

ANTI-CORRUPTION PRACTICES IN PUBLIC AND PRIVATE SECTORS: BUILDING TRANSPARENCY, ACCOUNTABILITY AND ETHICAL GOVERNANCE

Dr. Kausar Unnisa

Associate Professor

Department of Commerce

Government First Grade College Bangarpet

email: kausar8676@gmail.com

Abstract

Corruption remains one of the most serious challenges affecting governance, economic development and public confidence across the world. It is not restricted to government institutions; private organisations can also become involved through bribery, manipulation of contracts, conflicts of interest, fraudulent reporting and unethical relationships with public officials. Effective anti-corruption efforts therefore require coordinated action from both the public and private sectors. This article examines major anti-corruption practices adopted by government institutions and business organisations, with particular reference to transparency, internal controls, whistle-blower protection, ethical leadership, digital governance, auditing and regulatory compliance. The study is descriptive and conceptual in nature and is based primarily on secondary information from legislation, government sources and international organisations. It finds that laws and compliance policies alone cannot eliminate corruption unless they are supported by effective implementation, independent oversight, responsible leadership and a strong organisational culture of integrity. The article concludes that collaboration between government, businesses, employees and citizens is essential for developing an environment in which corruption is difficult to commit, easier to detect and consistently punished.

Keywords: Anti-corruption, Public Sector, Private Sector, Transparency, Corporate Governance, Bribery, Accountability, Whistle-blowing, Business Ethics, Integrity.

1. INTRODUCTION

Corruption is often viewed as the misuse of entrusted authority or position for personal or private benefit. It may take different forms, including bribery, favouritism, misuse of public resources, kickbacks, manipulation of tenders, fraudulent accounting, conflicts of interest and abuse of authority. While some forms of corruption are clearly visible, others may become deeply embedded in organisational practices and remain difficult to identify.

Corruption has consequences far beyond the immediate financial loss involved. In the public sector, it can reduce the quality of public services, distort government expenditure, weaken institutions and reduce citizens' confidence in government. In the private sector, corruption can damage corporate reputation, increase operational costs, expose companies to penalties and create an unfair competitive environment.

The distinction between public-sector and private-sector corruption is also becoming less clear because governments and businesses increasingly interact through public procurement, infrastructure projects, public-private partnerships, licensing and regulation. The World Bank observes that some of the costliest forms of corruption involve not only public officials but also private firms, financial institutions and professional intermediaries.

International frameworks increasingly recognise that preventing corruption requires more than criminal penalties. The United Nations Convention against Corruption (UNCAC), for example, includes preventive measures for both public institutions and private businesses. Article 12 specifically addresses measures designed to prevent corruption in the private sector and improve accounting and auditing standards.

2. STATEMENT OF THE PROBLEM

Despite the existence of anti-corruption laws, regulatory authorities, corporate governance requirements and internal compliance systems, corruption continues to occur in both public and private organisations. One reason is the difference between creating rules and effectively implementing them.

Public organisations may face corruption risks in areas such as procurement, licensing, recruitment, public expenditure and allocation of government benefits. Private businesses may face risks relating to bribery, third-party agents, gifts and hospitality, procurement, conflicts of interest and manipulation of accounts.

The growing relationship between government and business also means that corrupt transactions may involve individuals from both sectors. Therefore, studying anti-corruption measures separately without understanding their interdependence provides only a partial solution. There is a need to examine how preventive, detective and corrective measures can work together to create stronger systems of integrity.

3. OBJECTIVES OF THE STUDY

The major objectives of the study are:

1. To understand the concept and major forms of corruption in public and private organisations.
2. To examine the anti-corruption practices followed in the public sector.
3. To analyse anti-corruption and compliance practices adopted by private organisations.
4. To compare the approaches adopted by public and private sectors in controlling corruption.
5. To identify important challenges affecting the effectiveness of anti-corruption mechanisms.
6. To suggest measures for strengthening transparency, accountability and ethical governance.

