PRIVATE SECTOR ORGANIZATION IN ANTI-CORRUPTION

- An explorative study of the Maritime Anti-Corruption Network

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Abstract

Background As markets have been globalized, corruption has become a widespread and cross-border issue. The traditional actors of governance are challenged in dealing with the global issue and there is a growing realization that the private sector can and should work to fight corruption. The private sector is represented in public regulation, such as the UK Bribery Act that emphasizes corporate self-policing, and in initiatives created by international organizations and international non-governmental organizations that focus on the private sector working against corruption in all its forms. The private sector conveys adherence to these national laws and initiatives by adopting more sophisticated compliance programs, but a new approach among private actors is also visible. Private actors are increasingly joining forces in sectors by creating collective action initiatives.

Objectives A study of a specific collective action initiative in the maritime sector is reported here. Private sector organization in anti-corruption is explored by studying the Maritime Anti-Corruption Network as a private regulator of the maritime industry. How the initiative’s anti-corruption measures can be legitimized towards the public and what significance it has on public-private regulation is investigated.

Methods As private sector organization in anti-corruption and specifically the Maritime Anti-Corruption Network are unexplored topics, I conduct exploratory research with specific focus on a single case study. The predominant empirical data is gathered from interviews, and official documents and web research is used to gather information on collective action initiatives on anti-corruption in other industries.

Results Qualitative results show that the private initiative in the maritime industry is organizing itself as a political actor. By working towards organizing itself as a complete organization, or a club, that collaborates with public actors in hot-spot regions, the collection of private actors succeed in gaining authority from various public and private actors.

Conclusions A theoretical analysis, backed by interviews with member representatives, indicates that public regulation affects the creation of private initiatives, and private initiatives can build up authority by adopting organizational elements that result in complete organization, or club organization. With political authority private regulation affects the public and therefore public and private regulation near each other.
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<th>Abbreviation</th>
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<tr>
<td>AC</td>
<td>Anti-corruption</td>
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<tr>
<td>ABC</td>
<td>Anti-Bribery Convention</td>
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<td>BIG</td>
<td>Basel Institute on Governance</td>
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<td>BSR</td>
<td>Business for Social Responsibility</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>FCPA</td>
<td>Foreign Corrupt Practices Act</td>
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<tr>
<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>INGO</td>
<td>International Non-Governmental Organization</td>
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<td>ISO</td>
<td>International Standards Organization</td>
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<td>IO</td>
<td>International Organization</td>
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<td>MACN</td>
<td>Maritime Anti-Corruption Network</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>TI</td>
<td>Transparency International</td>
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<td>TUGAR</td>
<td>Technical Unit on Governance and Anti-Corruption Reforms</td>
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<td>UKBA</td>
<td>United Kingdom Bribery Act</td>
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<td>UNCAC</td>
<td>United Nations Convention Against Corruption</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNGC</td>
<td>United Nations Global Compact</td>
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<td>WB</td>
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<td>World Economic Forum</td>
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1 Introduction

Corruption is a consequence of failed global governance and a factor contributing to the failure of global governance (Eigen, 2013, 1287). Corruption has become a widespread and cross-border issue due to the globalization of markets and developmental inequalities (Johnston, 1997, 13). Therefore, the very practical issue with corruption is that it requires a global solution. In countries where corruption exists, it can be embedded in a wider economic, social and political situation that helps sustain it and the fight against corruption is enmeshed in a complex web of actors and targets. The attention on corruption has increased since the early 1990s, and a variety of actors have since begun to focus on how to combat corruption (Andersson & Heywood, 2009). The wide array of actors that come together to address corruption raises a number of issues about power, governance, and accountability (Haufler, 2001, ix).

The general purpose of this thesis is to explore private sector organization in anti-corruption (AC). More specifically, the focus is on how private sector organization in AC can be understood and what significance it can have for public-private regulation on AC. The private sector can be both victims and culprits of corruption. As victims, corruption inflicts damage at the internal company level and at the external environment level. It raises transaction costs, uncertainty, reputational risks and vulnerability, and it also undermines fair competition and nurtures corrupt bureaucracies (Manandhar, 2014). As culprits, the private sector supplies bribes or facilitation payments to public officials. If the private sector does not supply corrupt transactions, public officials cannot demand them. It is argued that an effective AC initiative must have both demand and supply side interventions.

Globalized corruption is apparent both in the public and private sector, and it has become a challenge for the traditional actors of governance, national governments and international organizations (IOs), to deal with this issue. Several national governments have created national legislation with extraterritorial reach, for example British AC legislation puts more emphasis on corporate self-policing with the UK Bribery Act (UKBA). IOs have created global instruments to control corruption, for example the UN Convention Against Corruption (UNCAC) and the 10th principle of the UN Global Compact (UNGC) focus on the private sector working against corruption in all its forms. I will outline the AC activity driven by states, IOs and also international non-governmental organizations (INGOs) in chapter four, where I also explain how the private sector is represented in this activity.
The UN Global Compact (2015) claims that the abovementioned activity including implementation of harsher laws and regulations and the adoption of more sophisticated corporate compliance programs still has not put corruption out of business, and therefore society needs to look for ways to innovate in its fight against corruption. A proactive and innovative approach to AC is collective action initiatives driven by the private sector, and there is an increased appearance of such initiatives. With organization visible among private sectors it is evident that corporations are becoming more involved in AC. As corporations are also increasingly experiencing scandals, there is a growing realization that the private sector can and should work to fight corruption.

As private arrangements become apparent in AC, the private sector is not only represented in, or targeted by, other initiatives. Internal industry organization is apparent as corporations join forces and adopt corruption risk instruments. Risk instruments can mitigate corrupt practices and minimize reputational risk. Instruments include codes of conduct, communication and training of management and employees, auditing and monitoring of business partners, e-learning programs, whistleblowing and due diligence (Hansen, 2011). Corporations adopt risk instruments to minimize corruption risk, but compliance with these internal control mechanisms is seen as a big hurdle if there are no mechanisms to improve the overall legal and regulatory climate in a country (Sullivan, 2009, 4). This implies that internal company efforts must be complemented with efforts to improve the operating environment in corrupt regions. Research on how private actors organize themselves collectively and interact with public authority is limited. The significance of private sector AC endeavors on public-private regulation is also an unexplored research area.

Followed by a short analysis of a handful of private AC initiatives in different industries, I will conduct a study of a specific private sector AC initiative in the maritime industry, namely the Maritime Anti-Corruption Network (MACN). The maritime industry is characterized as large and global with players that are accustomed to partnerships and the industry is experiencing a build-up of AC measures. Maritime corporations are exposed to corruption on a daily basis, and research has proven that higher levels of contact with authorities in countries with high levels of corruption lead to greater risks of encountering problems relating to corruption (Lohmann & Olesen, 2015). MACN has set up both internal and external mechanisms with an aspiration to control corruption. If MACN is considered a legitimate agent that drives AC campaigns in various corrupt regions, then MACN is significant for public-private regulation on AC.

The remainder of the thesis is divided into seven other chapters. Following this chapter, chapter two introduces the corruption and AC literature drawn upon, and following the literature
review I will turn to the overarching research question and specify three sub questions. Chapter three unravels the key theoretical concepts that are used to address the research questions. Chapter four goes through the methodological framework discussing the research strategy and methods, and chapter five elicits the context for collective action on AC. Following that, chapter six goes into concrete private sector AC initiatives, describes different trajectories and classifies them. Chapter seven analyses MACN, and chapter eight concludes on findings and presents future perspectives.
2 Literature Review

This chapter provides insights into extant research on AC and highlights key research gaps. Private sectors are beginning to create their own AC perspectives and processes, but there is not much research on private sector organization in AC. This limited knowledge on collective action initiatives on AC driven by the private sector justifies my own research. My own study of private sector organization in AC includes exploring what industries engage in AC, and how initiatives are organized and gain external recognition. This research opens up for discussing how private organization in AC can be significant for public-private regulation on AC. In order to understand the field of AC and the involvement of the private sector, it is necessary first to review perspectives on corruption and AC. Perspectives on corruption include different definitions of corruption and positive and negative effects of corruption. Negative effects of corruption underpin AC activity, and perspectives on AC include different attentions on private involvement in AC and positive and negative effects of existing AC activity. In order to structure the review I distinguish between perspectives on corruption and perspectives on AC, although research on corruption often overlaps with research on how to fight it.

2.1 Perspectives on corruption

Academic literature has provided different definitions of corruption in terms of the level at which it takes place. I will first outline these definitions and thereafter the positive and negative effects of corruption that scholars have provided.

2.1.1 Levels of corruption

Over the years corruption has evolved; earlier corruption may have resulted from undue pressure or the manipulation of bureaucratic instruments, policies or procedures to the advantage of unscrupulous individuals. Today corruption is seen as a series of practices or behaviors that have become a way of life, “a systematic and organized violation of the standards governing public as well as corporate life” (de Sousa et al., 2009, 6). Sampson (2010) argues that it is unclear whether there is less corruption today or whether corruption has simply become more sophisticated, for example bribes replaced by nepotism, facilitation payments, and consulting fees (273). This introduces the existence of corruption on different levels.
Although there is not one universally accepted definition of corruption as these encounter legal and political problems, I provide a broad definition of corruption. In general, corruption is “the act or effect of giving or receiving a thing of value, in order that a person do or omit to do something, in violation of a formal or implicit rule about what that person ought to do or omit to do, to the benefit of the person who gives the thing of value or a third party” (Argandoña, 2005, 251). This definition includes transactional corruption where bribes or facilitation payments are paid over and above the government-established charge to get a service that is not entitled without the bribe (Sabhlok, 2008, 136). Bribery is probably the most common form of corruption and can be defined as “the bestowing of a benefit in order to unduly influence an action or decision” (Langseth, 2006, 10). Bribery makes someone do something they are not allowed to do. Facilitation payments can be defined as “small bribes designed to expedite the performance of routine governmental actions” (Jordan, 2010, 881). These are also called grease payments, speed money, expediting payments, tea money or democratic corruption because the persons involved are not acting outside their area of responsibility but are giving improper preferential treatment and indirectly manipulating with the system (Argandoña, 2005, 253).

Transactional corruption is “driven by defects in the design of governance systems that leave open areas of information asymmetry and discretion that can be arbitraged by government functionaries through non-transparent and unaccountable decisions” (Sabhlok, 2008, 136). Byrne (2009) argues that transactional corruption does not threaten the mechanisms of control when it stands alone. However, transactional corruption is most often entangled in wider forms of corruption and informal systems and is therefore embedded in society. When bribes or facilitation payments become institutionalized, corrupt officials have the incentive to demand larger bribes engendering a culture of illegality that in turn breeds market inefficiency (Sööt, 2012). At this level transactional corruption threatens the mechanisms of control and contributes to systemic corruption.

While systemic corruption encompasses transactions between private and public sector actors (Byrne, 2009), it is not “simply about the payment of money in exchange for favorable decisions, but a complex set of relations that help construct a climate of opacity and omertá” (de Sousa et al., 2009, 5). In such a setup it is not clear who the actors involved are, and actors maintain absolute silence when questioned by law enforcement on the subject of alleged illegal activities. Systemic corruption is not a specific category of corrupt practice, but rather a situation in which the major institutions and processes of the state are routinely dominated and used by corrupt
individuals and groups, and in which most people have no alternatives to dealing with corrupt officials (Johnston, 1998).

2.1.2 Positive and negative effects of corruption

Corruption has assumed a high level of attention in national and international policy discourse, so perspectives on the positive and negative effects of corruption must be reviewed to understand how corruption has come to be seen as a problem. Some argue that corruption can be useful in certain circumstances as it can be functional to economic and political development in “societies characterized by inefficient economic systems, political de-participation and organizational slowness” (Gould, 1991, 874). In these societies, corruption may ‘grease the wheels’ in the ill-functioning institutions and increase the pace of political officers’ work in poor bureaucratic systems (Avnimelech & Zelekha, 2015, 7). In inefficient bureaucratic systems corruption may act as a trouble-saving device that raises system efficiency, and thereby investment which eventually raises economic growth and development (Huntington, 1968). Similarly, Klitgaard (1988) claims: “If the prevailing system is bad, corruption may be good” (33). Girling (1997) represents a more pragmatic approach arguing that in some cases of inefficient systems, countries may benefit from corruption and in other cases not: “A case can be made that corruption, overcoming institutional rigidities, is functional to that process [of building capitalism]” (xi). However, “the relationship is not without ambiguities… corruption distorts the operation of the market” (ibid).

While bribery and facilitation payments distort competition, the restriction of these corrupt exchanges can have secondary effects as those in demand may depend on small rents to survive (Byrne, 2009; Stapenhurst & Langseth, 1997, 313). Rent-seeking behavior is evident when a person or group is in power over a community and this leads some in the community to seek to obtain special favors at the expense of all others in the community (Felkins, 1996). Restricting bribes or facilitation payments is usually argued to have the primary effect of reducing costs for the suppliers, but it can also have secondary effects for those in demand that may be dependent on rent-seeking behavior to survive. Corrupt transactions have distributional effects as the income gap between those in power and ordinary people is widened.

A common perspective is therefore that corruption is ‘an immoral phenomenon’ that manifests itself in ‘selfish and improper conduct’ of individuals (Gould, 1991, 873). Corruption causes severe waste and misallocation of financial, human, and natural resources that slow down
growth (Ndikumana, 2013). Mandelbaum (2003) argues that corruption diverts resources from their purpose because resources are allocated by political decisions rather than market rules (313). For example, bribery may lead to systems that hire public staff not on the basis of their qualifications but based on private relations, also called nepotism. These corrupt acts lead to a loss of trust in the system, and therefore ‘greasing the wheels’ may be a solution for the short run only (Aidt, 2009). An inefficient public sector has a negative effect on a country’s performance in the long run. An inefficient public sector suffocates private sector activity and prevents economic diversification and structural transformation (Ndikumana, 2013).

Corruption has become contagious through cross-border trade and financial relations (ibid). This means that corruption involves two parties in “willing-buyer willing-seller” transactions that violate law in some way (ibid). While much focus has been placed on public sector actors that initiate deals, private sector actors are also often the initiators of bribery or facilitation payments. Private sector actors can benefit from business-enhancing privileges and Hameed et al. (2014) argue that suppliers of bribes and facilitation payments should also be targeted (7). Businesses can take advantage of distorted market structures, but this results in an unreliable investment climate for businesses (7). An unreliable investment climate increases the costs for some businesses, so less corruption reduces the long run cost of doing business.

An overview of the negative effects of corruption shows that the fight against corruption can be viewed as “a global public good as it leads to a healthier, more transparent and more sustainable international economic order that benefits all economies” (Ndikumana, 2013). This is the reason why a strong motivation is apparent among national, regional and international actors to find effective solutions to the problem of corruption.

2.2 Perspectives on AC

The debate about corruption can be traced back to the period between the 1960s and the 1980s when policy-makers talked about controlling corruption (de Sousa et al., 2009, 3). Consensus among researchers today is more or less how corruption can be tackled as it is seen as a social issue. As a governance system, AC is “fundamentally about curbing and preventing, within and beyond national space, the misuse of public office and other forms of entrusted power for private benefit” (Hansen, 2010, 119). Those who benefit from corrupt transactions both in government and in the private sector are the losers of AC measures (Rose-Ackerman, 2013, 447). Although researchers agree that corruption should be targeted, AC has been studied from different perspectives and these
include different attentions on private involvement in AC and positive and negative effects of existing AC activity.

2.2.1 Private involvement in AC

Scholars have approached AC from different theoretical angles and those that work with AC from an international political economy perspective write about the AC regime. Krasner (1982) defines a regime as “implicit or explicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations” (186). Keohane and Nye (1977) provide a similar definition of regimes as “sets of governing arrangements” that include “networks of rules, norms, and procedures that regularize behavior and control its effects” (19). Regimes include values, norms, and practices that are spacious for both public and private actors. Regimes are often a response to the challenge of governing without government (Mayer et al., 1993). Stoker (1998) argues that “actors and institutions gain a capacity to act by blending their resources, skills and purposes into a long-term coalition: a regime … the establishment of a viable regime is the ultimate act of power in the context of an emerging system of governance” (23). Regimes are formed to provide regulation and order without resort to the overarching authority of a supranational government (ibid). Many regime scholars claim that international regimes consist of states that have agreed on certain norms that govern behavior (Mayer et al., 1993).

