive incentive, societal expectations pronounced by external stakeholders, especially in a situation of crisis, function as a negative incentive for companies. The findings suggest that it needs both negative and positive incentives for CGIs to come into existence. Therefore, the motives for participants to join CGIs may only be voluntary to a certain extent. David-Barrett and Okamura (2013) have described this phenomenon with respect to the EITI as a 'transparency paradox'. Governments that are known for being thoroughly corrupt join the initiative voluntarily, not so much because there is a genuine will for change, but because it is expected, e.g. by their donors. Thus, the interplay between positive and negative incentives induces rational self-interested actors to join CGIs voluntarily.

The existence of a supportive institutional framework has been identified as another important success factor. The empirical results coincide to some extent with findings described in a number of earlier studies where the importance of a supportive institutional framework had been mentioned (Lucke & Lütge, 2011; Pies et al., 2005; Søreide & Truex, 2013). Three features have to be highlighted in particular: The persistent support by relevant external stakeholders is essential, particularly in the early days of a CGI. A competitive structure which is characterized by a certain industry concentration helps to organize the participants' interest. Complementary government-centric regulatory efforts, e.g. in the case of the EITI the EU Transparency and Accountability Directives, contribute to an overall supportive institutional framework as well. A functioning institutional framework is a central element of order ethics. Instead of appealing to companies to refrain from unethical behavior, order ethics rather focuses on eliminating deficiencies in this institutional framework in a competitive-neutral manner. Therefore, the emergence of this success factor is clearly consistent with one of the fundamental concerns of order ethics. However, when collectively engaging in CGIs, companies do more than simply acting within a carefully devised order framework: They contribute themselves to an improved institutional framework, thereby assuming order responsibility (Lütge, 2012b).

Every voluntary anti-corruption initiative needs to provide not only incentives, as described above, to encourage proper behavior but also enforcement to act on deviant behavior. Adequate enforcement mechanisms to protect an initiative's reputation are thus an indispensable ingredient for successful sector-specific CGIs. An initiative's reputation can be ruined by just one member acting against the self-imposed rules. Therefore, scholars are by and large in agreement that initiatives which fail to establish such monitoring and enforce appropriate sanctions in these cases, squander their credibility. Only if rules are secured by effective sanctions will there be the confidence among participants that every member will abide by the self-imposed rules. However, the possibilities of punishing the participants' deviant behavior are limited in voluntary initiatives. Most CGIs prescribe the

exclusion from the initiative, which presumably entails reputational losses for the companies affected, as the most severe form of sanction. There is an argument that external third-party monitoring should be preferred to self-monitoring approaches. Nevertheless, there may be valid reasons to opt for a less strict monitoring, e.g. in order not to deter potential new members right from the start. As participation is voluntary, CGIs need to strike a balance between protecting their credibility by demonstrating preparedness to punish non-compliant behavior and still being attractive to potential new members by setting compliable requirements.

When governance structures and procedures are set up in accordance with the CGI's level of complexity, this conduces to the initiative's success. A CGI's complexity is related first to the number of different stakeholder groups that participate in the initiative, second, to its geographical coverage, and third to the global-local nexus. Although governance issues, especially the flexibility of governance structures, have been addressed in previous studies, the aspect concerning the global-local nexus has been neglected until now. It refers to the different levels of implementation of the CGI's self-imposed rules and how these levels are interconnected. The significance of the nexus lies in the fact that there is a direct link to the level where corruption might occur. Thus, action occurs where problems are to be tackled. The consideration of this nexus goes hand in hand with an initiative's responsiveness, hence its ability to respond to changing framework conditions as a consequence of intrinsic learning processes. Global initiatives should particularly take into account the local level to ensure the effectiveness of the collective anti-corruption efforts. Thereby, the important underlying local incentive structures become discernible. Where like-minded actors come together to combat corruption collectively, it is of great importance to understand these underlying incentive structures and to involve all relevant local players so that cooperation (not defection) becomes the dominant strategy.