4. RESEARCH METHODOLOGY

The study adopts a descriptive and conceptual research design. It is based on secondary data collected from government legislation, reports of international institutions, published research, books, journals and official websites.

Particular reference has been made to the Prevention of Corruption Act, 1988, the Companies Act, 2013, the United Nations Convention against Corruption and guidance issued by organisations such as the OECD and World Bank.

The purpose of the study is not to measure corruption statistically but to examine existing anti-corruption mechanisms and understand the practices that can contribute to more transparent and responsible institutions.

5. REVIEW OF LITERATURE

International research has increasingly moved from viewing corruption merely as a law-enforcement issue towards considering it a governance, institutional and organisational problem.

The United Nations Office on Drugs and Crime (UNODC) emphasises that fighting corruption requires participation from governments as well as businesses. UNCAC provides measures relating to public-sector integrity and specifically addresses private-sector corruption through Article 12.

The OECD highlights internal controls, ethics and compliance programmes as essential mechanisms for preventing and detecting bribery in business organisations. Recommended measures include senior management commitment, independent oversight, risk assessments, whistle-blowing arrangements and controls over agents and third parties.

Recent OECD research also indicates that simply having an anti-corruption programme is insufficient. Organisations increasingly need to assess whether such programmes are actually effective through indicators, surveys, audits and data analytics instead of following a purely "box-checking" approach.

The OECD's Anti-Corruption and Integrity Outlook 2026 similarly argues for a shift from excessively rule-based systems towards risk-based and results-oriented anti-corruption approaches supported by better data and digital technology.

6. ANTI-CORRUPTION PRACTICES IN THE PUBLIC SECTOR

Public institutions handle taxpayers' money, government contracts, licences and public services. Maintaining integrity in these institutions is therefore particularly important.

6.1 Strong Anti-Corruption Legislation

Clear legislation establishes what constitutes corruption and specifies penalties for misconduct.

In India, the Prevention of Corruption Act, 1988, as amended, deals with offences relating to bribery of public servants. It also covers giving an undue advantage to a public servant and contains provisions relating to bribery by commercial organisations.

Strong legislation acts both as a deterrent and as a legal foundation for investigation and prosecution.

6.2 Transparent Public Procurement

Government procurement is one of the areas most vulnerable to corruption because large amounts of public money are involved.

Measures such as:

- E-tendering
- Transparent eligibility criteria
- Competitive bidding
- Public disclosure of contracts
- Independent evaluation committees
- Digital payment systems
- Regular procurement audits

can reduce opportunities for favouritism and manipulation.

6.3 E-Governance and Digitalisation

Digital technology can reduce unnecessary face-to-face interaction between government officials and citizens. Online licensing, electronic tax filing, direct benefit transfers, digital procurement and online tracking of applications can reduce discretionary intervention.

Digital records also create an audit trail, making suspicious transactions easier to identify.

The OECD's 2026 integrity outlook highlights the growing importance of digital tools, data integration, artificial intelligence and analytics for monitoring corruption risks and improving implementation of integrity systems.

6.4 Internal Control and Audit

Internal control systems help government organisations ensure that transactions are properly authorised, recorded and reviewed.

Internal auditors can identify:

- Unusual expenditures
- Duplicate payments
- Procurement irregularities
- Weak authorisation controls
- Misuse of public assets
- Conflicts of interest.

The OECD identifies internal control, risk management and audit as essential elements of public integrity because they help institutions prevent fraud, corruption and misuse of public resources.

6.5 Disclosure and Management of Conflicts of Interest

Officials involved in important decisions should disclose personal, family or financial interests that could influence their judgement.

Proper conflict-of-interest policies help prevent situations in which public officials use their position to benefit themselves, relatives or associated organisations.