Hansen (2010) takes a more post-structuralist perspective on the AC regime and criticizes regime theory for being state biased. Regime theory is developed by international relations scholars that focus on international norms, and the nation state becomes the ‘building block’ for these scholars. Most scholars agree that the nation state plays a central role in creating rules, norms and practices, but with a slightly more polycentric view where the world order is divided between state actors and non state actors, and processes that do not have a clearly defined placement with state or non state actors, it is necessary to ask whether existing analyses of AC cover the relevant actors that can be involved. International regimes literature want to include non-state actors but they turn out to be very state centric. In fact existing regimes literature has generally underestimated the role of private actors (Cutler et al., 1999, 16).

Stone (1989) accepts the idea that non-state actors can exist in regimes, defining a regime as an informal yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions. Stoker (1998) realizes that autonomous self-
governing networks of private actors exist. Ostrom (1990) and Keohane and Ostrom (1995) focus on self-governing networks at the national level and how institutional arrangements can be created to enable actors to cooperate. They find incentives and sanctions to be necessary to curb self-interested actors. Increasing the availability of information is also necessary to design an effective system. Stoker (1998) argues, “self-organized systems of control among the key participants are seen as more effective than government-imposed regulation” (23). However, the dilemma of self-governing networks is that they lack accountability.

When private sector actors organize themselves collectively, they bring together resources, and this type of organization can bring about an accountability deficit. First of all, if members are dissatisfied with the network arrangements but cannot act on this dissatisfaction “because of the powerful nature of the glue provided by the network”, then an accountability deficit is introduced because members cannot express or act on their dissatisfaction. Second, all networks are to a degree exclusive, even if all members are satisfied. Typically networks are driven by the self-interest of members rather than a wider concern with the public interest or more particularly those excluded from the network. Stoker (1998) claims that the solution would appear to rest in bringing government back in some form. In order to achieve their purposes, networks need to have a significant degree of autonomy, and while governments do not have sovereign positions, they can indirectly steer the direction of networks (ibid). Stoker (1998) provides an argument for public-private regulation for those who believe that governance can be managed (23-24). Literature on how the private sector organizes itself in AC, potentially interacting with public authority, is limited. Existing literature on private sector involvement in AC is practitioner literature that presents views into how practitioners think about AC. These are lawyers, compliance and corporate social responsibility (CSR) officers whose views are rooted in national and international law, so they do not present the views of scholars or researchers.

2.2.2 Efficiency of existing AC activity

AC includes an ensemble of actors, initiatives, measures, and instruments that are part of a process in which standards defining what is and what is not acceptable are continuously changing (de Sousa et al., 2009, 7). These actors include “large international donor institutions such as the World Bank or UNDP … the international business community, acting under rubrics such as the Global Compact, and the local politicians who are pressured to enact stricter laws and regulations on the private sector and on civil servants” (Sampson, 2005, 113). It has been claimed that the goal
of AC has been to get these various institutions ‘on board’, as this will allow for isolation and shaming of corrupt politicians or unaccountable companies (ibid).

Some researchers have claimed that there is interplay between hard and soft law on AC. Stricter national laws and regulations have been imposed on the private sector with the United States’ foreign anti-bribery statute, the Foreign Corrupt Practices Act (FCPA), and British AC legislation, the UKBA. The Organization for Economic Cooperation and Development (OECD) Anti-Bribery Convention (ABC) is an outgrowth of the FCPA that stems from US companies proclaiming that the FCPA offered an unfair advantage to competitors from OECD countries without the same law (Ivanov, 2007, 28). While the FCPA allow facilitation payments, the UKBA does not exempt facilitation payments from coverage (Jordan, 2010, 881; Engle, 2011, 1173). This means that the UKBA not only meets Britain’s obligations under the OECD ABC, but it also exceeds them. It has been argued that the UKBA seeks to raise international standards and relies on soft law to do so in tandem with hard law (Engle, 2011, 1173). Engle (2011) argues that the UKBA is notable because it “represents the success of hard law crystallizing out of soft law” and it will “inevitably generate more soft law as companies scramble to set up adequate procedures” (ibid).

Research on how public and private AC activity influences each other in practice is limited, and the role of private sector AC initiatives is unexplored.

Some researchers argue that although we have seen major efforts over the last 20 years, we should not be surprised by poor results in the fight against corruption (Andersson & Heywood, 2009). The authors deduce from Grodeland et al. (1998) that “…it is a very difficult task to break the vicious circle of corruption since even if corruption is very obviously detrimental to economic and social development from a macro-perspective, from the micro-perspective of an individual facing a given situation it may still be the least bad alternative” (35). Individuals that find themselves in demand positions in order to survive will continue to demand bribes and facilitation payments unless their environment is changed. Therefore, the authors imply that AC measures must improve the environment that these individuals find themselves in.

A general limitation to AC is the “limited knowledge of the causal mechanisms that lie behind various different forms of corruption and the continued heavy reliance on perception indices in many studies which seek to identify factors that are causally linked to corruption” (Andersson & Heywood, 2009, 35). Limited knowledge about causal mechanisms that lie behind corruption makes it difficult to know how best to target corruption, and perception indices may not be identifying the most important causal factors. The dependence on perception indices makes it difficult for actors to
understand where corruption comes from without investigating causal factors of corruption themselves.

Some researchers believe that existing AC measures have the wrong focus and lead to increased surveillance. Rose-Ackerman (2013) states, “those subject to increased surveillance or limits on their discretion will complain that the new controls are politically motivated and that they fail to respect cultural norms” (447). These objections from those subject to increased surveillance are particularly evident when AC measures are imposed or supported by “aid and lending bodies, global non-profits, or international treaty regimes” (ibid). Existing research does not consider AC measures imposed by the private sector and reactions to these. While private actors are often those subject to increased surveillance, private actors have the potential to create own initiatives and these may target themselves but also other public actors, and research on the authority of private actors in AC initiatives is limited.

The gaps identified in the literature review serve as the basis for the research I conduct. In general, research on private sector organization in AC is limited, existing research on collective action initiatives is very normative, and international regime theory has underestimated the role of private actors. How private actors can gain authority in private arrangements, perhaps interacting with public authorities, must be studied to provide new research on private organization in AC. This will contribute to research on how public and private AC activity influences each other. I seek to fill the gaps by creating an overview of private sector AC initiatives within different industries, placing special emphasis on the most powerful current example of an initiative that resembles collective action within the maritime industry. I will conduct an empirical study of MACN as not much is known about the initiative. AC activity is building up in the maritime industry and MACN is a very relevant case due to its new and innovative types of mechanisms. For this reason, I expect that MACN takes into consideration the existing limitations mentioned above. Specifically, I expect that MACN aspires to improve the environment in corrupt regions, and I expect that MACN aspires to contribute to investigations of causal factors of corruption.
2.3 Research questions

I have constructed the following research questions in order to address the research gaps:

**How does MACN aspire to control corruption in the maritime industry and what significance can it have for public-private regulation on AC?**

The following sub-questions intend to guide the research:

1. How can private sector involvement in AC be understood?
   This question is addressed by describing how the private sector is represented in most AC activity driven by states, IOs and INGOs. This forms the context for private sectors driving their own initiatives on AC.

2. How are private sector AC initiatives organized?
   This question guides the short analysis of private sector AC initiatives in different industries. This forms a classification of how private AC initiatives driven by different industry players are organized.

3. How can the conceptualization of organization and club help theorize MACN?
   This question guides the analysis of MACN and its activities. This forms an exploration of MACN’s current and potential organizational and club elements, and MACN’s interaction with public authority, to gain private authority.
3 Key Theoretical Concepts

I will now outline the key theoretical concepts that I have chosen to work with. I ask how MACN aspires to control corruption in the maritime industry and what significance it can have for public-private regulation on AC. In order to answer this question I apply three intersecting theoretical concepts. First, political theory on transnational private authority explains the authority that MACN strives for in order to control corruption in the maritime industry. Hereafter, organization theory that shows different ways of being organized with partial and complete organization is used to explore how MACN builds up private authority by organizing itself more than a loose network. Lastly, organization theory is complemented with club theory to analyze when an initiative moves from being a program to a club and whether an initiative can gain some form of political power as a club. As theories on organization and clubs are used to analyze how private actors can gain transnational authority, the theories can fill a gap in regime theory.

3.1 Transnational private authority

I relate transnational private authority literature to the AC regime because the regime includes global corporations, but no global state. Usually states are seen as the sole source of authority because regulation is viewed as a function of national governments. The targets of regulation then, are often the private sector, but in reality the private sector also contributes to governance (Haufler, 2003, 237). The involvement of the private sector in governance can make it difficult to determine who really governs. Especially in international affairs, the blurred distinction between public and private regulation has changed society’s perceptions of “what governance is, and how it is accomplished” (ibid). The absence of a global state means that many have denied the existence of authority at the international level (Hall & Biersteker, 2002, 3). In order for an actor to gain legitimate power at the international level, it requires that accountability can be placed on that actor.

Both public and private authority are linked to issues of accountability and democracy at the international level. Public authority is also linked to issues efficiency and rationality, as no international government exists. For the past three decades no public actor has succeeded in developing a global set of regulations for multinational corporations (Haufler, 2006, 91). IOs have created some initiatives but they do not have the same degree of public authority as sovereign national governments (ibid, 90). These issues with public authority have led some to argue that
corporations are entirely unfettered and free of constraints in their global decision-making by only being subject to enforceable law at the state level (ibid, 91). Private authority is also linked to the issue of legitimacy because global corporations suffer from a democratic deficit (ibid, 99). As they do not rest on any system of accountability, even the most reasonable standards, rules and enforcement procedures are undermined (ibid). The private sector though is not linked to the same issue of efficiency as the public sector.

In order to understand that private authority can exist at the international level, researchers must broaden their views and not just associate public activities with the state. The private sector can function authoritatively for peers by being ‘an authority’ or ‘in authority’ (Cutler et al., 1999, 18). When private actors are seen as ‘in authority’ then the private definition of authority begins to merge with public definitions of authority (ibid). This is because private actors that are ‘in authority’ have gained legitimacy and acceptance from other actors that recognize the private actors for their specific knowledge, expertise, and representational skills (ibid). When other actors recognize private arrangements it becomes analytically possible to “consider the existence of private international authority as a form or instance of government” (ibid, 19). It is argued that transnational private authority exists if the following three scenarios are true; the rules and decisions of the private sector are accepted as legitimate by those that are subject to them, there is a high degree of compliance with the rules and decisions, and the private sector is empowered by governments and IOs with the right to make these decisions (ibid).

3.2 Partial and complete organization

Organization literature shows how a private initiative can go through a process of formalization and thereby gain recognition from external actors. Therefore, organization impacts the authority of private actors. Organization is defined as “a decided order [created by businesses], including one or more of the elements of membership, hierarchy, rules, monitoring and sanctions” (Ahrne & Brunsson, 2011, 84). These elements are constitutive of formal organizations, and complete organization exists when all elements are in place. Partial organization exists when less of the organizational elements are in place. Partial organization can also be found among formal organizations, for example in an organization or network that consists of formal organizations, such as MACN. This means that when organizations join forces their environment can be organized. The concept of complete and partial organization in social situations makes it possible to study not only
organizational transformations, but also the transformation of networks into organizations (ibid, 85).

By focusing on how and why networks become organized and the consequences of such development, Ahrne and Brunsson (2011) cover an area that private authority literature is weak on, specifically how authority is built up. There are three suggestions to why networks become more organized: to change behavior, to create an order as a response to claims for transparency and accountability, and to create an environment (ibid, 95). As networks become more organized they become easier to understand and explain. A genuine network is defined as not consisting of any of the organizational elements, which means that it is flexible because no hierarchy prevails, it can create norms but no one can be held accountable for them, and it is often times secret and unknown to outsiders. These characteristics often serve as the basis for cooperation in many business networks ensuring that customers, competitors or authorities cannot intervene (ibid, 97). In order to avoid the assumption that something called a network is a genuine network, it is important to distinguish genuine networks completely lacking in organizational elements from more organized networks (ibid, 98-99). This distinction is important for our understanding of the role that private actors can play in regulation because if a private network takes on various organizational elements, the network may come to have a new meaning.

There can be good reasons for wanting to change a network structure by introducing one or more elements of organization into a network. For example, “if someone wants to break with the embeddedness and secrecy of a network, one method is to make a list of members, thereby making a network visible, and enabling people to arrange special meetings and gatherings” (ibid, 98). Adding elements as membership and hierarchy makes the network more visible to outsiders and it also makes the collection of actors more autonomous in their activity. Tensions and disparities are often found in networks without hierarchy because some members will be able to exert more influence because they have more contacts within the network than others. Creating a “visible decision-making order” can change such power balances (ibid). Adding organizational elements to a network changes its character and increases transparency to the public. This means that increased organization makes a network more prone to criticism from outsiders, but it is also the key to authority if outsiders recognize the private actors for their activity.

It is argued though that it is more difficult to create a desired order with access to only a few organizational elements (ibid, 92). For example, without membership individual members cannot be threatened with exclusion or be appealed with the possibility of inclusion (ibid). Without hierarchy
there are no rules about who is to make decisions, so decision-making is open to anyone. Without monitoring and sanction mechanisms it is difficult to make members comply with rules and it is difficult to see when rules have failed. Furthermore, “organizers without sanctions run the risk of organizing only those who are willing – who may, perhaps, have organized themselves in the same manner even without the efforts of the organizer” (ibid). The advantage of complete organization is that people expect all organizational elements to be in place, so the use of organizational elements does not require special efforts of legitimizing (ibid, 93). While this gives the idea that complete organization is more powerful than partial organization, recent developments have contradicted this impression (ibid, 101). Complete organization is often found in large organizations that control resources but are organized by outsiders that help with standard setting and monitoring. This means that private actors share some of the control with external partners, and for this reason partial organization may be deliberate as some private initiatives may prefer to leave out one or two organizational elements in order to have full control themselves. Whether an initiative resembles partial or complete organization, as an initiative adopts organizational elements it may also be organizing itself as a club and this is discussed next.

3.3 Clubs

As a network or organization adopts one or more organizational elements it may be considered a club. Literature on clubs can complement literature on organization by asking whether a private initiative can gain some form of political authority as a club that sets certain standards. Club theory focuses on actors that join forces in associations and try to find a common ground. Economists have tried to find out when such associations become so strong that they operate as clubs. In clubs there are conditions for membership, and members pay fees and work together to create standards. A club can be referred to as the “micro location and mechanism through which self-selected elite members of the group have influence and replicate their power” (Tsingou, 2014, 233). Political economists have applied club theory to studying collective action in voluntary programs. This includes investigating when a program turns into a club.

From the club perspective voluntary programs are viewed as institutions that create incentives for corporations to incur the costs of taking progressive action beyond what is required by law in exchange for benefits that nonmembers do not enjoy (Potoski & Prakash, 2009, 20). So voluntary programs can be considered clubs when members produce activity required by the program (activity that is not mandated by legal or regulatory requirements) and receive excludable
benefits in return. These include private and branding benefits that allow members to advertise that they are different from nonmembers. The public policy rationale of clubs, or their ‘social license to operate’ comes from members producing positive social externalities (Gunningham, Kagan & Thornton, 2003, 35-38). This means that stakeholders receive the positive externalities of value to them and members receive reputational benefits valuable to them. From the political economy perspective, the purpose of clubs is to provide benefits both to members and to society, and this perspective spans wider than the traditional economic perspective where clubs only provide benefits to members.

The power of clubs on policy depends on the club standards and enforcement procedures. For initiatives to be politically powerful members must adhere to standards and enforcement mechanisms must ensure effectiveness (Potoski & Prakash, 2009, 29). If club standards are stringent and members are required to produce high levels of positive social externalities that are well beyond what government regulations require, then the cost of club membership is often high which means that smaller corporations cannot join although they wish to. The cost can therefore create a barrier to inclusion for some corporations. Furthermore, monitoring and enforcement mechanisms curb shirking of members that fail to live up to their obligations and remove the possibility to free ride (ibid, 20). Clubs with strong enforcement and monitoring rules have all three components of third-party monitoring, public disclosure of audit information, and sanctioning by club sponsors (Prakash & Potoski, 2010, 49). The table below shows how the combination of lenient or stringent standards and weak or strong enforcement procedures results in different club characteristics.