The initiatives' company composition represents another important success factor of CGIs, which has not been in the focus of research so far. The fact that CGIs are concomitantly characterized by a homogeneous and heterogeneous composition, contributes to their success. Groups are homogeneous in that their members all belong to the same sector. Groups are heterogeneous in that companies differ in terms of size, type of ownership and segments of the value chain they occupy. On the one hand, the group's homogeneity adds to a joint perspective of the problem of corruption and to the development of a common problem-solving approach. This collective understanding is a basic prerequisite for effectively tackling corruption. On the other hand, the group's heterogeneity caters for a certain balance of power between companies and a decreased tendency of companies to collude. Gathering a few leading companies that are heterogeneous with respect to the above mentioned features appears to be more important than having one dominant industry leader. Therefore, the heterogeneity of companies within this apparent homogeneity is conducive to the success of Coordinated Governance Initiatives.

Finally, the continuing commitment of participants has been identified as a crucial success factor. To facilitate this commitment, it is essential for the CGI to first have specific goals, second be clear about the type of corruption it wants to target, and third promote

the willingness to earn from each other among participants. Scholars have previously suggested that the participants' commitment plays a vital role and have also mentioned the need for specific goals in this regard. However, a clearly identifiable type of corruption as a precondition for commitment appears to have emerged as a new aspect from the cross-case analysis as well as the willingness to learn from each other. Sector-specific CGIs automatically have a narrower focus than cross-sector initiatives and correspondingly their goals are more specific. As regards the type of corruption, most initiatives attempt to tackle either grand corruption or petty corruption. Naturally, these different types of corruption call for different approaches. If participants are aware of the specific corruption problem their sector is faced with, this alleviates the search for an effective anti-corruption approach in the context of the CGI. The willingness to learn from each other and to share information regarding successful anti-corruption practices is an indicator of the participants' ability to cooperate. For that reason alone, it should not be neglected when trying to curb corruption in the collective.

INSTITUTIONAL FRAMEWORK LEVEL
- Situations of crisis and external threats as initiating factors
- Existence of a supportive inst. framework

INITIATIVE LEVEL
- Enforcement mechanisms for reputation protection
- Complexity-dependent governance structure
- Initiatives' company composition

ORGANIZATIONAL LEVEL
- Continuing commitment of participants

Figure 20   Different Levels to which Success Factors Are Related

Source: own representation

The six identified success factors can be linked to those three levels to which – according to business ethics – ethical problems can be in principle related: the macro, meso, and micro level. However, unlike the traditional scheme, in which ethical problems are classified either as a problem of the order framework (traditionally the macro level), the organization (traditionally the meso level) or the individual (traditionally the micro level), a new level – the initiative level – has been introduced as illustrated in figure 20. This amendment has been made due to the object of analysis in the present study: Coordinated Governance Initiatives. They are understood as a loose alliance of different organizations,

and thus should be assigned their own level named 'initiative level' in the figure above. As a consequence, the micro level here represents the organizational entity of the next smaller size, i.e. individual organizations, not individuals. According to this modified conceptualization of the three different levels, the success factors 'situations of crisis and external threats as initiating factors' and 'existence of a supportive institutional framework' are pinpointed to the institutional framework level. The three success factors 'enforcement mechanisms for reputation protection', 'complexity-dependent governance structures and procedures', and 'initiatives' company composition' are located at the initiative level. Last but not least, the success factor 'continuing commitment of participants' is related to the organizational level.

Actors that want to join forces in order to counter corruption in their sector should pay special attention to the success factors located at the initiative level. These factors can be influenced best by participants. By contrast, the success factors on the institutional framework level are usually outside the ambit of participants: A situation of crisis may often be the starting point for the foundation of a CGI; the existence of a supportive institutional framework is likewise difficult to influence by actors. If at all, this will only be possible on a long-term basis. Whether participants will show continuing commitment, depends on the single organization, but is also connected to the CGI's governance structure and the degree of self-responsibility conveyed by the CGI to its participants.

Although the findings present a deeper insight into and better understanding of the functioning of the novel governance mechanism of Coordinated Governance Initiatives, they do not support the conclusion that the level of corruption in those sectors where they operate has decreased as a result of the CGIs' activities. There is not yet any empirical evidence regarding the actual success or impact of the CGIs under scrutiny. Just as it poses difficulties to assess corruption on a wider scale due to the fact that it happens secretly and has no direct victim, it is even more difficult to evaluate anti-corruption interventions, such as CGIs (see chapter 2.2.5). After all, the absence of corruption cases does not automatically mean that no corruption has occurred. It simply may have not (yet) been detected. As previously explained, the aim of this study was limited to identifying potential success factors. Questions relating to the initiatives' overall impact have not been part of this research as such an endeavor would have gone beyond the constraints of this research project. Nevertheless, most interviewees considered their initiative to be successful. However, some of the EITI respondents conceded that it was difficult to evaluate the initiative's success in broader terms. They maintained it made more sense to assess the EITI's success on a country-by-country basis as the EITI implementing countries exhibited such a wide variety, which would be difficult to capture in a single study.