6.6 Whistle-Blower and Complaint Mechanisms

Employees and citizens are often the first people to become aware of misconduct. Safe and confidential reporting channels can therefore provide valuable information about corruption.

However, such systems are effective only when people making genuine reports are protected from retaliation.

6.7 Accountability of Public Officials

Public officials should be accountable for decisions involving public money and authority. Periodic performance reviews, audit scrutiny, legislative oversight, disciplinary procedures and investigation of complaints contribute to accountability.

7. Anti-Corruption Practices in the Private Sector

Private organisations also play a major role in preventing corruption. Businesses can become involved in corruption either directly or through employees, consultants, suppliers, intermediaries and agents.

7.1 Code of Ethics and Anti-Bribery Policies

Organisations should develop clear policies explaining unacceptable practices relating to:

- Bribery
- Kickbacks
- Facilitation payments
- Gifts
- Entertainment
- Conflicts of interest
- Political contributions
- Dealings with public officials.

Policies should be written in simple language and communicated to employees rather than existing only as formal documents.

7.2 Tone from the Top

Ethical behaviour begins with leadership.

Employees are unlikely to take compliance seriously if senior management ignores unethical behaviour when business performance is strong. Directors and senior executives therefore need to demonstrate through their actions that business results should not be achieved through corruption.

The OECD identifies visible senior-management commitment as an important part of an effective corporate anti-corruption compliance programme.

7.3 Anti-Corruption Risk Assessment

Not every business faces the same corruption risk.

Companies operating across different industries or countries should periodically assess risks arising from:

- Government interactions
- Procurement
- Sales agents
- Distributors
- Suppliers
- Joint ventures
- Charitable contributions
- Gifts and entertainment.

Controls can then be concentrated on areas presenting the greatest risk.

7.4 Third-Party Due Diligence

Many corruption cases involve intermediaries rather than direct payments by companies.

Organisations should therefore conduct due diligence before appointing agents, consultants, vendors and business partners.

Due diligence may include reviewing ownership structures, reputation, relationships with government officials, business experience and payment arrangements.

OECD guidance recommends documented due diligence and appropriate oversight of agents, particularly when companies face significant bribery risks.

7.5 Internal Audit and Financial Controls

Strong financial controls make it more difficult to hide corrupt payments.

Controls such as approval limits, segregation of duties, vendor verification, expense reviews, bank reconciliations and audit procedures can identify suspicious transactions.

Special attention should be given to unusually high consulting fees, cash payments, unidentified commissions and unexplained reimbursements.

7.6 Whistle-Blower Mechanisms

Companies should provide confidential channels through which employees can report suspected misconduct.

In India, Section 177 of the Companies Act, 2013 requires listed companies and prescribed classes of companies to establish a vigil mechanism for directors and employees to report genuine concerns. The mechanism must provide safeguards against victimisation.

7.7 Regular Employee Training

Employees should receive practical anti-corruption training rather than simply being asked to read policies.

Training can use situations involving:

- Gifts from suppliers
- Requests for unofficial payments
- Vendor selection
- Government licences
- Conflicts of interest
- Travel and entertainment expenses.

Employees should clearly understand when they need to reject, report or escalate a situation.

8. Comparison of Public and Private-Sector Anti-Corruption Practices

Although both sectors share the objective of preventing corruption, their approaches differ in certain respects.

Area	Public Sector	Private Sector
Primary concern	Protection of public interest and public resources	Ethical business operations and stakeholder protection
Major risks	Procurement, licensing, public funds and abuse of authority	Bribery, third parties, procurement, conflicts and financial manipulation
Main controls	Laws, audit institutions, public disclosure and vigilance	Compliance programmes, internal audit, due diligence and corporate governance
Accountability	Citizens, legislature, judiciary and regulatory authorities	Shareholders, boards, regulators, customers and investors
Transparency	Public information and government accountability	Corporate disclosures and governance reporting
Whistle-blowing	Citizen and employee complaint mechanisms	Ethics hotlines and vigil mechanisms
Role of technology	E-governance and digital public services	Continuous monitoring, analytics and automated controls

Despite these differences, integrity systems in both sectors increasingly rely on risk assessment, strong controls, transparency, technology and independent oversight.