<table>
<thead>
<tr>
<th>Enforcement and Monitoring Rules</th>
<th>Weak Sword</th>
<th>Medium Sword</th>
<th>Strong Sword</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lenient standards</strong></td>
<td>Social externalities: low</td>
<td>Social externalities: low-moderate</td>
<td>Social externalities: moderate</td>
</tr>
<tr>
<td></td>
<td>Shirking: high</td>
<td>Shirking: moderate</td>
<td>Shirking: low</td>
</tr>
<tr>
<td></td>
<td>Cost: low</td>
<td>Cost: low-moderate</td>
<td>Cost: low-moderate</td>
</tr>
<tr>
<td><strong>Stringent standards</strong></td>
<td>Social externalities: low</td>
<td>Social externalities: moderate</td>
<td>Social externalities: high</td>
</tr>
<tr>
<td></td>
<td>Shirking: high</td>
<td>Shirking: moderate</td>
<td>Shirking: low</td>
</tr>
<tr>
<td></td>
<td>Branding benefits: marginal</td>
<td>Branding benefits: moderate</td>
<td>Branding benefits: high</td>
</tr>
<tr>
<td></td>
<td>Cost: moderate-high</td>
<td>Cost: moderate</td>
<td>Cost: high</td>
</tr>
</tbody>
</table>

Table 1: Analytical Typology of Voluntary Clubs
Source: Prakash & Potoski, 2010, 51
4 Methodology

Private sector organization in AC is unexplored, especially from the viewpoint of private actors that engage in collective action initiatives. In order to understand how corporations organize themselves collectively in AC and how private initiatives can gain external recognition, I seek to gain an insight into the thoughts, beliefs and intentions of members from MACN. In order to gain the relevant knowledge I conduct a qualitative study, or more specifically, the method of investigation is interpretive with the belief that this approach allows for the greatest opportunity to understand private organization in AC. In this section I will outline the ways in which knowledge is acquired while clarifying the advantages and disadvantages of the methodological choices. The philosophy of science that is used to approach the research influences the research strategy and methods that are used to collect empirical data. The empirical sources are outlined and limitations to the research end this chapter.

4.1 Philosophy of science

This study is built on the belief that there are multiple realities and ways of accessing them. The research is based on the perspective that we construct our own world rather than it being determined. I seek to find out how a specific private initiative aspires to control corruption in its industry and what significance it can have for public-private regulation on AC. So, I assume that corruption can be controlled because social entities are considered social constructions built up from perceptions of social actors, rather than objective entities that have a reality external to social actors (Bryman & Bell, 2007, 22). Constructivists emphasize the important role of the observer and society in constructing the patterns that we study because each of us sees different things and what we see is determined by a complicated mix of social and contextual influences (Moses & Knutsen, 2007, 10). Kant proposed the existence of a social world that is defined by the people living in it and how they give it meaning: “We can never say anything about how the Real World is ‘in itself’. The only thing we can observe are the perceptions of the world: how the world appears to us” (ibid, 172). Focusing on how social contexts influence people’s perception of the world, constructivists do not focus on finding universal laws or truths. Although neutrality is aimed for, it is inevitable that some of my own perceptions will affect the research topic and approach to the analysis.

Corruption is a phenomenon that has been humanly constructed and that changes in its form, perception and ultimate consequences depending on the persons and locations of interest. Following
constructivism, the social phenomenon of corruption is produced through social interaction and is in a constant state of revision. Therefore, an actor can aspire to control or change corruption. As social phenomena develop through social interaction and are constantly changing, “the world is constituted in one way or another as people talk it, write it and argue it” (Bryman & Bell, 2007, 24). As Sampson (2005) states, “an understanding of corruption entails an understanding of the social contexts that produce and sustain it, such that a change of these contexts would also cause changes in patterns of corruption. Corruption, in other words, has a history. To this history must be added a discursive element: the rhetoric of corruption, accusations of corruption, claims of ‘endemic corruption’ and now the discourse centered upon the ‘struggle against corruption’” (106). By taking a constructivist perspective it becomes possible to ask how private sector organization in AC can be understood because the contexts that produce and sustain AC are taken into consideration.

While constructivism focuses on the contexts that influence how the social world is constructed, interpretivism contributes to how the social world should be studied by being concerned with the empathic understanding of human behavior, rather than with the explanation of human behavior (Bryman & Bell, 2007, 18). Interpretivism is closely linked to constructivism. Understanding human action, people and their institutions, requires a research approach that “reflects the distinctiveness of humans as against the natural order” (ibid, 17). This means that interpretivism supposes there are no implicit laws to discover but just models to interpret natural events. The model used is hermeneutical interpretation, which is concerned with the theory and method of interpretation of human action (ibid). Hermeneutics view social reality as socially constructed instead of rooted in objective fact and therefore hermeneutics argue that interpretation should be given more standing than explanation and description because social reality is too complex to be understood through the process of observation (Gray, 2013, 26).

I will interpret interview data to find out the intended or expressed meaning in order to achieve deeper levels of knowledge (Kvale, 1996, 47; Gray, 2013, 26). Kvale (1996) justifies using hermeneutical interpretation for the purpose of understanding informants: “The research interview is a conversation about the human life world, with the oral discourse transformed into texts to be interpreted. Hermeneutics is then doubly relevant to interview research, first by elucidating the dialogue producing the interview texts to be interpreted, and then by clarifying the subsequent process of interpreting the interview texts produced” (46). Interpretivism assumes that there is an interactive relationship between the researcher and the object. This means that the questions I pose
interview candidates will make them reflect on the subject of interest and the fact that it is being researched.

Interpretivism refers to an approach against positivism, which presumes there are natural laws implicit in nature and science must discover them. With a positivist approach, the results are considered objective facts and established truths (Gray, 2013, 21). With a positivist approach, I could have chosen to measure the effects of MACN’s activity, for example whether corruption has reduced as a result of MACN’s activity. With this approach I would try to explain rather than understand something, but since it is very difficult to measure corruption due to different classifications of the phenomenon, I did not choose this approach. It would also be difficult to obtain data from countries to find out if corruption has diminished. Instead I could have gathered data from corporations to find out if their corruption incidents had decreased, but even if I found out that incidents have decreased, I wouldn’t be able to say much about how corporations have made that happen.

Interview data from maritime corporations form views on how the industry is organized internally and this can lead to an understanding of the role that private sectors can play in global regulation. The interpretivist approach is necessary to interpret on informants’ statements and the transcribed texts. With the positivist approach, surveys, questionnaires or statistical analysis are relevant methods for explaining something. Such methods can be useful in studies where one aims to represent a large population, to save costs, to conveniently gather data and in instances where a researcher’s own biases can be eliminated because participants are provided with a standardized stimulus (Sincero, 2015). However, these methods cannot be changed throughout the process of data gathering and the researcher cannot follow up on controversial statements, so these methods would not have allowed for the same degree of critical reflection on the informants’ statements. I do not believe these methods would have led to a comprehensive understanding of MACN.

4.2 Research strategy

In order to explore private sector organization in AC, I conduct a detailed case study of a specific private sector AC initiative. MACN is a new empirical study and therefore the research is exploratory. The research design is a case study because MACN is an object of interest in its own right and I aim to provide an in-depth elucidation of it (Bryman & Bell, 2007, 63). A single case study is one of the favored methods used in constructivism because it allows for interrogation and appreciation of the details. Examining details is important to discover the context that knowledge
and meaning are dependent upon (Moses & Knutsen, 2007, 221). Details may include how an interview candidate frames or conveys a statement as this affects how the candidate wants his words to be understood. Yin (2009) states, “case studies are the preferred method when (a) “how” or “why” questions are being posed, (b) the investigator has little control over events, and (c) the focus is on a contemporary phenomenon within a real-life context” (2). While assuming that it has some effect on interview candidates that I set up interviews with them and pose questions about a newly established initiative, I do not believe that I as such can control the events that MACN undertakes. Therefore, Yin’s case study criteria are true for my research.

Exploratory case studies usually do not have any preliminary propositions and hypotheses because knowledge is limited (Streb, 2010, 374). For this reason qualitative research is conducted because it is typically associated with the generation rather than the testing of theory, so it serves the researcher’s needs better (Bryman & Bell, 2007, 33). Qualitative research uses the logic of abduction where theory is generated through research. Abduction is associated with interpretivism referring “to the process of moving from the way social actors describe their way of life to technical, social scientific descriptions of that social life” (Blaikie, 2004, 1). This happens in two stages, first by gathering empirical data from maritime corporations that describe their internal industry organization in MACN, then by deriving key theoretical concepts that provide the basis for describing private sector organization in AC. As a researcher I must go back and forth between theory and empirical data and let the empirical material determine the direction of my analysis. Abduction and exploratory research allows for the collection of new observations and ideas due to the flexible nature of the study.

4.3 Research methods

The research method used for the first part of the analysis is web research for a mapping exercise and the method used for the second part of the analysis is onsite visits in maritime corporations in order to make interviews and gather documents, and telephone interviews with those informants where onsite visits were not possible.

4.3.1 Mapping exercise based on web research

As part of the first analysis I made a mapping of how significant private sector AC initiatives are organized. I leaned on established literature on organization and based the mapping on elements of organization including membership, hierarchy, rules, monitoring and sanctions. A
mapping of the industries that have created collective action initiatives on AC provides a benchmark for studying MACN as an AC organization. I accessed the online websites of the initiatives, or in cases where initiatives do not have own websites I accessed the websites of the IO or INGO that provide information on the initiative. I searched for information regarding the organization of the initiatives, but this information was not necessarily easy to find which created some doubts in terms of the research method. I assumed that information that is not explicit online does not exist; for example, if a website does not indicate that a login database exists for members, then I assume that a login database does not exist. This allowed for a consistent method in gathering information on the initiatives. The limitation of the method is that there may exist information on the initiatives that is not stated on websites. However, this method made it possible to outline initiatives based on publicly available information, and since I focus on private sector AC initiatives that are becoming increasingly organized, it can be argued that the most organized initiatives provide organizational transparency online. Therefore, this method should provide information on the most relevant initiatives to this study. The results of this search serve as the groundwork for studying how organizational elements impact the external recognition of a private sector initiative.

4.3.2 Interviews

The aim was to conduct all interviews at company locations in order to strengthen the data quality with face-to-face interviews where attention can be paid to body language and facial expressions as these can influence interpretations. Where face-to-face interviews were not possible, telephone interviews were conducted. The interviews were semi-structured as follow-up questions allow for a greater understanding of informants: “…interviews are particularly suited for studying people’s understanding of the meanings in their lived world, describing their experiences and self-understanding, and clarifying and elaborating their own perspective on their lived world” (Kvale, 1996, 105). By following Kvale’s (1996) seven stages of interview research: thematizing, designing, interviewing, transcribing, analyzing, verifying and reporting (88), the goal was to learn throughout the investigation: “Conversations with the subjects may extend and alter the researcher’s understanding of the phenomena investigated” (Kvale, 1996, 100). Each interview was transcribed and the quotes used for reporting were verified with each informant (via e-mail) prior to use. This allowed me to interpret on quotes and receive feedback from informants, strengthening the validity of the interview data. It must be mentioned that such verification can also weaken an argument if informants chose to rephrase something, but such changes did not affect my analysis.
Prior to selecting interview candidates, an interview was conducted with the Chair of MACN to gain insight into the goals and activities of MACN. Tape recording was not allowed during the interview and it must be questioned why; I believe it was because of the sensitive topic. I do not believe that this affects the overall quality of the thesis though. I took notes during the interview that were later reviewed and further feedback was provided, but the note-taking set a limitation to conducting a semi-structured interview because the same efforts could not be spent on follow up questions. This was the only interview that I was not allowed to tape and it can be argued that the Chair of MACN must carefully consider statements about the initiative so undisclosed information does not become public. This does imply that MACN is not fully transparent about its development.

I conducted ten interviews over a period of three months in 2015; the first interview with the Chair of MACN was early on in the process on the 28th of April and the rest of the interviews took place between the 12th and 30th of June. Due to a time restraint, the full MACN membership was not contacted, although for validity reasons interviews with all members would have been ideal. In order to contact members I was dependent on the availability of contact details online, and it was difficult to find these for many of the larger companies. I chose to focus on Nordic European companies because I was interested in hearing from initial members assuming that these would be most knowledgeable about the development of MACN. The Chair of MACN confirmed that most of the Danish companies were a part of the initial brainstorming session and therefore all Danish companies were contacted. All members of the Steering Committee were also contacted as they set the strategic direction for MACN. Furthermore, I had gained contact to an employee at a Northern European member company (during a study trip) that I had a telephone interview with. This interview led me to contact an Asian company because the informant from the Northern European company mentioned that a limitation to MACN is that it does not have many members from the corrupt countries. Unfortunately, the response from the Asian company was via e-mail, resulting in a vague response and I was not able to interpret if their motivation for membership differed from the Nordic European companies.

28% of the members including the Secretariat, Business for Social Responsibility (BSR), and the project partner, UN Development Programme (UNDP), were contacted (13 out of 44 regular members and 4 out of 22 associate members). 53% of those contacted agreed to an interview (10 out of 19). In order to make the informants anonymous I have provided an overview of those organizations that were contacted in Table 2, but I have not pinpointed which organizations
were interviewed. The goal was to be able to reach all seven representatives that make up the Steering Committee, but positive responses amount to four out of the seven members. The percentages can be justified because there was a general consensus among informants on the institutionalization process of MACN so I could draw reliable conclusions on my research area. As Kvale (1996) argues, “… new interviews might be conducted until a point of saturation, where further interviews yield little new knowledge” (102). If the complete MACN membership had been interviewed, I do not think the findings on MACN would have been much different. Clearly, if a strong consensus appears among other maritime corporations on a different approach to AC, then this would affect the results and ultimately the existence of MACN in the long run.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contacted about interview</th>
<th>Steering Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular Members</strong></td>
<td></td>
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<tr>
<td>Ardmore Shipping</td>
<td>-</td>
<td>-</td>
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<tr>
<td>AS Klaveness Chartering</td>
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<td>-</td>
</tr>
<tr>
<td>BP Shipping Ltd.</td>
<td>Yes</td>
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<tr>
<td>BW Group</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Carnival Corporation &amp; plc</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The China Navigation Co. Pte. Ltd (“CNCo”)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Clipper Group</td>
<td>Yes</td>
<td>-</td>
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<tr>
<td>CMA CGM</td>
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<tr>
<td>CSL Group</td>
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<td>Eukor Car Carriers</td>
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<td>-</td>
</tr>
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<td>Yes</td>
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<td>Yes</td>
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<tr>
<td>Hafnia Tankers</td>
<td>Yes</td>
<td>-</td>
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<tr>
<td>Hamburg Sud</td>
<td>Yes</td>
<td>-</td>
</tr>
<tr>
<td>Höegh Autoliners</td>
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<td>-</td>
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<td>J. Lauritzen</td>
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<td>Kawasaki Kisen Kaisha, Ltd. (“K” Line)</td>
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<td>Masterbulk</td>
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<td>Mitsui O.S.K. Lines, Ltd.</td>
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<td>-</td>
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<tr>
<td>Nippon Yusen Kabushiki Kaisha (NYK Line)</td>
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<td>-</td>
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<td>Norden</td>
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<td>Nordic Tankers</td>
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<td>Odfjell Management AS</td>
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<td>-</td>
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<td>Petroleum Geo Services (PGS)</td>
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<td>Ridgebury Tankers</td>
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<td>Rio Tinto Marine</td>
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<td>-</td>
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<tr>
<td>RWE Supply &amp; Trading</td>
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<td>-</td>
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<tr>
<td>Scorpio Bulkers</td>
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<tr>
<td>Shell International Trading and Shipping Company Ltd.</td>
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<tr>
<td>Smit Lamnalco</td>
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<tr>
<td>Company</td>
<td>Membership</td>
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<tr>
<td>---------------------------------------------</td>
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**Associate Members**

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</table>

**Secretariat**

| Business for Social Responsibility (BSR)    | Yes        | -         |

**Project Partner**

| UN Development Programme (UNDP)             | Yes        | -         |

Table 2: Organizations involved in MACN and organizations contacted about interview

4.3.3 Empirical sources

Primary sources are interviews with maritime companies and organizations involved in MACN. The aim of interviews with members was to discover motivations for joining the initiative and the operating mechanisms in the initiative. The aim of an interview with UNDP, a project partner to MACN, was to discover how MACN collaborates with other actors and interacts with public authority, and why other actors choose to collaborate with MACN. Four interviews were conducted face-to-face at company locations, five interviews were conducted over the telephone, and one interview response came via e-mail.
Secondary sources are professional and practitioner literature on corruption and AC to identify research gaps. Websites of IOs and INGOs and other relevant websites were used to outline the context for collective action on AC, specifically to highlight private sector representation in public and non-governmental AC activity. Websites of private sector AC initiatives and other relevant websites were used for the mapping exercise of private sector AC initiative. Official MACN documents and the website of MACN were used in the analysis of MACN and in order to discover what further information informants could provide that was not stated officially in documents or on websites. Theories on international relations, organization, and clubs were used in the analysis and discussion of how a private sector AC initiative can gain authority.

