

Corruption in the Supply Chain Company Perspective

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Areas of potential Corruption

- Due to the complexity of the operations in the supply chain and the big number of involved suppliers and subcontractors; there is a big threat for the MN companies to experience cases of Bribery and Corruption in their daily operations.

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Effect of the Corruption on MN companies

- Lost Revenue
- Negative effect on the company competitive advantage .
- Delay in service providing to customers
- Customers lose trust in the company

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Examples

- Customs official at borders
 - Delay in clearing shipments if bribes are not paid.
 - Customs officials take part of the shipments
 - Documentation delay.
 - Wrong valuation of shipments

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Suppliers

- Bribes are paid for employees in order to purchase from supplier even if the cost is higher.
- Bribes are paid to company employees to purchase goods that are not in compliance with the company standards.
- Company employees are paid not to penalize the supplier for delayed services.
- Suppliers bribe Company employees to disclose information about existing bids ahead of time

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Customers

- Customers pay Company employees to get lower rates.
- Customers pay company employees to get a service that is not in compliance with the rule of the regulations of the industry.
- Customers pay employees of the company to get information about their competitors.

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What to do

- Collective action
- Strict procedures implementation
- Code Of Conduct
- Training
- True partnership between the parties involved
- Proper reporting mechanisms internally and externally.

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