9. Findings

The study identifies the following key findings:

1. Corruption is not limited to the government sector. Public and private organisations may participate in the same corrupt transaction.
2. Legislation alone cannot eliminate corruption. Effective enforcement and organisational commitment are equally important.
3. Digitalisation can significantly improve transparency by reducing manual intervention and creating records that can be audited.

4. Internal controls and audit systems are essential in preventing and detecting suspicious transactions.
5. Leadership plays an important role in determining whether employees treat anti-corruption policies seriously.
6. Whistle-blower mechanisms are effective only when individuals feel safe from retaliation.
7. Third-party corruption risk is particularly important for businesses, since agents, consultants or suppliers may make improper payments on behalf of organisations.
8. Anti-corruption programmes must be evaluated for effectiveness. Merely conducting annual training or publishing a code of conduct does not demonstrate that corruption risks are actually being controlled.
9. Collaboration between government and businesses is necessary, especially in areas such as procurement, infrastructure projects, licensing and public-private partnerships.

10. Suggestions and Recommendations

1. Move from Rule-Based to Risk-Based Compliance

Organisations should identify where corruption is most likely to occur and concentrate controls and monitoring on those areas.

2. Strengthen Whistle-Blower Protection

Reporting mechanisms should allow confidentiality or anonymity wherever appropriate, with strict protection against retaliation.

3. Increase Digital Transparency

Governments should continue expanding electronic procurement, online approvals and digital public services. Businesses should similarly use technology for transaction monitoring and compliance analytics.

4. Strengthen Independent Audits

Internal and external auditors should be provided sufficient independence and access to information necessary to examine suspicious activities.

5. Encourage Ethical Leadership

Managers should be evaluated not only on financial or operational performance but also on how results are achieved.

6. Strengthen Vendor and Third-Party Screening

Organisations should conduct appropriate background checks and periodically monitor high-risk business partners.

7. Improve Employee Awareness

Training should include real-life ethical situations so employees understand how corruption can appear in everyday business activities.

8. Measure Effectiveness

Anti-corruption programmes should be reviewed through audits, employee surveys, investigation statistics, risk indicators and other performance measures.

11. Limitations of the Study

The study is based primarily on secondary information and does not include primary data collected from government officials, employees or corporate organisations. Anti-corruption laws and enforcement practices also differ between countries and industries. Therefore, the findings should be interpreted as a general analysis of major practices rather than a measurement of the effectiveness of any particular organisation or government.

Future studies may use employee surveys, interviews, case studies or comparative statistical analysis to evaluate the effectiveness of specific anti-corruption mechanisms.

12. Conclusion

Corruption is ultimately not just a legal problem; it is an issue of governance, organisational culture and individual responsibility. Governments may introduce strict laws and companies may create detailed compliance manuals, but neither will succeed if corruption is tolerated in everyday decision-making.

The public sector has a responsibility to ensure that public authority and resources are used for their intended purpose. The private sector has an equally important responsibility to ensure that profits and competitive advantages are not obtained through improper means.

Modern anti-corruption strategies therefore need to combine law enforcement with prevention, technology with human judgement, transparency with accountability and policies with ethical leadership.

A successful anti-corruption system is not necessarily one in which misconduct is never discovered. Rather, it is one in which wrongdoing becomes difficult to conceal, employees and citizens feel confident about reporting concerns, investigations are fair and independent, and unethical behaviour carries genuine consequences.

Ultimately, reducing corruption requires collective responsibility. Governments, businesses, regulators, employees and citizens must work together to create institutions in which integrity is not treated merely as a compliance requirement but as a fundamental part of sustainable development and responsible governance.

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