Another limitation of this study concerns the aforementioned governance gaps. It has been suggested that CGIs are one way of closing specific governance gaps which have emerged as a consequence of globalization processes. However, the CGIs under study have primarily targeted the supply-side of corruption, hence the companies considered as potential bribe payers. The results of the present dissertation indicate that Coordinated Governance Initiatives are apt to tackle this part of the governance gap. The governance

gap on the demand-side, i.e. public servants demanding bribes, remains to be tackled. In this regard, the EITI has been the only exception as this multi-stakeholder CGI pursues a twofold approach, targeting the supply- and demand-side of corruption both at the same time. Evidently, such an approach represents a more complex endeavor compared to initiatives that only target either of the two sides.

The present study is also limited, in that the findings are based on the perceptions of the individuals interviewed. Most respondents have been directly involved in the CGIs and have reported almost exclusively on issues relevant to their own initiatives. Apart from the organizational documents analyzed, the multiple-case study relied first and foremost on data collected in semi-structured qualitative interviews. This qualitative approach is justified given the relatively nascent field of research. However, it has to be kept in mind that the presented results – owing to the research approach chosen – must be taken as what they are: the subjective views of individuals as representatives of their organization. Future research projects should therefore focus on interviewing other stakeholder groups, e.g. neutral experts that have only marginally been taken into account in this study. Moreover, as time goes by, an increasing number of qualitative studies on Coordinated Governance Initiatives will be available, offering a better insight into this phenomenon. It will then be possible to conduct supplementary quantitative studies with a focus on the impact of anti-corruption initiatives. Consequently, the here identified success factors could be used as hypotheses to be tested, e.g. by employing survey designs. To sum up, while this study represents an in-depth analysis of some CGIs, future researchers should focus more on breadth and quantification.

Corruption prevention and good governance are high on the agenda in politics and economics and will be in the near future. At the same time, the global community struggles with establishing a coherent global regulatory anti-corruption framework. The challenge of governance gaps remains, for the time being. Coordinated Governance Initiatives are expected to be a possible answer to some governance gaps and will play an increasingly important role in the years ahead. Correspondingly, the private sector will assume a more decisive role in matters of global governance. MNCs need to meet their responsibility as global players and actively contribute to the development of a global good governance framework.

However, CGIs should not be expected to be the panacea for all corruption problems. They are just one – albeit promising – instrument in the fight against corruption. Instead of all craving for the one and only global anti-corruption strategy, anti-corruption actors should rather strive for diversity. This implies, on the one hand, combining different anti-corruption approaches, e.g. CGIs and citizen report cards or CGIs combined with Integrity Pacts (Hawkins, 2013). On the other hand, it also means experimenting with different organizational settings to find out what works and what does not, along the lines of the behaviorist 'fail fast'. Such a pragmatic and flexible approach would also be in line with the request for contextualization of anti-corruption efforts expressed by Hough (2013) and Mungiu-Pippidi (2013). Furthermore, it follows a recent trend in business ethics and anti-corruption efforts, where scholars increasingly make use of experimental methods (see

Lütge, Rusch, and Uhl (2014), Serra and Wantchekon (2012), and Lambsdorff, Giamattei, and Werner (2016) among others). This more flexible and open approach to curbing corruption has been realized, in part, in one of the CGIs under study, the recently founded MACN. The MACN by its own admission aims to deliver quick results to their members. For instance, the network has managed to implement a number of local collective actions in ports around the world within just a few years of its foundation. Moreover, the MACN attracted over 60 companies in less than four years thereby today representing the anti-corruption initiative in the maritime transport industry.

Contextualization and the involvement of local stakeholders are overriding principles that should be taken into account in anti-corruption efforts of any kind. CGIs require the cooperation of all stakeholders. If one stakeholder group does not see the benefits from a voluntary commitment to anti-corruption rules because it is not involved adequately, this may entail difficulties for the entire anti-corruption endeavor. After all, one stakeholder group is enough to endanger the whole collaborative effort.