4.4 Research Limitations

There are a few limitations to the exploratory research strategy, the design of a single case study, and the interview method. I will explain these and how I have attempted to address some of the limitations. Single case studies are often criticized for not being generalizable, but it must be kept in mind that case studies rely on analytical generalization rather than statistical generalization (Yin, 2009, 43). It is important to distinguish between statistical and analytical generalization. In order to make statistical generalizations, research must focus on large random samples or entire populations by using methods such as questionnaire surveys with quantitative analysis (Flyvbjerg, 2006, 241). Such research can create an understanding of the degree to which certain phenomena are present in a given group or how they vary across cases (ibid). Analytical generalization is possible with single case studies as these are studied in depth, but not in breadth. A single case study can be generalizable to theoretical proposition and not to populations or universes; “…the case study… does not represent a “sample” and in doing a case study, your goal will be to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalizations)” (Yin, 2009, 15). Theories on international relations, organization and clubs are the domain to which results can be generalized. As the study focuses on increasingly organized private sector AC initiatives, other cases would be selected on the basis of increased organization taking place. This specific study does not reveal comprehensive data about the organization of private sector AC initiatives in all industries.

The generalizability of a single case study depends on the strategic selection of the case. In this thesis I have not chosen the typical or average case, but rather an atypical case where highly competitive industry peers are working together. Atypical cases “often reveal more information
because they activate more actors and more basic mechanisms in the situation studied” (Flyvbjerg, 2006, 13). The maritime industry appears to be organizing itself in AC in a new way that has not been seen in other industries before, and therefore the atypical case should reveal information about the operating mechanisms in the private initiative. There is always the limitation that poor case selection may lead to overgeneralization and serious misunderstandings of the relationship between variables or processes (Bennett & Elman, 2006, 460-463).

As single case studies are significant for analytical generalization, they are also more appropriate for exploratory than explanatory research (Willis, 2014). However, the exploratory strategy is often criticized for the lack of specific, theory-based assumptions (Streb, 2010). This has been addressed by using specific political and organizational theories in between data collection. Thus some theory has been a priori. An explorative study should be “preceded by statements about what is to be explored, the purpose of the exploration, and the criteria by which the exploration will be judged successful” (Yin, 2009, 37). Such statements ensure a clear path for the research and focus the exploration of the case. By pinpointing that this study centers on private sector organization in AC, the focus is to discover the link between how a private sector initiative is organized and the initiative’s private authority. If a connection is established between higher degrees of organization, interaction with public authority, and external recognition then the exploration will be considered successful.

The limitation to interview research is getting informants to talk about negative parts because they usually focus on expressing the positive things they are doing. However, hermeneutical interpretation allows me to interpret at several stages; I can ask clarifying questions and I can further interpret on the transcribed interview texts. It is important to be able to interpret at several levels because informants can never be completely neutral coming into an interview.

There are also a few limitations to the data gathering process. Despite several attempts at getting a hold of the representative from the BSR Secretariat, no contact was made and I consider this a limitation because the involvement of an INGO in the private sector initiative would have been relevant to explore. In fact when standards is a shared endeavor among businesses and NGO representatives, then the legitimacy of private sector standard setting increases (Haufler, 2001, 119). During several interviews informants expressed uncertainties about the future role of BSR, so BSR’s commitment to MACN is unknown. Also, an attempt was made to join the bi-annual MACN meeting in London in April 2015, but access was not granted. I thought I could attend because the meeting was open for ‘observers’, but this targeted companies that had an intention of joining
MACN. Had I been able to join the meeting, I could have conducted ethnographic fieldwork. This could have been relevant for an explorative study as I could have been able to find out things that are often not seen as important, for example observing dynamics between the members that attend the meetings.
5 The Context for Collective Action on AC

In this chapter I aim to explain the context for collective action on AC. This includes outlining the dominant international regulatory actors on AC and their activity in order to determine private sector representation in this activity. There is a complex mix of public, private and non-governmental actors that engage in AC and “social and political partnerships among corporations, international organizations, governments, and nongovernmental actors have expanded in number, but their purpose is often such a mix of providing public goods and services, setting industry standards, and obtaining private benefits that their regulatory aspect is hard to see” (Haufler, 2001, 10). Regulation is defined in terms of subjects, or actors, on the international regulatory scene and objects, the legitimate topics of international regulation (the who, what and where that are being acted upon). While states used to be the only recognized subjects of international regulation, subjects have been broadened to include IOs as collectivities of nations, INGOs and the private sector and “as international legal actors have diversified and the legitimate topics of international legal regulation have expanded, the dividing line between “subjects” and “objects” has blurred” (Bederman, 2010, 52).

The actors involved in AC can be understood by locating them in a wider context and history of AC activity. There has been a shift in emphasis from national to international action, and from government AC agencies to NGOs (de Sousa et al., 2009, 3). The dominant actors involved in AC are also called ‘integrity warriors’ (‘integrity’ denotes a corruption-free world, so the integrity warriors seek to eliminate corruption) and these are states, IOs, AC agencies, NGOs, and the private sector (Sampson, 2005, 107). It is relevant to outline these actors and their activity in order to understand how they influence each other. I will outline AC activity undertaken by states, IOs, AC agencies and NGOs and explain how the private sector is represented in much of this activity. This forms the basis for focusing on private sector AC initiatives only in the next chapter. I draw on publicly available information predominately found in publications on websites and relevant literature.

5.1 States

States create national law on AC. The US national government adopted the FCPA in 1977, prohibiting the bribery of foreign officials. As a traditional and national regulatory initiative, the FCPA laid the first building block of global corruption governance that require corporations to set
up internal control mechanisms (Hansen, 2010, 120). The FCPA applies to all foreign corporations that are registered in the US, so the national law becomes extraterritorial in its reach. Many countries have enacted laws similar to the FCPA, in fact more than 50 countries criminalize bribery of foreign officials, and some of the laws have broader jurisdictional application than the FCPA (Nichols, 2012, 363). The FCPA famously exempts facilitation payments so it refers only to bribes paid to obtain or retain business (ibid, 364). The legal landscape changed with the UKBA that entered into force in 2011. It is among the strictest legislation on bribery with the introduction of a liability offense that “places a burden of proof on companies to show they have adequate procedures in place to prevent bribery” (TI UK, n.d.). The UKBA criminalizes facilitation payments and there are strict penalties for active and passive bribery by individuals and companies. It applies to UK companies operating abroad and foreign companies operating in the UK, so like the FCPA the UKBA has extraterritorial reach. A foreign company that carries on any part of its business in the UK may be prosecuted for “failure to prevent bribery even where the bribery takes place wholly outside the UK and the benefit or advantage to the company is intended to accrue outside the UK” (ibid). The vagueness of any part of its business in the UK means that companies should operate with caution because if a company is prosecuted the “only statutory defense would be to prove the existence of adequate systems and controls” (ibid). The jurisdictional reach along with the strict liability provisions can have a profound impact on multinational corporations (Warin, Falconer & Diamant, 2010).

AC laws on the global scale may result in overlapping jurisdictions (Nichols, 2012, 366; Katyal, 2003, 1379). The consequences of a corrupt transaction may include multiple criminal prosecutions because the firm is “subject to punishment by each of the states that can claim jurisdiction over that act” (Nichols, 2012, 367). At the same time some laws set higher requirements for multinational corporations than others. For example, an anti-bribery program may be compliant with the FCPA but not the UKBA, and ‘adequate procedures’ under the UKBA are not a requirement under the FCPA. It has been argued that in order to maintain a level playing field there should be one system where “companies establish an effective internal system to combat bribery on an international level” (Hills, 2014, 489). A proposal is “incorporating the detailed and effective provisions of the FCPA and UKBA into construction of a universal act with universal enforcement power, outlining each provision in black and white” (ibid, 492). The OECD would be an obvious platform to construct a universal act but the lack of available enforcement power is a problem (ibid).
States seek to overcome the insufficiency of traditional state sovereignty in confronting the complex and cross-border mechanisms of corruption by resorting to international initiatives (de Sousa et al., 2009, 6). Therefore, international instruments on AC are a key element for states. Instruments such as the UNCAC can improve the international legal landscape because governments can adopt the instruments, but “in practice, international instruments are but empty shells: beautiful declarations of principles and intentions that have to be implemented by potentially corrupt, indifferent, or incapable national agencies” (de Sousa et al., 2009, 7). This means that international instruments are not effective tools at targeting all governments, because some governments may not implement the principles due to corruption or incapacity. Corrupt governments have the possibility to simply give the impression that they are using the instruments and have intentions to boost detection and sanctioning mechanisms because the implementation of principles is not monitored at the global level among states. I will now discuss international instruments created by IOs.

5.2 International organizations

IOs create international initiatives with instruments on AC focusing on national or business ethical behavior or internal organizational integrity. UNDP has created the Global Anti-Corruption Initiative with the UNCAC as the underlying legal instrument. The UNCAC has been the most comprehensive AC instrument since it took effect in 2003 because it creates a global framework involving developed and developing nations and covers a broad range of subjects including domestic and foreign corruption (Lopez-Claros, 2014). However, the UNCAC is non-binding and the UN has no enforcement powers. The same goes for the UN Global Compact’s (UNGC) AC Working Group and its 10th principle. This means that the effectiveness of the Convention and Principle to deter corruption depends on the establishment of adequate national monitoring mechanisms to assess government compliance (ibid).

The OECD has since the 1990s been used as a platform for extending the principles of the FCPA to the international business community (Hansen, 2010, 121). Today the government-mandated OECD Working Group on Bribery exists and is responsible for monitoring the implementation and enforcement of the OECD ABC. The OECD ABC is the first and only global legally binding AC instrument that focuses on the supply side of the bribery transaction (OECD, n.d.). The Convention criminalizes bribing foreign officials in all OECD countries. The Working
Group manages a monitoring system based on peer review where member countries’ progress in implementing the Convention is surveyed.

The International Chamber of Commerce (ICC) Commission on Corporate Responsibility and Anti-Corruption has issued the voluntary ICC rules to combat corruption and these rules serve as a self-regulating tool for businesses and as a roadmap to governments (ICC Commission, 2011). ICC condemns all forms of corruption and urges companies to put into place preventive measures to ban corruption from their transactions (ibid). These rules have been revised to mirror provisions of key AC instruments such as the OECD ABC and the UNCAC. The rules can be applied to corporations of all sizes and focus on compliance policies for companies and suggest elements of an effective corporate compliance programme (ibid). I have presented a few IOs that have created initiatives to target states and companies that engage in corruption, and below I present the World Bank (WB) that has had to create initiatives to fight internal corruption.

The WB has been plagued by scandals of internal corruption in its development projects, which has led to debarments, and other sanctions of companies (Pop, 2013). Internal corruption has increased with an increase in the number of projects and money because no agency has the authority or delegated responsibility to audit the projects. The problem has been claimed to be that money comes from donor-countries and self-generated income through the sale of bonds, but there is little oversight by the funding governments (Behar, 2012). The WB’s Governance and AC Initiatives focus on minimizing corruption on WB funded projects, and assisting countries in improving governance and controlling corruption (The World Bank Group, 2011). The WB blacklists corrupt companies that have been contracted for WB projects and “due to cross-debarment agreements between the World Bank and other development banks, blacklisted companies may also face restrictions on participating in projects financed by the American Development Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the African Development Bank” (Pop, 2013).

Many IOs have been criticized for lacking the necessary will and commitment to effectively fight and reduce corruption (Berkman et al., 2008, 125). Some have argued that IOs must seek greater cooperation with each other, and ensure that they have the necessary resources and independence to detect, investigate and prevent corruption (ibid, 124). Furthermore, IOs such as the UN, OECD, and WB and other multilateral development banks “are uniquely situated to bring about the collective action necessary to address [corruption]” (ibid, 131). Collective action can “promote a level playing field and private sector integrity, foster cooperation among developed and
developing nations to stem extortion and bribery, recover stolen assets, ensure that development assistance is used for the benefit of those most in need, and increase transparency in trade so that markets and fair competition can flourish” (ibid).

5.3 Anti-corruption agencies

The influence of AC agencies depends on their cooperation with other complementary institutions that are involved in AC activity. AC agencies carry out similar functions as NGOs such as receiving complaints, monitoring government activity, research analysis and technical assistance, public information education and outreach (de Sousa et al., 2009, 9). AC agencies distinguish themselves from NGOs because they often have access to “the harder powers of the State” including “the right to conduct surveillance, interrogate suspects, make arrests, and mount prosecutions” (ibid, 2). However, AC agencies are not necessarily more successful in mitigating corruption than NGOs because they are often underfinanced, understaffed and “curtailed by lack of collaboration from conventional enforcement agencies which often do not welcome the creation of such distinctive institutional creatures with special powers” (ibid). Nevertheless, AC agencies are considered a key aspect in any AC strategy and they have grown in numbers and expanded from developing to developed countries (McCusker, 2006; de Sousa et al., 2009, 2). The efficacy of AC agencies depends on the institutions’ independence, specialization, integrity, capacity, and political back up (Chêne, 2012, 1). A supportive legal and institutional environment at the national level that can back investigations and prosecutions of corrupt violations is necessary for AC agencies to function.

5.4 International non-governmental organizations

NGOs create AC programs and can play a supporting role for multinational corporations with operations in regions where corruption is ingrained in business with corrupt police, non-transparent government structures and crooked judiciaries (Adetunji, 2013). NGOs can systematically involve local communities and work through local partners to fight corruption. NGOs can set up complaints systems and establish monitoring systems that gather useful information in the fight against corruption. Transparency International (TI) is one of the most influential INGOs in AC; in fact it is labeled the global coalition against corruption. Founded in 1993 by a group of “disaffected international civil servants concerned about corruption in
international business and foreign aid”, TI started out by developing anti-bribery guidelines that indicate simple, clear and practical principles for putting effective anti-bribery measures in place (de Sousa et al., 2009, 2). TI runs anti-bribery workshops for humanitarian and development NGOs and has franchised “the growth of national anti-corruption NGOs” (ibid). TI was at the forefront when corruption gained an international dimension because it signed various international conventions.

Noteworthy INGOs include TI and the International Standards Organization (ISO). TI has created tools for knowledge spreading about corruption, specifically the Corruption Perceptions Index and the Bribe Payers Index. TI has also created Integrity Pacts, which are agreements between government agencies and companies that include a monitoring system typically led by national chapters. Businesses can sign onto TI’s Business Principles for Countering Bribery but they are not measured or monitored in their implementation. The Principles were created with a core group of businesses but do not require any declarations of commitment from companies. ISO is sponsored by standards organizations that enjoy a high level of legitimacy and for reputational reasons many of the ISO standards are difficult to ignore (Ahrne & Brunsson, 2011, 93). The ISO standards are auditable and developed by experts from the private sector, NGOs and governments.

5.5 **Summary of regulatory actors and private sector representation**

The private sector is represented in most of the AC activity that is driven by public or non-governmental actors. States have primarily created AC law to target the supply side of corruption with for example, the FCPA and UKBA. The existence of different national laws with extraterritorial reach means that the laws might result in overlapping jurisdictions, so the jurisdictional reach of the laws along with the strict liability provisions immensely impact businesses. These different laws create uncertainty for the private sector since there is not one sovereign global state that has created one global AC law that all businesses adopt worldwide. States’ reliance on international instruments on AC to overcome this insufficiency includes initiatives such as the UNGC and its 10th principle and the OECD ABC. With the ABC the OECD extends principles of the FCPA to the international business community, thus national laws with extraterritorial reach seem to have triggered initiatives from IOs and INGOs. These instruments from IOs target business ethical behavior yet the UN does not have an enforcement mechanism, and the OECD monitors based on a peer review system.
AC agencies and INGOs have similar functions in terms of assisting businesses through research and technical assistance. Although AC agencies are not international, I chose to include it in the overview in order to show why de Sousa et al. (2009) refer to a shift in emphasis from government AC agencies to INGOs. AC agencies can make a difference on a national level but the efficacy of AC agencies is dependent individual agency characteristics and a supportive legal and institutional environment. INGOs on the other hand involve local communities and work through local partners to support businesses with operations in systemically corruption countries. INGOs can also set up complaints and monitoring systems and thereby gather useful information for businesses. Furthermore, guidelines for effective AC measures such as TI’s Business Principles for Countering Bribery provide direction for businesses. Implementation of these Principles is not measured or monitored, whereas the ISO standards are auditable. Both TI’s Business Principles and the ISO standards were created in collaboration with experts from the private sector. Thus it is evident that the private sector can be involved in creating standards.

I have presented an overview of public and non-governmental AC activity and shown how the private sector is represented and targeted in the activity. The efficiency issue in much of this activity stems from the absent monitoring and enforcement mechanisms, yet the activity still provides an uncertain legal environment for many global businesses. This provides reason for exploring how the private sector creates own initiatives in AC, and specifically how private sector AC initiatives are organized. In the next chapter I will investigate business driven initiatives and private interaction with other actors. Prior to commencing the short analysis, it is relevant to pinpoint the observation that international regulatory actors formally engage with each other. For example, the OECD ABC was signed due to collaboration between companies, governments and the OECD. Another example is TI that engages with the OECD Working Group on Bribery, and is a representative on the board of the World Economic Forum’s (WEF) Partnering Against Corruption Initiative (PACI) – a private sector initiative that will be explained in the next chapter. Also, the UNGC consists of companies and governments that partner with TI, the UN Office on Drugs and Crime (UNODC), the ICC and PACI.

The IO and INGO driven initiatives appear to exhibit a complementary regulatory function with principles and guidelines as soft law. For example, the voluntary nature of the UNGC makes it an initiative that is designed not to replace regulation but to complement it, and moreover, its principles are more important where regulation is non-existent or insufficiently enforced so that businesses can operate ethically and unthreatened (UN Global Compact, 2004, 6). This introduces
the idea that initiatives can complement or perhaps replace the missing regulation in developing countries (Börzel and Risse, 2010). It is believed that this same complementary function can come from private actors if they can gain transnational private authority and the analysis of this will now commence with a short analysis of private sector AC initiatives. An exploration of the types of industries that create collective action initiatives on AC will reveal how different industries are organized internally and whether they interact with public authority.
6 Analysis of Private Sector AC Initiatives

As the private sector is represented in public and non-governmental AC activity, an uncertain legal environment is created for businesses. Private sectors are increasingly joining forces in collective action initiatives on AC, most likely in an attempt to self-regulate on corruption. The private sector can be a force in developing solutions to the corruption problem by engaging in collective action and by helping reform officials (Sullivan, 2009, 2). The business climate can be made more transparent with collective action, and collective action can push for ethical standards and fair practices in dealing with the government (ibid). Individual companies must also ensure that they do not contribute to corruption; this is done by, for example, passing AC rules down through the entire company and by establishing good corporate governance that makes bribes or facilitation payments hard to give and harder to conceal (ibid).

I will outline the industries that create collective action initiatives on AC and analyze how the initiatives are organized. In this connection, I will also look at what other regulatory actors the private actors engage with. I conducted some web research that indicated a handful of significant collective action initiatives. Some initiatives are tailored for firms across industries and I include one such initiative, the rest are single industry initiatives. Some initiatives are close to complete organization based on the organizational elements of membership, hierarchy, rules, monitoring and sanctions, while others are less organized. When inter-firm cooperation goes beyond temporary, ad hoc arrangements to take on more enduring institutionalized characteristics, the participating firms are provided with further resources for influencing their environment (Cutler et al., 1999, 15). Thus the more organized an initiative is, the more resources the participating corporations have to influence, or control, their environment.

The global influence of corporations is enhanced as they organize social and political activities and “it is particularly important to acknowledge the degree to which this represents a private source for authority within international society” (ibid). Ultimately, I seek discover the degree to which MACN gains private authority within international society, but first I will analyze how internal organization in industry initiatives has an impact on their external influence. The mapping below (Table 3) presents an overview of the organizational elements in each initiative and the private actors’ engagement with other actors. The initiatives are outlined according to a classification of organization and can be placed in groupings of partial and almost complete organization depending on the organizational elements that have been adopted. The initiatives are outlined in these two groupings in the next sub sections.
<table>
<thead>
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<th>Rules</th>
<th>Monitoring</th>
<th>Sanctions</th>
<th>Collaboration with other actors</th>
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<tbody>
<tr>
<td><strong>Close to Complete Organization</strong></td>
<td></td>
<td></td>
<td></td>
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</table>
| Partnering Against Corruption Initiative (PACI) | 100 WEF companies | PACI Task Force (WEF member companies in partnership with TI & BIG) | Principles for countering bribery | No (Internal control procedures) | No | IO: WEF 
INGO: TI & BIG 
Public: Officials |
| Banking | 13 banks | 13 members | Wolfsberg principles on anti-money laundering | No (but industry is highly regulated) | Yes (by regulators) | INGO: TI & BIG 
Public: Officials |
| Banknote Ethics Initiative | 8 accredited companies | Chairman & 8 members | Code of ethical business practice | External accreditation | No | INGO: Institute of Business Ethics & Good-Corporation |
| **Pharmaceutical/Healthcare** | | | | | | |
| Code Compliance Network | 100 IFPMA associations and companies | International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) | Principles of IFPMA code | No (Internal control procedures) | No | |
| **Energy/Transport** | | | | | | |
| Energy and Transport Sector Integrity Working Group | 5 companies | Members work under auspices of BIG’s Centre for Collective Action to develop AC initiatives in operating countries | No | No | No | INGO: TI & BIG |
| **Aerospace/Defense** | | | | | | |
| International Forum on Business Ethical Conduct for the Aerospace and Defense Industry | 20 companies from Aerospace Industries Association of American, and Europe | International Forum on Business Ethical Conduct | Global principles | No (Internal control procedures) | No | |
| **Maritime** | | | | | | |
| Maritime Anti-Corruption Network (MACN) | 60 industry members | The Steering Committee | AC principles | Not yet | Not yet | IO: UNDP 
INGO: BSR 
Public: TUGAR |

Table 3: Mapping of organization in private sector AC initiatives
6.1 Partial organization in industry initiatives

A group of private initiatives have been classified as less organized than the others. These include initiatives in the pharmaceutical and healthcare industry, the energy and transport industry, and the aerospace and defense industry. Within the pharmaceutical and healthcare industry the IFPMA Code Compliance Network consists of 100 associations and companies that adhere to a Code and train others in the Code. If the Code is breached, the name of the company will be published by IFPMA. Within the energy and transport industry the Energy and Transport Sector Integrity Working Group consists of five industry companies that work under the auspices of the Basel Institute on Governance (BIG) and their International Center for Collective Action to develop AC initiatives in countries where they operate. Within the aerospace and defense industry the International Forum on Business Ethical Conduct for the Aerospace and Defense Industry consists of 20 industry companies that adhere to a set of non-binding principles.

These initiatives have loosely adopted a few of the organizational elements. All initiatives have members, but not necessarily conditions for membership. Hierarchies are also apparent, in fact all initiatives appear to have industry NGOs at the top of the hierarchy. Rules are apparent in the IFPMA Code Compliance Network where a Code must be followed, and in the International Forum on Business Ethical Conduct companies follow a set of global non-binding principles. Although the IFPMA Code Compliance Network state that companies will be shamed online if they breach the Code, an example of this has not yet been seen and it is unknown what the consequences of such online shaming is. Sanctions are not apparent in any of the initiatives, and in terms of monitoring, the IFPMA Code Compliance Network and the International Forum on Business Ethical Conduct have internal control procedures. The initiatives do not have any form of external monitoring or sanctions for non-compliance such as elimination of membership. In initiatives where monitoring of members does not take place, the presence of civil society provides an external presence that increases the credibility of the initiative (Pieth & Aiolfi, 2003, 8). This is only visible in Energy and Transport Sector Integrity Working Group that engages with a few NGOs. The other initiatives are limited to industry participation and are considered the least transparent to outsiders. While NGOs are not only important when an initiative is starting up in terms of getting it up and running, they also play an important role in the future in order to counter anti-competition regulation. I will now explore a group of initiatives that engage with other actors such as NGOs, IOs, and public authority and these initiatives are more transparent and this increases credibility towards outsiders and chances for influence.
6.2 Almost complete organization in industry initiatives

A few initiatives are considered to be more organized than the others. These are the Wolfsberg Group and the Banknote Ethics Initiative in the banking industry, and PACI, which is for firms across industries. The first two initiatives consist of groups of key competitors in risky industries that join forces and draft private business standards that influence their environments. I will discuss why industry competitors join forces in collective action initiatives and gain influence in their environment and base the analysis of each initiative on its organizational elements and interaction with public authority.

The Wolfsberg Group was created to prevent a next regulatory push or to at least influence its direction because the banking industry experienced a threat of over-regulation (Pieth, 2006, 11). The Wolfsberg Group had the aim of establishing a level playing field among key competitors “in order to marginalize those who fall below the benchmark and ameliorate the reputation of the sector altogether” (ibid). Members of the Wolfsberg Group agree on standards together with key regulators, and the inclusion of public actors in standard setting reduces the risk of a next regulatory push. This can also give the public a more positive view on the members. Nevertheless, as the private initiative can impact regulation it is prone to criticism and the Wolfsberg Group has been criticized for being elitist and for not monitoring compliance with its standards. Instead of monitoring, members publicly announce dedication to the standards. It can be argued that in terms of legitimacy the monitoring mechanism is not as important for the Wolfsberg group because the private banking industry is highly supervised by regulators that can sanction members on the background of the private standards the Group itself has set. The Wolfsberg Group has become a standard setting power although it does not represent the entire private banking industry (ibid).

Another initiative within the banking industry is the Banknote Ethics Initiative. It consists of eight accredited industry companies that are required to adhere to a strict Code of Ethical Business Practice. The initiative has a clear governance structure and members become accredited after passing an audit carried out by a third-party auditor. Accreditation means that third party monitoring takes place by GoodCorporation. The Banknote Ethics Initiative and the Wolfsberg Group operate in an industry that is closely monitored by regulators and this can explain why a higher degree of organization is necessary in these private initiatives in the banking industry in order to appear credible.

PACI is the only global AC initiative that is driven by the private sector while its focus is across industries. PACI started as a compliance platform, then moved beyond compliance to sharing
best practices, and today PACI places corruption as strategic business risk at the top of the global agenda. It has been claimed that corruption is fought today because AC creates value and new opportunities for business and society (Dezenski, 2013). PACI shows that proactive measures that attract good behavior are encouraged and trust and openness among partners creates a forum for information sharing, collaboration and innovation (ibid). PACI has a strict regulatory environment because it refers to Conventions rather than Recommendations and officials participate directly in the forum. This means that public authority is involved in PACI. Participation also comes from the WEF that acts as a neutral convener, from TI who is a pressure group on the topic and from BIG, the technician of the multi-stakeholder concept (Pieth, 2006, 13).

The three initiatives show greater organization with the visible elements of membership, hierarchy, rules, and monitoring. While the Wolfsberg Group and PACI do not have third party monitoring, they show a process of formalization in private sector initiatives where public actors are included in decision-making. This increases the organization of the initiatives because public actors act as monitors and joint decision-makers. In the Banknote Ethics Initiative the management has chosen that members become accredited in return for paying a membership fee and living up to the Code of Ethical Business Practice. This both raises standards and is a strong signal to external actors because the standards and those that meet the standards are made transparent. These initiatives seem to have significant influence on their environments, but in order to determine how much control is in the hands of private actors, their engagement with other actors must be taken into consideration.

The control of private sector initiatives depends the extent to which the initiatives prevail upon global institutions and national governments for support and resources to advance their agendas. Organization in a private sector initiative reveals the degree of engagement with other actors. Private actors may engage with NGOs or public authority that act as monitors or joint-decision makers. The Banknote Ethics Initiative is an example of an initiative that is monitored by a third party but this actor does not influence the control of the private actors; the accreditation simply serves as a strong signal to the public. Both the Wolfsberg Group and PACI are examples of private initiatives that have created links to public actors. This means that the control is shared between public and private actors and such cooperation between public and private actors can be seen as middle ground between traditional state regulation and private self-regulation.
6.3 The context for collective action on AC in the maritime industry

Collective action initiatives on AC are common in many industries as demonstrated above. As was explained, some industries (in this case the banking industry) are more risky and face higher threats of increased regulation and it appears that initiatives within these industries are more organized and engage with public authority. I have chosen to take the analysis of private sector AC initiatives further by exploring an initiative within the maritime industry. In the maritime industry voluntary initiatives have appeared within the areas of labour, safety and environment due to the increased focus on CSR and sustainability. The newly established focus is on AC and corporations in the maritime industry are joining forces on AC. I will explore how this collective action initiative can be theorized by applying the concept of organization as I did to the private initiatives above, and by applying the concept of club.

Voluntary initiatives have primarily been established in the maritime industry due to the existence of open ship registries that have caused a race to the bottom in international ship standards. While open registry states stand to increase their national income quite significantly as foreign ship-owners register their ships, any negative utility from environmental disasters, globally decreased wages, or increased risk in working conditions is shared internationally (DeSombre, 2009, 134). Low environmental standards, lax safety standards and weak labour standards are the result of weak standards imposed by states and the problems are difficult to solve because a global sovereign government does not exist. The maritime industry has addressed these risks of weak standards by creating initiatives with benefits that shipping companies want, and by excluding companies that are not willing to accept higher standards voluntarily (ibid).

Voluntary initiatives have varied in enforcement mechanisms from document inspection as a part of every selling transaction, to self-reported information on shipping practices (ibid). Some of the initiatives cease to seem voluntary if the benefit they provide is so central to operating in the shipping industry that a lack of membership or compliance may undermine the ability to operate successfully (ibid, 135). This means that the initiatives can result in strong club standards and enforcement regimes that result in some companies not being able to meet the standards or requirements and thus possibly not being able to operate in the shipping industry. A highlighted example is the International Transport Workers Federation that created a club of ships that agreed to implement higher labor standards, and in return the members received the benefit of uncontrolled access to ship services in ports.
Voluntary initiatives have been the only successful mechanisms at raising labour, safety, and environmental standards on ships globally (ibid). This provides reason for exploring an initiative that seeks to raise standards on AC. Corruption creates operational deficiencies in the maritime industry. For example, shipping companies often operate in countries where corruption infiltrates most aspects of society and transactional corruption that is embedded in standard operating procedures poses a great challenge to the maritime industry (Andersen, 2012). If a captain resists the demand it can result in ships being detained and threats to the safety of the crew, and if a captain supplies facilitation payments or bribes he is contributing to the corrupt practices that feed the lack of economic development. MACN is a collective action initiative that is established in the maritime industry to address the problematic issue of corruption. In the next chapter I will use the organizational and club approaches to theorize MACN. This includes analyzing when an initiative transforms from a program into a club where corporations sign up and become members, contribute with membership fees and become part of something that resembles a political association.
7 Analysis of MACN

The previous chapter revealed that as businesses create their own AC initiatives some initiatives resemble organizations with conditions for membership, identity formation and decision-making. Different degrees of organization were seen in different industry initiatives, and it appeared that the banking initiatives in a high risk industry with regulatory threats were more organized, either due to engagement with public authority who could act as monitors, or due to third party monitoring. When public authority is included in decision-making, the initiative resembles more co-regulation, or multi-stakeholder regulation than private self-regulation in an industry. These observations show how private authority, or the control of private actors, depends on how industry competitors organize themselves and engage with other actors. Including public authority in decision-making increases the legitimacy of private actors, but the control is also shared among the public and private actors. I wish to gain a greater understanding of the underlying mechanisms of a specific collective action initiative that appears to act as an industry self-regulator.

In order to gain this knowledge I now focus on the particular initiative within the maritime industry, namely MACN. In the first part of the analysis I provide a description of MACN including organizational and activity details. This information is gathered from a review of official MACN documents, primarily the “MACN Introduction Slides” from 2015 obtained from a member. In the second and third part of the analysis I draw on interviews with members to analyze MACN from the organizational and club perspectives. The two information sources allow me to hold what members express up against what is stated in official documents. I analyze statements regarding MACN’s formalization process and discuss how the adoption of certain organizational elements impact the authority that MACN can gain.