Although the present study has focused on sector-specific CGIs, the findings are to a certain extent also relevant to cross-sector initiatives and other collective efforts, such as sustainability or CSR initiatives. They have in common that they all attempt to tackle problems (e.g. sustainability issues or environmental issues) that are attributable to existing governance gaps or that are exacerbated by the existence of governance gaps. Unlike sector-specific initiatives, cross-sector initiatives face the challenge of aligning many interests of companies from different industries. In addition, the type of corruption they aim to target is often not as clearly identifiable as in sector-specific CGIs. This frequently results in rather generic goals being pursued by cross-sector anti-corruption initiatives. Accordingly, effects of such collaborative efforts tend to be rather weak. However, some of the success factors identified in this study have relevance for the aforementioned initiatives as well. For instance, the fact that initiatives develop from a situation of crisis may frequently apply to those initiatives. Likewise, a supportive institutional framework may be helpful for cross-sector initiatives, albeit this wider institutional framework is more difficult to capture. Two other success factors may be applicable: the involvement of local stakeholders in globally operating initiatives (establishing the global-local nexus) and appropriate monitoring and enforcement.

In light of globalization there are a number of new challenges ahead that could affect the development and promulgation of CGIs. As globalization continues to advance, new corporate players will surface or have already surfaced on the global arena. These companies that have their origins in emerging nations may have completely different organizational values and business strategies. It is debatable whether Western companies and these new actors will find common ground to form a CGI if an important premise for collaborative efforts – the common understanding of values – is missing. In the best case, participants are instead capable of agreeing on common interests and realize that they do not need to rely on common values to cooperate effectively.

The legitimacy of CGIs is another topic subject to controversial discussion in the context of globalization. A number of authors have lately focused on legitimacy and account-

ability issues (Baumann-Pauly et al., 2016; Baur & Palazzo, 2011; Mele & Schepers, 2013; Mena & Palazzo, 2012; Rasche, 2012; Scherer et al., 2013). Critics of these novel kinds of governance mechanisms rightly argue that some of the actors have gained such powerful positions that they can unduly influence regulation. This is problematic insofar as we still live in a nationally constituted but increasingly globally oriented world. Here it comes back to the problem that globalization holds for order ethics: Order ethics presumes the existence of an order framework. However, such a framework is still not existent on a global scale and probably will not be in the near future. In addition, some scholars have exclusively focused on the EITI. For example Smith, Shepherd, and Dorward (2012) have questioned the initiative's legitimacy revealing that in some EITI implementing countries traditional power relationships between governments and companies are perpetuated whereas the civil society lacks any fair representation in national MSGs.

Most recently, we have witnessed a new rise of national aspirations in many parts of the world coupled with a general critique of the dominating economic system. The British decision to leave the EU is a case in point. This political and economic trend can be regarded as a countermovement to globalization ('deglobalization'). It remains to be seen whether the global community will find a way to deal with these two conflicting forces. However, the problem of corruption will not be answered by turning back the hands of time. Combating corruption requires a global perspective and collective efforts of both governments and private actors.

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APPENDICES

Appendix 1: Interview Guide

I.   Early days of the initiative

1. How did the Coordinated Governance Initiative evolve?
2. Which objectives does the CGI pursue?
3. Why do stakeholders join the CGI? What is their motivation?

II.   Looking back on governance and processes

Governance and decision-making processes
4. What does the governance structure of the CGI look like in terms of stakeholders involved and mode of operation?
5. How are decisions taken within the CGI?
6. What are the roles and responsibilities of the participants?

Legitimacy
7. Through which elements does the CGI in your eyes gain legitimacy towards its stakeholders?
8. Have there been any issues of legitimacy while the CGI was working with other (local) stakeholders?

Monitoring and enforcement of CGI rules
9. How are the self-imposed rules monitored?

10. How are the rules enforced?
11. How does the CGI act on deviant behavior of its members?

Changes in the organizational structure of members

12. What exactly do members commit to?
13. Have there been any kinds of changes in the organizational structure of members as a result of the CGI membership? Which ones?

III. Looking back on outcomes and effectiveness

Success

14. How would you evaluate the success of the CGI with respect to what it has been achieved so far? – Please provide a qualitative answer.
15. What are the drivers for success? (on a global and a local level)
16. What are the constraints to reach the objectives?
17. How do members benefit from being part of the CGI?

Involvement of other stakeholders

18. Who are the CGI's key stakeholders and what does their involvement add to the success of the initiative?
    - On a global level
    - On a local level
19. How often is there interaction with other stakeholders?

Side-effects of the CGI

20. Have there been any positive or negative side-effects that have emerged from the activities of the CGI regarding your industry?

Appendix 2: List of Documents Analyzed – EMB Case

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
1	EMB, *EMB Sonderveröffentlichung zum 20jährigen Gründungsjubiläum des EMB-Wertemanagement Bau e.V.*	2016	Brochure	x			http://www.bauindustrie-bayern.de/filead min/Webdata/Themen/EMB/EMB_20_ Jahre_Sonderedition_low.pdf
2	Bauindustrie Bayern, *EMB-Mitgliedsfirmen Stand: Juni 2016*	2016	Organizational document	x			http://www.bauindustrie-bayern.de/filead min/Webdata/Themen/EMB/EMB-Mitglie der_Juni_2016.pdf
3	Bauindustrie Bayern, *EMB Bau in Hamburg anerkannt*	Apr 9, 2015	Press release	x			http://www.bauindustrie-bayern.de/the men/emb-wertemanagement/emb-bau-in- hamburg-anerkannt.html
4	Bauindustrie Bayern, *Flughafen München unterstützt das EMB Bau*	Dec 17, 2014	Press release	x			http://www.bauindustrie-bayern.de/the men/emb-wertemanagement/flughafen-mu- enchen-unterstuetzt-das-emb-bau.html
5	EMB, *Richtlinie zur Durchführung von Auditverfahren für das Wertemanagementsystem des EMB-Wertemanagement Bau e.V.*	2007	Guideline	x			http://www.bauindustrie-bayern.de/filead min/Webdata/Themen/EMB/emb_bro- schuere2007.pdf
6	EMB, *Satzung des EMB-Wertemanagement Bau e.V.*	2007	Charter	x			http://www.bauindustrie-bayern.de/filea dmin/Webdata/Themen/EMB/emb_bro- schuere2007.pdf
7	EMB, *Ausgangssituation*	2007	Brochure	x			http://www.bauindustrie-bayern.de/filea dmin/Webdata/Themen/EMB/emb_bro- schuere2007.pdf
8	EMB, *Die generelle argumentative Perspektive des EMB-Wertemanagement Bau e.V.*	2007	Brochure	x			http://www.bauindustrie-bayern.de/filea dmin/Webdata/Themen/EMB/emb_bro- schuere2007.pdf

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
9	EMB, *Die vier verpflichtenden Elemente des EMB-Wertemanagement Bau*	2007	Brochure	x			http://www.bauindustrie-bayern.de/filea dmin/Webdata/Themen/EMB/emb_bro-schuere2007.pdf
10	Max Bögl, *Wertemanagement: Fortschritt baut man aus Ideen*	2014	Code of conduct		x		https://max-boegl.de/downloads/6-wertema-nagement/file.html
11	Xaver Pittrich GmbH, *Wertepro-gramm der Firma Xaver Pittrich*	2013	Code of conduct		x		Personally handed over
12	Josef Hebel GmbH, *Wertepro-gramm*	n.d.	Code of conduct		x		http://www.josef-hebel.de/wertepro gramm.html
13	Bauer Gruppe, *Verhaltenskodex der Bauer Gruppe*	n.d.	Code of conduct		x		http://www.bauer.de/export/shared/docu-ments/pdf/bauer_group/BAUER_Code_of_ Conduct_de.pdf
14	Statista, *Marktdaten zum Bau-gewerbe*	2016	Statistics			x	http://de.statista.com/statistik/kategorien/ kategorie/897/branche/bau/
15	MarketLine, *Construction in Germany: Industry Profile*	2014	Industry Profile			x	--
16	Weidinger, *Deutsche Bahn er-kennt Audit des EMB-Wertema-nagement Bau an*	Apr 2013	Article in company magazine			x	http://www.bauindustrie-bayern.de/file admin/Webdata/Downloads/Verbandsma-gazin/id_Dezember_2013.pdf
17	Weidinger, *Das EMB-Wertema-nagement Bau: Erfolgreicher Prototyp eines wertegetriebenen Compliance Management Sys-tems, Teil 2*	Dec 2012	Article in company magazine			x	Personally handed over