7.1 Organizational details and information on collective action projects

Described as “a global business network working towards the vision of a maritime industry free of corruption that enables fair trade to the benefit of society at large”, the mission of MACN is “to promote good corporate practice in the maritime industry for tackling bribes, facilitation payments and other forms of corruption by developing and sharing best practice, creating awareness of the challenges and collaborating with key stakeholders to develop sustainable solutions” (MACN, 2015, 3). The vision and mission of MACN directly suggest the following characteristics of the network; it is business driven, it is sector and issue specific, it creates a benefit for members
through best practice sharing, and the initiative engages with other actors. Within its strategy MACN has set both internal and external parameters to reach its vision of a corruption free industry; internally, the focus is on strengthening MACN members’ AC management practices and programs; externally, the focus is on contributing to improvements in the operating environment, specifically the maritime value chain (ibid, 4).

Today MACN consists of 66 participating companies and organizations that are split between regular and associate members. Regular members are defined as “companies or incorporated organizations for whom ownership and/or operation of commercial vessels for business purposes constitute a significant business activity” (ibid, 10). Associate members are defined as “companies or incorporated organizations in the maritime industry for example ports, terminal operators, shipping agents, freight forwarders, associations and others who do not fulfill the criteria for regular membership” (ibid). Regular members pay a higher membership fee than associate members, and consequently their benefits differ.

<table>
<thead>
<tr>
<th>Associate member</th>
<th>Regular member</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Greater impact in alleviating fundamental bottleneck of trade and development than acting alone</td>
<td>• Learning and sharing of best-practice from member compliance programs</td>
</tr>
<tr>
<td>• Manage business continuity issues by better understanding challenges that affect the flow of your products from supplier to sale</td>
<td>• Responsible response to the UK Bribery Act</td>
</tr>
<tr>
<td>• Participation in MACN working groups provides an opportunity to develop solutions which affect your industry</td>
<td>• Use of the MACN logo as a powerful mechanism to signal commitment to the MACN anti-corruption principles</td>
</tr>
<tr>
<td>• Demonstrate a commitment to promoting compliance with anti-corruption laws and to the elimination of corrupt practices</td>
<td>• Contribution to reducing the risk of solicitation of bribes as well as strengthening of a company’s efforts to identify, monitor and mitigate bribery and corruption risk</td>
</tr>
</tbody>
</table>

Table 4: Benefits of Associate and Regular Membership
Source: MACN Introduction Slides, 2015, 11-12

The benefits of associate and regular membership are presented in Table 4. In 2015 the cost for becoming a regular member was USD 8,500 and the cost for becoming an associate members was USD 5,100. Both types of members can contribute to collective action programs with USD 4,000 (ibid, 13). The distinctions between membership type show that decisions are taken on who is
allowed to join MACN. This means that members have an identity that non-members do not have and different behavior is expected from members than from non-members. Common to both memberships is promoting compliance with AC laws, while regular members are required to have compliance programs.

Image 1: MACN Governance Model & How Members Participate
Source: MACN Introduction Slides, 2015, 10

MACN’s governance model shown in Image 1 distinguishes between the two types of membership and how members participate. Besides regular and associate members, the model highlights ‘Strategic Advisors’ as having a consultative role, e.g. relevant NGOs and/or legal advisors. The Strategic Advisors are Holman Fenwick Willan (lawyers for international commerce) and GAN Integrity Solutions (leading AC advisers of companies and public institutions). The model also highlights BSR as being in charge of the management and operation of MACN, playing
the role of facilitator and administrator. The Steering Committee sets the strategic agenda for the network, while the member working groups work on specific initiatives in different countries. The governance model portrays the hierarchy in MACN where the Steering Committee is given the right to oblige members with central strategic decisions. Members are expected to work together in a transparent manner, sharing existing knowledge and creating new tools. Best practice sharing takes place via a password protected online database, and webinars and bi-annual in-person group meetings. Covering key issues relevant to the network, webinars have been led by different actors. For example, TRACE International, a non-profit business association that provides members with anti-bribery compliance support, has led a training webinar (ibid, 6).

Further to sharing challenges and best practices, MACN members are expected to adopt AC principles and report on performance. The AC principles serve as the rules of MACN as all members work to implement them, while also promoting compliance with AC laws. These rules are pronounced and written on MACN’s website. While members signal commitment to rules, current publications do not suggest that any monitoring of compliance with the rules takes place. The seven AC principles are listed below:

| 1. Creating and maintaining a compliance program |
| 2. Internal and external corruption risks should be assessed on a regular basis |
| 3. Policies and procedures should be clearly articulated |
| 4. Policies and procedures should be communicated to employees and training provided |
| 5. Monitoring and auditing to prevent and detect corruption |
| 6. Members should conduct risk-based due diligence (including anti-bribery commitment) on counterparties, and hiring of third parties and business partners |
| 7. Employees should be able to report on incidents/concerns, improper behavior should be corrected and there should be incentives for proper behavior |

Table 5: MACN’s AC Principles
Source: MACN Introduction Slides, 2015, 5 & MACN’s website

In order to achieve its vision of a maritime industry free of corruption MACN seeks to grow and diversify its membership, diversify its funding base, form relevant partnerships and develop indicators of success. Short-term goals of MACN include enhancing members’ level of preparedness and crew safety. MACN strives to reach this goal by making it possible for members to safely and anonymously report their challenges and by providing best practice solutions. The long-term goals are building a "more sophisticated reporting system and sharing the information
with appropriate external stakeholders who may assist in addressing root causes and solutions” (ibid, 7).

MACN collaborates with local governments to conduct research into underlying root causes of corruption and to devise collaborative solutions. These collaborations, or collective action projects, with public actors “aim to address issues of facilitation payments through short and medium/long-term initiatives” (ibid). With the aim of contributing to improvements in the operating environment, MACN members have a list of hot-spot countries that they are continuously revisiting and use to decide on where to undertake collective action projects. I will now argue that MACN is dependent on public actors in the collective action projects, by briefly explaining how MACN’s pilot project is set up. The first collective action project targeted the Nigerian port sector. In this pilot project MACN and UNDP “co-financed the development of a corruption risk assessment methodology for the port sector” and in this relation, 70 internal risk assessors were trained and certified in Nigeria (ibid, 8). The primary findings that MACN wanted to rectify were: weak internal ethics infrastructure in port agencies, wide discretionary powers, poor infrastructure and facilities, and standard operating procedures that were not well defined (ibid).

The pilot project in Nigeria has now reached the implementation phase of the ‘risk reduction potential and action plan’ (BSR, 2014). This phase includes three main work streams that the private and public actors must collaborate on. The focus of the first work stream is capacity building. This is targeted by getting top-level commitment in policies (‘we don’t offer, you don’t demand’), by training government officials and by sharing best practices between ports. The second work stream focuses on streamlining procedures and creating one manual for companies on what is required for a port call. Authorities are then to streamline their own procedures in line with the one for companies. The third work stream focuses on developing a complaints mechanism where companies can report issues, and where local stakeholders can handle the issues and follow up on them. At the same time, a whistle-blower system is set up on the government side (MACN, 2015, 8).

It appears that MACN cannot improve its operating environment without collaborating with public actors. The pilot project in Nigeria indicates that MACN is dependent on public authority and UNDP to control corruption in hot-spot regions. The next section will analyze the private authority of MACN from an organizational and a club perspective. Members’ statements on organizational change are used to analyze how MACN gains external recognition, and this can help explain why MACN collaborates with other actors.
7.2 An organizational approach to private authority

One way to theorize MACN is by analyzing the initiative from an organizational perspective. From this perspective I analyze the impact of organizational elements on MACN’s authority. Before analyzing MACN, the idea of joining forces on AC despite operating in a highly competitive industry is explained by an informant: “You don’t get more business by handling this in a different way. The opposite I would say: the chance of getting more business by being compliant and dealing with this in the right way actually could be a business benefit” (Informant F, personal communication, June 22nd, 2015). In order to study how MACN aspires to control corruption in the maritime industry I will analyze the organizational elements of MACN and discuss how these impact the authority that MACN gains. I draw on statements from members that can be linked to MACN’s formalization process.

7.2.1 Membership

The organizational element of membership exists when there are criteria for being allowed to join the initiative. The Chair of MACN noted that there has been a strategic approach to membership since the initiation of MACN: “The network was initiated by eight industry peers and the strategic decision in the start-up phase was not to focus on communicating about the network as it was important to attract only companies that showed an upright and genuine interest in fighting corruption in their industry. The establishment of the network was therefore communicated through in-person meetings, reaching out to individual companies and “spreading the word” through various associations” (C. Torbrand, personal communication, April 28th, 2015). Regarding the two types of membership Torbrand expressed that both regular and associated members are important for the network to function: “In the fight against corruption it is important to include the whole value chain and the network therefore created a member category for companies relevant for the maritime industry – associated members. Sectors relevant for this category are port agent service providers, cargo owners and freight forwarders. Companies owning and operating ships are invited to join as regular members. It is also important to include companies of all sizes” (ibid). The strategic approach to membership seems to be getting as many like-minded companies on board as possible.

Informants seemed to agree that the focus is on assembling a group of like-minded companies regardless of size: “It should not be a limitation becoming a member because you don’t
have the resources. We naturally would like to have many members and then the ones who have the extra resources will just have to do a little more work” (Informant F, personal communication, June 22\textsuperscript{nd}, 2015). While all informants agreed that MACN is a voluntary task besides their full-time positions, the quote implies that larger companies with more resources have a greater influence in the network than smaller companies. However, an informant from a smaller company asserted that company size and resources do not determine influence in MACN: “\textit{I think what’s more important is that you actually contribute in a sensible way and that you actually have something to say}” (Informant B, personal communication, June 12\textsuperscript{th}, 2015). It may be a challenge though for smaller operators to be able to have something to say because “they may not have such a broad resource pool that they can just send people that can be very vocal and have opinions when it comes to legal or compliance matters” (Informant E, personal communication, June 18\textsuperscript{th}, 2015). So in this sense, I argue that companies with more resources have a greater chance of providing resources to MACN that can be vocal on legal and compliance matters and therefore contribute in a meaningful way.

Informants agreed that the membership is going to grow and become more established. One informant predicted a shift from the voluntary nature of the work towards members providing full-time employees to work only on MACN (Informant F, personal communication, June 22\textsuperscript{nd}, 2015). The informant predicts this shift because the work on MACN is very time consuming so it can no longer be considered a voluntary task next to a full-time job. This suggests that members will be expected to provide full-time employees to focus on MACN, and these employees will have to be managed so the change indicates a more formal organization. The informant also predicts that in a few years all companies within the maritime industry will have to be members of MACN “otherwise you will actually be sending the opposite signal, so I think MACN is just going to explode” (ibid). The informant connects MACN membership with sending a signal and this implies that members have an identity that non-members do not have. The informant suggests that members send a signal of proactive engagement in AC, and as more members join MACN the signal will become stronger for the entire maritime industry. Companies from countries where corruption is endemic are so far not greatly represented in MACN and an informant notes that this may be because the Northern European philosophy in dealing with corruption is a bit different from that of many other regions (Informant D, personal communication, June 17\textsuperscript{th}, 2015). I argue that this suggests that membership is not yet complete because companies from corrupt regions can play a significant role in changing the environment in their regions.
7.2.2 Hierarchy

The organizational element of hierarchy exists when someone has been given the right to enforce others to comply with central decisions. The right is given to certain people or to a voting procedure and this means that hierarchy creates organized power within an organization (Ahrne & Brunsson, 2011, 86). Composed of representatives from seven member companies, the Steering Committee is given the right to make central decisions for MACN. The Steering Committee sets the strategic direction of MACN and it prepares and runs a lot of the work streams. An informant notes that the representatives in the Steering Committee are responsible for different work streams, for example, one representative is in charge of recruiting new members and this includes speaking about MACN at industry conferences (Informant E, personal communication, June 18\textsuperscript{th}, 2015).

Informants agreed that members voted on who should join the Steering Committee when it was first composed, but there was some confusion on whether the appointment was by company or person, landing on the understanding that it must be by company. A nomination process took place before members voted and as an informant stated, “in terms of passive and active, I think here is particularly an area where you need to be vocal if you want to be active” (ibid). This implies that members can promote themselves to be nominated for a Steering Committee position.

How representatives in the Steering Committee are decided upon lacks transparency. While informants mentioned a nomination process followed by a voting procedure, the Steering Committee appears to be made up of representatives from the largest shipping companies. It may simply be that, as mentioned in the previous section, larger companies have more resources that work with corruption on a daily basis and therefore better knowledge of the issue. However, I argue that the election process of Steering Committee representatives must be democratic among members in order for MACN to be recognized by maritime companies.

7.2.3 Rules

The organizational element of rules exists when members are expected to follow certain procedures. Rules are the products of explicit decisions and in MACN members work under the Chatham house rules and this means that everything that is being shared and discussed is not written down, it doesn’t leave the rooms and minutes are not taken (C. Torbrand, personal communication, April 28\textsuperscript{th}, 2015). Rules must be pronounced and are often in written form (Ahrne & Brunsson, 2011, 86). As stated on their website, members are required to implement seven AC principles (including compliance with AC law): 1) compliance program requirements, 2) risk
assessment, 3) proportionate procedures, 4) training and communication, 5) monitoring and internal controls, 6) due diligence, and 7) reporting, diligence and incentives. Informants agreed that in order to have effective compliance efforts, the seven AC principles are natural (Informant B, personal communication, June 12th, 2015). The first principle is creating and maintaining a compliance program that senior management supports, and informants agreed that commitment at the top level is vital because after approval from the top management, procedures can be created and training can be conducted (Informants A & B, personal communication, June 12th, 2015). This suggests that individual companies must find ways to target their senior management and one informant mentioned that they have specific training for senior management so they can ensure a tone from the top (Informant F, personal communication, June 22nd, 2015). The credible effect of training conducted by a third party of lawyers on the senior management is emphasized.

Several informants expressed that they have reached the stage of rolling out a due diligence system after having put policies and reporting structures in place. The common trend is that members have a reporting program that captains and operators can use, they have compliance task forces who do checks around the organization, and they have policies and automatic reporting structures in place (ibid). An informant noted that MACN is working towards having a clause that formalizes due diligence investigations so that members can share information. The informant argued that due diligence investigations of third parties is rather time consuming for members and “if we could more or less share information in a way, of course in line with not violating competition rules, we could save money and it could be very interesting” (Informant C, personal communication, June 17th, 2015). This suggests a business case for creating a shared database for due diligence information. I argue that such a shared database also affects third parties because information is spread among members, so third parties should strive to improve their AC programs and avoid violating AC laws to stay in business with MACN members.

Informants agreed that the UKBA is what sparked the need to look into creating compliance programs at the company level (Informant E, personal communication, June 18th, 2015). Although the law presents zero tolerance towards bribery and facilitation payments, some informants raised doubts about the likelihood that facilitation payments can be completely eliminated. In fact, the informants do not believe that anybody will ever be ready to have a zero tolerance policy. One informant noted: “I know a lot of companies do have that based on the UK Bribery Act, but I don’t think any company can operate internationally and adhere 100% to zero tolerance within facilitation payments” (Informant G, personal communication, June 25th, 2015). While MACN
created its rules on the background of public law, the quote implies that public law alone cannot make facilitation payments disappear. This raises interesting questions because if members do not think that facilitation payments can be 100% eliminated, then how effective are its own AC principles? The AC principles should serve to, over time, lift the industry to a level playing field while raising the bar on the shipping industry (C. Torbrand & Informant A, personal communication, April 28th & June 12th, 2015). I argue that the AC principles have been decided on with the intention to raise the standard in the maritime industry, but at the same time shared reporting databases are set up so that MACN can be aware of the corrupt payments that take place and thus be in control of the situation. Furthermore, as the AC principles were created due to tighter public law on AC, MACN may legitimize its activity if the private initiative finds inspiration in, or is a consequence of, public law.

7.2.4 Monitoring

The organizational element of monitoring exists when members are monitored on their commitment to the rules: “Monitoring is not merely about ensuring that the organization’s members do nothing that has been prohibited, it is equally about attempting to measure and estimate how well the members perform their tasks or how much they do” (Ahrne & Brunsson, 2011, 86). An informant noted: “There is no police running around checking if you have fulfilled everything” (Informant C, personal communication, June 17th, 2015). The informant says that those who are already in line with the AC principles can work on improving them, and those who are not in line can work on implementing them. Members indicated that they are at different stages where some have all the principles in place and others are still working on implementing some of the principles. I argue that when there is no monitoring mechanism, members can work to implement the principles but they do not have to do so stringently and that lack of transparency in members’ commitment has consequences for the authority of the initiative.