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
18	IAB, RWI, & ISG, *Evaluation bestehender gesetzlicher Mindestlohnregelungen: Branche: Bauhauptgewerbe*	2011	Evaluation report			x	http://www.rwi-essen.de/media/content/pages/publikationen/rwi-projektberichte/PB_Mindestlohn-Bau.pdf
19	Schober, Sievers, Schmitt & Walter, *Strategien der deutschen Bauwirtschaft: Chancen nutzen, Risiken meistern*	2011	Evaluation report			x	https://www.rolandberger.com/media/pdf/ Roland_Berger_Studie_Bauwirtschaft_20110526.pdf
20	OLG Brandenburg, *Beschluss vom 14.12.2007: Verg W 21-07*	Dec 14, 2007	Resolution			x	http://www.olg.brandenburg.de/sixcms/media.php/4250/Verg%20W%2021-07.pdf
21	n.a., *Richtlinie zur Verhütung und Bekämpfung von Korruption in der öffentlichen Verwaltung (KorruR)*	2004	Directive			x	http://gesetze-bayern.de/Content/Document/BayVwV97287#BayVwV97287-11
	Total Number of Documents			9	4	8	

Appendix 3: List of Documents Analyzed – EITI Case

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
1	EITI International Secretariat, *The EITI Standard 2016*	2016	Organizational document	x			https://eiti.org/files/english_eiti_standard_0.pdf
2	EITI, *Company Support of the EITI*	2016	Selected website content	x			https://eiti.org/supporters/companies/howto
3	EITI, *EITI Countries*	2016	Selected website content	x			https://eiti.org/countries
4	EITI, *The EITI International Secretariat*	2016	Selected website content	x			https://eiti.org/about/secretariat
5	EITI, *From Reports to Reforms: Highlighting the Potential of Recommendations from EITI Reports*	2016	Evaluation Report	x			https://eiti.org/files/from_reports_to_reforms.pdf
6	EITI, *How We Are Funded*	2016	Selected website content	x			https://eiti.org/about/funding
7	EITI, *Institutional Investor Support for the EITI*	2016	Selected website content	x			https://eiti.org/institutional-investor-support-eiti
8	EITI, *Stakeholders*	2016	Selected website content	x			https://eiti.org/supporters/countries

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
9	EITI, *History of EITI*	2016	Selected website content	x			https://eiti.org/eiti/history
10	EITI, *The EITI Turns 50 (and 51)*	Feb 23, 2016	News item	x			https://eiti.org/news/eiti-turns-50-and-51
11	EITI, *Beneficial Ownership Pilot Evaluation Report*	2015	Evaluation report	x			https://eiti.org/files/BP/board_paper_30-4-b_beneficial_ownership_pilot_-_evaluation_report.pdf
12	EITI, *2014 Annual Accounts*	2015	Statements of accounts	x			https://eiti.org/files/BP-29-8_2014-EITI-Annual-Accounts-2015-Forecast.pdf
13	Short, *Making the Standard More Meaningful*	Nov 25, 2015	News item	x			https://eiti.org/news/making-standard-more-meaningful
14	EITI, *Azerbaijan Downgraded to Candidate Country*	Apr 15, 2015	News item	x			https://eiti.org/news/azerbaijan-downgraded-candidate-country
15	EITI, *The Role and Responsibilities of the EITI Board Members*	2013	Organizational document	x			https://eiti.org/files/BP/EITI_Board_Members_role_responsibities-presentation.pdf
16	EITI, *Business Guide: How Companies Can Support EITI Implementation*	2013	Organizational document	x			https://eiti.org/files/business-guide-may-2013.pdf
17	EITI, *Gabon*	2013	Selected website content	x			https://eiti.org/Gabon/implementation
18	EITI International Secretariat, *The EITI Standard*	July 2013	Organizational document	x			https://eiti.org/files/English_EITI%20STANDARD_11July_0.pdf
19	EITI, *Equatorial Guinea*	2010	Selected website content	x			https://eiti.org/equatorial-guinea

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
20	BP, *Sustainability Report 2015: Building a Stronger, Safer BP*	2016	CSR report		x		https://www.bp.com/content/dam/bp/pdf/sustainability/group-reports/bp-sustainability-report-2015.pdf
21	Statoil, *Sustainability Report 2015*	2016	CSR report		x		http://www.statoil.com/no/InvestorCentre/AnnualReport/AnnualReport2015/Documents/DownloadCentreFiles/01_KeyDownloads/2015_Sustainability_report.pdf
22	BHP Billiton, *Sustainability Report 2015*	2016	CSR report		x		http://www.bhpbilliton.com/~/media/bhp/documents/investors/annual-reports/2015/bhpbillitonsustainabilityreport2015_interactive.pdf
23	Repsol, *Sustainability Report 2015*	2016	CSR report		x		https://www.repsol.com/creatividad/re-sponsabilidad_corporativa/Informe_sos-tenibilidad_2015_ENG.pdf
24	Royal Dutch Shell, *Shell Sustainability Report 2015*	2016	CSR report		x		http://reports.shell.com/sustainability-report/2015/servicepages/download-centre.html
25	Total, *Sustainable Growth Report 2014*	2015	CSR report		x		http://www.total.com/sites/default/files/atoms/files/rapport_croissance_dura-ble_va.pdf
26	SEC, *SEC Adopts Rules for Resource Extraction Issuers Under Dodd-Frank Act*	Jun 27, 2016	Press release			x	https://www.sec.gov/news/pressre-lease/2016-132.html
27	BMWi, *Wichtiger Schritt für mehr Rohstofftransparenz: Deutschland reicht EITI-Kandidatur ein*	Dec 22, 2015	Press release			x	http://www.bmwi.de/DE/Presse/pressemit-teilungen,did=747728.html

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
28	Kaufmann & Williams, *United States Moves to Recapture Its Position as a Leader on Extractives Transparency*	Dec 15, 2015	Blog Post			x	http://www.brookings.edu/blogs/up-front/posts/2015/12/15-us-leader-extractives-transparency-kaufmann
29	McIntosh, *EITI, OGP Face Challenges Handling Civic Space Issues*	Nov 6, 2014	Online article			x	http://www.freedominfo.org/2014/11/eiti-ogp-face-challenges-handling-civic-space-issues/
30	EU, *Directive 2013/34/EU of the European Parliament and of the Council*	2013	Directive			x	http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013L0034&from=EN
31	EU, *Directive 2013/50/EU of the European Parliament and of the Council*	2013	Directive			x	http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=O:L:2013:294:0013:0027:en:PDF
32	Ernst & Young, *Disclosing Government Payments: Implications for the Oil and Gas Industry*	2013	Organizational document			x	http://www.ey.com/Publication/vwLUAssets/EY_-_Disclosing_government_payments_for_natural_resource_extraction/$FILE/EY-Disclosing-government-payments.pdf
33	This is Africa Online, *Interview: Clare Short. Chair of the EITI*	Sep 11, 2013	Online article			x	http://www.thisisafricaonline.com/News/Interview-Clare-Short.-Chair-of-the-Extractives-Industries-Transparency-Initiative
34	Global Witness, *Summary of the New EU Accounting and Transparency Directives*	Apr 29, 2013	Online article			x	https://www.globalwitness.org/en/archive/summary-new-eu-accounting-and-transparency-directives/

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
35	UNCTAD, *World Investment Report 2007: Transnational Corporations, Extractive Industries and Development*	2007	Evaluation report			x	http://unctad.org/en/Docs/wir2007_en.pdf
36	Global Witness, *A Crude Awakening*	1999	Evaluation report			x	https://www.globalwitness.org/en/archive/crude-awakening/
Total Number of Documents				**19**	**6**	**11**	

Appendix 4: List of Documents Analyzed – MACN Case

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
1	MACN, *About MACN*	2016	Selected website content	x			http://www.maritime-acn.org/about-macn/
2	MACN, *MACN Members*	2016	Selected website content	x			http://www.maritime-acn.org/macn-members/
3	MACN, *MACN's Work*	2016	Selected website content	x			http://www.maritime-acn.org/macn-work/
4	MACN, *Marine Anti-Corruption Network Strategy*	May 2014	Organizational document	x			Personally handed over
5	MACN & BSR, *Corruption Risk Assessment in the Nigerian Port Sector: An MACN Collective Actions Program Brief*	March 2014	Evaluation Report	x			https://www.bsr.org/reports/BSR_MACN_Summary_Corruption_Risk_Nigerian_Ports.pdf
6	MACN, *MACN Anti-Corruption Principles*	2012	Organizational document	x			http://static1.squarespace.com/static/53a158d0e4b06c9050b65db1/t/543c3072e4b00054566cae34/1413230706881/MACN+Anti-corruption+Principles.pdf
7	MACN, *MACN Operating Charter*	2012	Organizational document	x			http://static1.squarespace.com/static/53a158d0e4b06c9050b65db1/t/543c3088e4b00054566cae88/1413230728298/MACN+Operating+Charter.pdf
8	Clipper Group, *Corporate Social Responsibility at Clipper: Part of Clipper Group A/S Annual Report 2015*	2016	CSR Report		x		http://www.clipper-group.com/~/media/ Files/ABOUT%20US/Clipper%20Group%20CSR%202015.pdf