One informant mentioned: “Sometime further down the road, MACN will probably follow up more closely to check what companies are doing to ensure that they follow their obligations” (Informant A, personal communication, June 12th, 2015). While informants agree that it is the responsibility of individual companies to make sure they are in compliance with AC law, a potential monitoring mechanism suggests increasing requirements and policing of members, both in terms of compliance with AC law and in terms of commitment to the AC principles. An informant raised the connection between a growing membership and increased policing of members: “As we have grown
to the size we are now, it has to be structured in a different way than it has been. How it has been for now is that we have been fairly small, so the Steering Committee has been able to have a view of what each member is doing, and are they doing any progress and in what direction are they moving. That’s getting complicated as we’re growing, so we are going to establish a, you can say, task force team” (Informant F, personal communication, June 22nd, 2015). A task force team that monitors what each member is doing introduces a more formal element to the initiative.

Monitoring will include measuring how well and how much members do. An informant explained that it all depends on where you start, but within a certain time frame you will have to have made progress “and then we will measure it, like KPIs, and if there are members that do not do anything then of course they cannot retain being a member” (ibid). One informant indicated that they have gone beyond MACN’s requirements because they have developed specific e-learning for the Finance department, for charterers and operators and for the Technical department (ibid). In this way the company has tailor-made e-learning for departments based on their risk group. Another informant explained that it is necessary to go beyond MACN’s requirements if you are a larger company with wider supply chains in order to target all partners (Informant E, personal communication, June 18th, 2015). A company that operates from factory to dealer must ensure that its partners know what the standards and requirements are from the company as a principle and an owner of assets, as a partner in joint ventures and as a purchaser of services. The informant stated that they use MACN’s tools to the extent possible but they still have to go beyond. I argue that these two statements indicate examples of members that measure their commitment to the AC principles because both informants state that they do more than MACN requires. However, as no monitoring mechanism is currently in place, there is no common measurement for when something is beyond MACN’s requirements. A monitoring mechanism will increase transparency among members’ commitment to the AC principles. Not only will members be measured according to the same criteria, but members may also be encouraged and inspired by steps taken by other members.

7.2.5 Sanctions

The organizational element of sanctions includes both positive and negative sanctions where the first can increase a member’s status and the latter than punish or exclude a member (Ahrne & Brunsson, 2011, 86). Sanctions exist if a member’s resources or status can be changed (ibid). Informants seemed to agree that it is unacceptable if there are members in MACN that do not work towards implementing the AC principles, but one informant implied that there are times when a
lack of engagement in the network is acceptable: “Free riders not actively working within the network, well, you can say that’s fine. There will always be companies that are at times more busy than other times, and then you don’t have time to be doing voluntary work in a network. And that’s fine, there should be room for that. But it’s not acceptable to be a free rider not working towards own targets of becoming in compliance with the principles” (Informant F, personal communication, June 22nd, 2015). This statement presents a challenge because MACN has not defined the level at which engagement is unacceptable. I argue that the lack of guidelines on when the level of engagement is unacceptable can have implications for the authority of the initiative. Since membership entails a commitment, the excuse of being too busy should not be acceptable. Positive sanctioning mechanisms could reward members for working on specific projects besides the work on becoming in compliance with the principles, and negative sanctioning mechanisms could exclude members that do not show improvement in implementing the AC principles. These mechanisms are not yet apparent in MACN.

7.3 Summary and discussion of organizational findings

In this section I will summarize the organizational findings and discuss private authority. The organizational perspective showed that MACN is partially organized with its current organizational elements of membership, rules and hierarchy. Currently, membership is strategic and continuously growing and all companies in the maritime industry are encouraged to join, also companies from countries where corruption is endemic. The strategic direction is set at the top of the hierarchy by the Steering Committee and as long as representatives of the Steering Committee are elected in a democratic fashion, they represent organized power in the network. Members work under the Chatham House rules and commit to compliance with AC law and to implementing the AC principles. While each company must implement the AC principles individually, informants revealed that a shared database on due diligence is being worked on.

The majority of the informants suggest formal organization in the future, while a few informants do not suggest further organization. Monitoring and sanctioning mechanisms are currently not in place, but informants expect to see it in the future. For example, informants mention introducing KPI measurements to increase transparency and accountability of members’ work towards implementing the AC principles. KPIs can detect members that do not show progress in implementing the AC principles, and a monitoring mechanism will introduce the possibility to exclude free riders or award those that show a lot of progress. With sanctioning mechanisms
MACN will be in full control of its members. One informant emphasized that there is no police that checks up on each member’s progress in implementing the AC principles, and another informant suggested that it is acceptable for some members not to participate in MACN, for example if they are too busy. These statements are problematic for an initiative that seeks to become formal because they suggest that MACN lacks clear guidelines that provide members with a common understanding of participation in MACN. If MACN is interested in reaching formal organization it must be questioned whether it can find an effective way of monitoring its members, i.e. how will KPIs be set up and how will lack of participation be tackled?

I would now like to discuss the relationship between increased organization in MACN and private authority. As an initiative becomes more organized it creates an environment around itself by becoming easier to understand and explain because members’ transparency and accountability increase. The first precondition for private authority is that those that are subject to MACN’s rules must accept them as legitimate. The increasing membership implies that companies in the maritime industry want to commit to MACN’s AC principles. In one of the follow-up emails an informant noted that the low participation of companies from corrupt countries has improved as membership has grown (Informant D, personal communication, June 17th, 2015). The potential shared database for due diligence may have a strong effect on counterparties whose information will be shared with the entire MACN membership. Also, members with logistics chains beyond maritime operations are likely to influence the AC activity of other actors in their logistics chains. In sum, it appears that maritime companies accept MACN’s rules as legitimate by joining the initiative, and counterparties and other actors in outside the maritime logistics chain should have an incentive to increase their activity in order to remain accountable towards MACN members.

The second precondition for private authority is that there must be a high degree of compliance with the rules. Although informants expressed commitment to the AC principles, without a monitoring mechanism compliance with the rules cannot be validated. A monitoring mechanism will increase the individual members’ requirements and allow for internal policing of members. It can be argued that a monitoring mechanism will increase the degree of compliance with the rules because members will be measured on their progress. As membership grows monitoring might be necessary, but MACN needs to figure out how members should be monitored and to what degree. This requires that MACN is clear on what to measure and how this impacts its goals and strategy. If members are hesitant towards monitoring and still wish to have some flexibility, for example if they do not have the financials or time to participate, then that creates the
possibility that members are free-riding to gain the reputational benefit. In the end, complete organization appears more credible towards external actors and does not require special efforts of legitimizing because external actors expect the organization to contain all organizational elements.

7.4 A club approach to private authority

Another way to theorize MACN is by analyzing the initiative from a club perspective. From this perspective I analyze the impact of club elements on MACN’s authority. The club perspective is relevant for studying how MACN aspires to control corruption in the maritime industry because it complements the analysis of MACN’s organizational elements and ties it together with the idea of producing positive social externalities to gain private authority. MACN can be analyzed as a club because it sets standards through its AC principles, it appears to be introducing an enforcement procedure for the AC principles and it produces social benefits in its collective action projects. The two central institutional features focused on are club standards, and monitoring and enforcement rules. In addition to statements from members that can be linked to MACN’s formalization process, I also draw on an interview with UNDP that highlights the public-private relationship.

7.4.1 Club standards

Club standards specify how members are to produce positive social externalities: “With public regulations as the baseline, club standards specify what beyond-compliance actions are required for firms to join the voluntary club and remain members in good standing. Some standards specify performance requirements (sometimes called outcome standards) while other standards may be more process oriented, such as requirements that members adopt a management system, or that members regularly consult with community groups” (Prakash & Potoski, 2010, 47). The club standards in MACN are adhering to the AC principles and participating in working groups on collective action projects. An informant emphasized that not adhering to the AC principles is unacceptable: “The only thing you are required to do is participate and support the common cause ... if you don’t support MACN’s principles or even make statements that are going against them, then you can leave the club” (Informant D, personal communication, June 17th, 2015). The informant calls MACN a club and implies exclusion to those that do not adhere to the club standards.
MACN requires that its members participate in working groups on collective action projects and this is beyond what AC law requires of companies. While the underlying rationale of MACN is a level playing field in the maritime industry, MACN must prove that it has a social license to operate and it does this by creating collective action projects. Through these projects MACN provides social benefits in hot-spot regions such as Nigeria, Argentina, Ukraine, Russia, China and Indonesia (C. Torbrand, personal communication, April 28th, 2015). The Chair of MACN mentioned: “More collective actions are planned and in sight, training tools are being developed and external recognition has increased significantly” (ibid).

An informant noted that MACN is working on defining KPIs that can be used to measure progress in collective action projects (Informant A, personal communication, June 12th, 2015). Funders have found it difficult to see what the outcome and improvements from the projects will be and therefore MACN is working to set clear targets on what it wants to achieve in order to justify the funding and large resources that are put into the projects. KPIs in projects will increase the transparency of MACN’s activity in project regions and clear target points will also increase MACN’s accountability. It must be questioned though whether KPIs is the most effective tool to legitimize projects towards funders and members that financially support the projects.

Because the club perspective focuses on what actions members produce beyond compliance with AC law, the club standards on committing to AC principles and working on collective action projects are taken into consideration when discussing MACN’s authority.

### 7.4.2 Monitoring and enforcement mechanisms

Monitoring and enforcement rules ensure that members live up to their program obligations: “Monitoring and enforcement mechanisms can compel members to adhere to club standards, particularly if they contain three components: third-party monitoring, public disclosure of audit information, and sanctioning by club sponsors” (Prakash & Potoski, 2010, 49). It seems that monitoring and enforcement mechanisms will be implemented in MACN in the future. In MACN’s current arrangement members voluntarily accept to adopt higher standards than non-members by committing to the AC principles and by participating in working groups on collective action projects. A monitoring mechanism will introduce the possibility to measure members’ commitment to the AC principles and thus the AC principles provide the foundation for creating excludability.

Private and reputational benefits are excludable to members. Private benefits include the common reporting system where members report incidents, and the potential common database for
due diligence investigations on counterparties. These are sources of accurate and real knowledge sharing, in fact data is shared among the 66 largest shipping companies, providing members with information that they can take action on. Several informants noted the reputational benefits of MACN: “With the milestones obtained by MACN I think a lot has been done and I know that, for example, Transparency International looks at MACN with a lot of respect” (Informant G, personal communication, June 25th, 2015); “We hear a lot of feedback. I think we are the only ones who are working this efficient as what we are doing. I mean having these collaborative actions and having so many companies together, pulling in the same direction, is apparently very rare to see” (Informant F, personal communication, June 22nd, 2015). Furthermore, MACN has received the second annual TRACE Innovation in Anti-Bribery Compliance Award in 2015 for its effort to create an industry wide compliance culture through collective action. This indicates that MACN has received recognition from a global anti-bribery standard setting organization. If members fail to adhere to the club standards then the reputation of MACN is threatened and a monitoring mechanism is necessary to curb such shirking.

“Because free-rider incentives are strong – firms in an industry cannot be excluded from enjoying the benefits of a positive industry reputation – industry clubs need to ensure that all firms in the industry join the club” (Prakash & Potoski, 2010, 57). As MACN gains a positive reputation from improving members’ operational practices and environments, there is a spillover effect of this positive reputation to the entire maritime industry because industry reputation is a nonrivalrous good. Therefore, because the reputation of the maritime industry affects all maritime companies, it can be argued that MACN wants all maritime companies on board its initiative. It is interesting that MACN aspires to get all maritime companies to share information in a common reporting system because of the competitive nature of the industry. Until now members have succeeded in creating dynamic databases with information that is used for collective action projects. This is where MACN’s activity goes beyond other typical CSR projects where members might upload briefings to gain a reputational benefit. Since information from the common reporting system contributes to collective action projects, it may prove to be necessary to have access to the databases to survive in the maritime industry, and at this point MACN will cease to seem voluntary.

A monitoring mechanism will detect companies that do not adhere to the club standards. Companies may fail to implement the AC principles and participate in working groups due to time or financial constraints. MACN appears to be a stringent-standard club, which is typically also a high-cost club, and it appears to be working towards implementing monitoring and enforcement
rules. Lenient-standard clubs are often labeled greenwashes, while stringent-standard clubs with strong enforcement and monitoring rules seem best from an externality generation perspective (Prakash & Potoski, 2010, 50-51).

7.5 Summary and discussion of club findings

I will now summarize the club findings and discuss private authority. The club perspective looked at MACN as a club system in the AC regime. This is based on stringent club standards and the excludable benefit of a shared information database. If the database proves to be necessary to exist in the maritime industry and a monitoring mechanism is introduced to curb shirkers, then companies must adhere to the club standards to remain a player in the maritime industry. At this point MACN can be viewed as a political actor that set standards and enforces rules among its members and in its environment. I would now like to discuss the relationship between MACN’s current and potential club features and private authority. The section dealing with the organizational findings discussed the two first preconditions for private authority including acceptance of the rules and compliance with the rules. This section dealing with the club findings allow for a discussion of the third precondition for private authority, which is that MACN must be empowered by governments and IOs with the right to make rules. As creating social benefits is part of the club perspective, and MACN engages with public authority in collective action projects, empowerment from governments and IOs can be discussed.

The extent to which MACN can rely on public actors for support and resources to advance its agenda, and whether these actors also can advance their interests through MACN must be discussed. MACN manages to get support and resources from national governments to advance its agenda due to its close collaboration with UNDP. Since UNDP has the connections and resources to engage with government authorities, MACN is dependent on UNDP to reach public officials: “To do these joint action initiatives where the local authorities and the national authorities need to be involved I completely understand why UNDP can play a role and is the right suited partner” (UNDP Representative, personal communication, June 24th, 2015). MACN does not engage in collective action projects in countries where the local authorities do not show a willingness to cooperate because they are usually the implementing partners. The Nigerian AC authority, Technical Unit on Governance and Anti-Corruption Reforms (TUGAR) is the implementing partner in Nigeria; “They are kind of the ones that do it” (ibid). This has allowed MACN to train public officials and enhance their knowledge to withhold from facilitation payments: “We trained the
captains, now we want to establish training of the public officials because then you have trained both parts of the rail and see how the ends will come together” (Informant F, personal communication, June 22nd, 2015). The informant also implies that the demand for facilitation payments or bribery has decreased due to training: “How I see it is that we can already see today that in ports where our captains have been trained now, they are more credible, they have more confidence in trying to communicate their way out of attempts of getting facilitation payments” (ibid). Such improvement must be clearly measured though for MACN to gain recognition for its training.

UNDP engages with MACN on AC because it’s within a field that makes sense: “We shouldn’t engage if it’s within a field where it doesn’t make sense, like if it had to do with deforestation or something” (UNDP Representative, personal communication, June 24th, 2015). Furthermore, “there are places where you can actually push agendas further, even though someone at the end of the day makes money on it, you still kind of get your own objective fulfilled” (ibid).

Although all UN agencies and many NGOs are struggling with donors, and the organizational culture of UNDP is not geared towards working with the private sector that is in the world to do profits, UNDP suggests that it can advance its own agenda on AC through MACN. Cooperation among the public and private actors “is a synergy effect, we can move things even further by doing these things” (ibid). Arguably UNDP is an important partner to MACN because of its capacity, connections and neutrality, and MACN has perspectives for new partnerships: “if MACN partners up with the World Bank on their work with the port sector reform, then because we [UNDP] already work with the World Bank on so many governance related issues, there might be a very obvious synergy there” (ibid). MACN recognizes the mutual benefits that joint action can bring. I argue that UNDP and MACN advance their agendas through each other. UNDP endorses MACN because it creates social externalities and therefore allows MACN to set standards, which is usually a public function.

MACN can increase its accountability by introducing monitoring mechanisms for measuring members internally and for measuring improvements in project regions. These will make individual members accountable towards each other, and MACN accountable towards its operating environments in project regions. I argue that individual members must be made accountable towards each other so that excuses of time and money are eliminated. This is because if private sectors drive projects to which they are not one hundred percent committed then it should be questioned whether public actors such as UNDP should support private initiatives at this stage.
MACN appears to be building up a political authority via its social responsibility in hot-spot regions and this may further its global accountability. In fact, club mechanisms allow external actors to identify and differentiate between firms’ compliance with standards, and since firms value positive brand reputation club mechanisms can pressure firms to align their interests and practices with the types of public interests that democracy is intended to promote (Prakash & Potoski, 2010, 26). When an initiative includes public interests, enhanced information flow, and sanctioning then the initiative resonates with participation, transparency and accountability, which are the three dimensions of democracy.