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
9	NORDEN, *Community Engagement: Maritime Anti-Corruption Network*	2016	Selected website content		x		https://www.ds-norden.com/csr/communityengagement/
10	J. Lauritzen, *Anti-Corruption*	2016	Selected website content		x		http://www.j-l.com/about/corporate-responsibility/anti-corruption
11	Grieg Star, *Anti-Corruption*	2016	Selected website content		x		https://www.griegstar.com/corporate-responsibility/anti-corruption/
12	Masterbulk, *Accreditation and Regulation*	2016	Selected website content		x		http://www.masterbulk.com.sg/about/accreditation/
13	WW Group, *Sustainability Report 2015*	2016	CSR report		x		http://www.wilhelmsen.com/globalassets/investor-relations/sustainability-report/2015-sustainability-report.pdf
14	NYK Line, *NYK Joins Maritime Anti-Corruption Network*	Sep 18, 2015	Press release		x		http://www.nyk.com/english/release/3710/004076.html
15	Mitsui O.S.K. Lines, *MOL Joins Maritime Anti-Corruption Network*	Sep 11, 2015	Press release		x		http://www.mol.co.jp/en/pr/2015/15055.html
16	Maersk, *Maritime Network Receives Anti-Bribery Award*	Mar 27, 2015	Press release		x		http://www.maersk.com/en/industries/2015/03/maritime-network-receives-anti-bribery-award
17	Ardmore Shipping, *Ardmore Shipping Signs Up to Maritime Anti-Corruption Network*	Jul 20, 2014	Press release		x		http://www.ardmoreshipping.com/ardmore-shipping-signs-up-to-maritime-anti-corruption-network/
18	TI-UK, *The Bribery Act*	2016	Organizational document			x	http://www.transparency.org.uk/our-work/business-integrity/bribery-act

No	Author/Title	Date	Type of Document	Initiative Source	Company Source	Other Source	URL
19	UNCTAD, *Review of Maritime Transport 2015*	2015	Organizational document			x	http://unctad.org/en/PublicationsLibrary/rmt2015_en.pdf
20	TUGAR, *Report of Corruption Risk Assessment in the Ports Sector in Nigeria*	2014	Evaluation Report			x	http://tugar.org.ng//wp-content/uploads/2016/01/Report-of-Corruption-Risk-Assessment-in-the-Ports-Sector.pdf
21	TI-UK, *The 2010 UK Bribery Act Adequate Procedures Checklist*	2012	Checklist			x	http://www.transparency.org.uk/publications/adequate-procedures-checklist-pdf
22	TI-UK, *The 2010 UK Bribery Act Adequate Procedures: Guidance on Good Practice Procedures for Corporate Anti-Bribery Programmes*	2012	Guidance			x	http://www.transparency.org.uk/publications/adequate-procedures-guidance-to-the-uk-bribery-act-2010/
23	UK Ministry of Justice, *The Bribery Act 2010: Guidance*	2011	Guidance			x	https://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf
24	Frémont, *Empirical Evidence for Integration and Desintegration of Maritime Shipping, Port and Logistics Activities*	2010	Evaluation Report			x	http://www.keepeek.com/Digital-Asset-Management/oecd/transportintegration-and-competition-between-transport-and-logistics-businesses_9789282102619-en#page7
25	Voorde & Vanelslander, *Market Power and Vertical and Horizontal Integration in the Maritime Shipping and Port Industry*	2010	Evaluation Report			x	http://www.keepeek.com/Digital-Asset-Management/oecd/transport/integration-and-competition-between-transport-and-logistics-businesses_9789282102619-en#page7
26	Control Risks Group, *Stuck in the Bottle Neck: Corruption in African Ports*	n.d.	Evaluation Report			x	https://www.controlrisks.com/~/media/Public%20Site/Files/Reports/corruption_in_african_ports.pdf
Total Number of Documents				**7**	**10**	**9**	