7.6 Private authority for a public purpose

In this section I argue that MACN acts as a political actor, one that is private but resonates with the public. I therefore argue that private authority can serve a public purpose. The private authority discussion focuses on whether corporations can become political and the activity that MACN is undertaking appears to be entirely political as the private actors strive to lead AC campaigns in numerous hot-spot regions in the world. It appears that the private actors are taking on a public function in areas of limited statehood where national governments are not effective in establishing AC legislation. An informant inferred that MACN strives for a political influence: "The biggest challenge has been the fact that it’s private actors trying to interfere with regulation which traditionally is of course something we’ve left to governments” (Informant B, personal communication, June 12th, 2015). When private actors take a public role it raises concerns about the capacity of national governments to govern in a global world.

Significant issues of accountability, legitimacy and power are raised when private actors appear to be a primary source for the development and implementation of rules and standards. However, I have explored how MACN was created as a response to tighter public regulation with the UKBA; in fact the UKBA and the FCPA act as the backbone for MACN. The fact that MACN’s AC principles are based on AC law shows that private regulation is not disconnected from its public counterpart. In its initiative MACN does not only require that its own companies in the maritime industry deliver on AC, but it also targets public officials in corrupt regions. MACN is an example of an initiative that targets both the demanders and suppliers of corruption and in order to do so it has created shared databases that enable cooperation among the public and private actors. MACN is a case of private actors within one of the most competitive industries that are able to create dynamic registers that they do not mind sharing with public actors. Members share knowledge in the non-
static registers and this knowledge is used to drive collective action projects in hot-spot regions. This means that the knowledge can make public actors better equipped to work with local authorities. MACN provides information that public actors can gain from, and this means that private regulation nears public regulation. If public actors can connect their knowledge to that of private actors, then the knowledge of public and private actors can create synergies and no longer drive as two separate dynamics.

I argue that when common registers can exist between private actors from one of the most competitive industries and their public counterparts, then groups of businesses from other industries must also be able to share knowledge with public actors in similar ways. As the thesis has indicated for such collective action to be successful a good deal of organization is required including monitoring of members to identify those that take part in the initiative from those that do not. The Chair of MACN mentioned that “an ambition for MACN is to share experiences with other industries on how to set up this kind of network and spread knowledge and awareness on what companies, governments and international organizations can achieve through collective action” (C. Torbrand, personal communication, April 28th, 2015). Informants agreed on keeping initiatives sector specific: “I think the principles on how to deal and tackle with challenges can be adopted and transformed and be applied to other industries. Of course it needs to be tweaked to fit the business model and to fit the challenges, but I think the approach with collective action and how you can work as an industry, and learn from each other, establish best practices, tools, communicate with one voice, I think those principles you can apply whatever the industry might be but faces a type of challenge” (Informant A, personal communication, June 12th, 2015). UNDP also emphasized the advantage of industry initiatives: “We should maybe kind of do that, and forget about all these single company initiatives...I like this project because it’s so clear that what we put on the table is actually something we know something about and that we have access to and that we can deliver on. It’s a product. It’s not something new we are coming up with just to do a partnership because that’s the trend now and we need to engage with the private sector. This is really how it should be, I think” (UNDP Representative, personal communication, June 24th, 2015). The Chair of MACN, MACN members and UNDP agree that MACN may be an effective model for AC in its collective action organization. MACN’s approach of sharing information among members and with public actors may be a significant contribution to the fight against corruption if it can be replicated and tweaked to other industries.
The information that private actors collect in shared databases could allow public actors such as representations from different nations in corrupt countries to be better equipped for its work with local authorities. Certainly privacy issues need to be considered but if the knowledge base of dealing with corrupt officials can be improved with input from businesses, then public actors should consider accepting that information. This could prove to be a valuable commitment for public actors. The information may contribute to the creation of tighter regulation on corruption in countries where regulation is currently lax. Thus private regulation may lead to public regulation. This is surprising because as UNDP stated, “come on, it’s [the UKBA] not geared towards doing things like this [MACN], and looking back at it, I’m very impressed that it actually became real” (UNDP Representative, personal communication, June 24th, 2015).

Interestingly, UNDP related MACN’s AC agenda to a post 2015 development agenda. The UN’s new Sustainable Development Goals are designed for the whole world to deliver on: “It’s not just national governments in developing countries or donors giving debt relief, private sector foundations, philanthropies... Everybody needs to deliver and everybody will be measured on it as well. So it’s a new way of thinking, and I hope that will also pave better ways for doing things like this, because this is pioneering work and of course that’s challenging. I know that’s also one of the reasons why we can keep on getting people to just take it a bit further than they would, because they know that this is an investment in the future. I think that actually the private sector, the MACN network, they know the same. They are also putting more into this than they would normally; they have to be more patient than they normally are. And they know, because it’s a new way of doing things, it takes more time and you bump into more trouble than you normally would” (ibid). This reflection justifies the extensive AC activity that MACN has set up; it is an investment in the future. This thesis has shown that this investment in the future has required organizing the maritime industry in a formal direction in order to gain authority in a private initiative.
8 Conclusion and Future Perspectives

The purpose of this thesis was to analyze and discuss how private sector AC initiatives interact with public authority. In order to do so I focused on MACN and asked how the private AC initiative aspires to control corruption in the maritime industry and what significance it can have for public-private regulation on AC. Before analyzing MACN, I found that the private sector is represented in national legislation and in Conventions and Principles and these initiatives are increasing requirements of corporations. As a response, corporations are increasingly joining forces in collective action initiatives and these private sector AC initiatives are organized in different ways. I found that private initiatives in a high risk industry with regulatory threats appear to be more organized with links to public actors and public agendas. While collective action initiatives exist in many industries, I focused on MACN because it exists within the maritime industry where regulation is continuously tightening. Previous initiatives in the maritime industry have resulted in club standards and enforcement regimes and these initiatives have been the only successful mechanism at raising standards in areas where state regulation is missing. The goal was to explore how MACN can be theorized.

Drawing on the conceptualization of organization and club I analyzed MACN and its AC activity. By combining the fields of organization and international relations, MACN could be theorized as an international organization with conditions for membership, identity formation and decision-making. In addition, MACN could be theorized as a club in a global industry where members sign up, contribute with fees and participate in an initiative that resembles a political association. I found that MACN aspires to control corruption in the maritime industry by striving to adopt all organizational elements of membership, hierarchy, rules, monitoring and sanctions that increases the transparency and accountability of the initiative. The study shows that in order for corporations to join forces around an AC agenda and succeed in cooperating, the industry must be organized internally; some corporations are included while others are excluded. The formalization process among maritime corporations shows internal alignment among members and I argue that this internal organization that increases transparency and accountability is necessary for successful work between public and private actors.

MACN has set club standards and drives collective action projects in cooperation with public authorities and the private initiative appears to be accepted as the legitimate agent in performing a public function in areas where state regulation is missing. This thesis has touched upon the significant issues of accountability, legitimacy and power when the private sector takes on
a public role. I argue that internal industry organization results in the private competence and authority to take over some policing functions that have never appeared in states, but that one imagines should have been present in states. The authority that MACN gains is private but resonates with the public. I do not intend to conclude that MACN members have become private rulers; rather they appear to be performing the work of states in areas where they are presented with the possibility to do so. The point to make is that the private initiative does not work against the state, but appears more complementary to the state, meaning that the state and private sector become co-constitutive. I land at the conclusion that public-private regulators on AC become co-constitutive in the way that each operates to create and give meaning to the other.

MACN shows how private regulation approaches public regulation because the mechanism of dynamic registers that MACN uses to interact with local authorities could also help other public actors become better equipped at dealing with local authorities. For example, national representatives could become better equipped at dealing with local authorities with information from private registers. This means that MACN serves a public purpose and if other public actors would accept the information from a private initiative then the knowledge base for dealing with corruption is improved. Had the scope of the study allowed for it, I would have contacted TUGAR in order to gain an understanding of how local authorities view the interaction with private actors.

Two future perspectives include focusing on private initiatives on other issues, and focusing on private AC initiatives in other industries. It could be interesting to explore how private sector initiatives on other agendas interact with public authority. If MACN can interact with public authority and create valuable information for public actors on AC then it should be possible to target other issues (e.g. anti-piracy) with similar private organization. More analyses of private sector AC initiatives in other industries could be conducted, possibly as comparative studies. Industries are characterized and organized differently and they have different relations to public actors. I argue that if corporations in one of the most competitive and conservative industries have managed to join forces and organize themselves with elements that have led to external recognition, then corporations in other industries should be able to organize themselves in similar ways.

Throughout the thesis I clearly distinguish between public and private initiatives and this raises a theoretical question. I assumed that there is a clear method to differentiating between public and private initiatives, by focusing on which actors drive the initiatives. I followed an implicit classification when I outlined that some activity is INGO driven, some is IO driven, some initiatives come from states and some come from single private sectors or are developed across sectors. While
researching on different initiatives I discovered that it can be difficult to determine if an initiative is predominately driven by public, non-governmental or private actors. Therefore, it must be questioned whether the world can be divided up in public and private and whether the focus should not instead be on the underlying mechanisms in many initiatives that are in fact interconnected and intertwined, making it difficult to determine whether there is public or private control in an initiative. Future research could include an in depth study of AC as an industry including many actors but where public and private activity is not from the outset differentiated, so the focus becomes the power of AC as an industry.

The method of classification steered me in a specific direction because the different AC initiatives that I found are already classified in a certain way online. When initiatives are presented online they have already gone through a filter and are presented as the owner of the page or report would like them to appear publicly. So, the web research revealed the visible information online and possibly hid other information. This means that I may have missed some information that could have been relevant for studying the role of the private sector in driving an AC agenda. For example, I may have missed information on the mechanisms that private initiatives use to interact with public authority. I believe that I was only able to uncover such information about MACN because I conducted an in-depth study. This thesis contributes to research on private sector organization in AC while keeping in mind that in this type of research there is a fundamental scientific problem around classification; distinctions between what is public and private, what is the object of control, and what is the subject of control are not always clear-cut.
References


Appendices

Appendix A Interview with Chair of MACN

Interview guide

1. How would you describe what MACN is?
2. Corruption and ways to fight it via anti-corruption measures have been on the agenda for quite some time, what made you initiate the MACN back in 2011? Why was the timing right back then – and why is it critical today?
3. How has the network developed?
4. Have you taken any concrete steps since the network started? Can you explain any specific actions you have undertaken to develop the network?
5. On the website members are divided between: regular members and associate members – how does this membership divide, what is the difference?
6. How many members were there when you started up, and how did you gather these members and agree on the agenda that the network was to set forth?
7. Have you had any issues or challenges with members or membership in general? Has anyone left the network, internal conflicts? How has this been solved?
8. How do you see the level of trust between members in the network? How did you build that trust?
9. What is your general strategy for the network in terms of development, membership, and outreach?
   a. Do you seek to widen or perhaps narrow the network in its size?
   b. Future strategy – is it a possibility to extend the network to other industries than the maritime sector?
10. Why did you choose to collaborate with other private actors rather than approach the problem as a single company? As an industry leader you have power.
11. You have collaborated with the UNDP on the pilot project in Nigeria, why is an organization like TI (described as the global coalition against corruption) not a part of MACN in some way?
12. Where do you see the network three years from now?
13. What kind of results have you expected from the network and do you feel that you have reached any of them?
1. MACN is a network working towards a maritime industry free of corruption. It was created in the light of stricter legal development e.g. with the implementation of the UK Bribery Act.

There are seven elements that are the companies’ navigation points to ensure compliance: top level commitment, risk assessment, clear & proportionate procedures, training & communication, conducting frequent monitoring & review, conducting due diligence, and reporting, discipline & incentives. The member companies must “know their risks and show” how they comply with these seven key compliance elements. The network aims to build tools around these seven procedures. Supporting shipping companies with developing their compliance programmed will serve to lift the industry to a certain standard. However it should be noted that members still have individual responsibilities for their compliance program.

2. I was working in Maersk Line at the time and when Maersk Line was developing its compliance programme, we started to evaluate how we can create sustainable changes on the ground and how we can support our front line staff better. We concluded that engaging our peers would be a useful first step and started to reach out within our sector. During 2011 I arrange frequent meetings and invited relevant stakeholders to seek inspiration e.g. Transparency International, UN Development programme.

After a year we were about 15 companies that were willing to “give it a go” and we engaged a third party (Business for Social Responsibility) to assist in formalizing and continue building the network. The network has grown from eight members at its inception to around 60 members today.

3. It started off in 2010 with Maersk conceiving the idea of a shipping collaboration – eight companies had a brainstorming session, and at the end of the year 15 companies had joined. In 2011 the network and members sought to identify the most challenging countries. The first interest was shown from external stakeholders such as the UN and TI. In 2012 MACN was officially formed while the network also doubled in size. The first 6 months was figuring out a lot of governance and the BSR was brought on board to help formalize and act as the facilitator for the network. A high interest was shown from customers, authorities and suppliers. At this point collaboration with UNDP was strengthened. In 2013 an online platform was established for members to communicate and e.g. report incidents, serving as a reporting mechanism. Bi-annual in-person meetings were established amongst others for best practice sharing and for potential new members to come and hear what the network is all about. At the end of 2013 the UNDP-UNODC/MACN anti-corruption pilot project in Nigeria begun. As of 2014 the action plan in Nigeria is in its third phase, namely the implementation phase. Another MACN project is under implementation in Argentina and MACN is starting a new project in Indonesia with support from UK Foreign Commonwealth office. More collective actions are planned and in sight, training tools are
being developed and external recognition has increased significantly. Today there are around 60 members.

4. MACN defines ‘internal’ and ‘external’ legs of the network; where the internal leg is best practice sharing in order to strengthen the members anti-corruption programs. The external leg focuses on contributing to improvements in the operating environment by reporting incidents, and conducting research into underlying root causes of corruption in collaboration with external stakeholders such as local governments.

5. Regular members are shipping companies and associate members are companies linked to the maritime industry, e.g. freight forwarders, port agents. Port agents are especially important to have as members – currently there are a few of the big port agent service providers as associate members e.g. GAC, Inchcape Shipping Services, Ben Lines. The companies join the network and become members because they want to go in the same direction. Regular members have more rights than associate members, e.g. voting rights, but they also pay a higher membership fee. E.g. country specific projects, or MACN’s strategy. But please note the voting rights are less important as we want as much member “by in” as possible – ass and regular members.

BHP Billiton and Rio Tinto are important as members in terms of size, influence and outreach.

6. There were eight members when the network started up. The strategic decision in the start-up phase was not to communicate too much because the network wanted to attract the genuine companies that showed an upright interest in fighting corruption in their industry. Brainstorming sessions led companies to agree on establishing country-specific actions making plans of action to target individual government authorities etc.

7. There have been no challenges or internal conflicts.

8. The trust between members is good.
   - The timing was good
   - “We built it up, didn’t stress, people heard about it, can listen and learn and see if it is something for them”
   - There is also a legal framework that sets the agenda, e.g. specific countries to be discussed. We want members to come prepared for the sessions and that means that we can have concrete and efficient discussions when meeting

9. The general strategy is to manage growth in a responsible way. They want to grow but must simultaneously manage everyone’s expectations. They also want to grow in order to send a stronger signal towards governments in countries where operation can be challenging. The Steering Committee is working on a concrete growth plan. The general strategy of growth for the network is a value chain approach, targeting members related to the transport industry.

A goal for the future is to share experiences so these kinds of networks can be done in other industries as well and other industries being able to learn from what MACN has achieved.
Still sees the importance of keeping a sector specific focus. A sector specific focus helps in maintaining a clear agenda and focus.

10. –

11. The strength of TI’s role depends on where in the world they are. The UNDP has local offices in almost every country, and the intergovernmental organization has a more neutral voice than for example, TI. For collective action to work there needs to be a local partner that drives collective action and has government contact. The network needs to feel supported. In Nigeria the UNDP was really needed because of their knowledge of working with governments.

12. - Growing and include more industry players.
- More collective action, more country specific actions.
- Will see that the tools created are being used.
- Keeping a focused approach.
- Scale up on our efforts and being able to share the learnings and tools developed to be used by other stakeholders e.g. learnings in Nigeria and Argentina can be used in e.g. port efficient projects sponsored by development banks or governments.

13. - Still need to hear from captains that their work has gotten easier.
- Nigeria has shown cooperation from authorities, which is very important, as changes to corruption needs to come from governments. MACN seeks to test the Nigeria methodology and develop the tool-kit that can be used to undertake more collective action work world-wide
- Another project is currently ongoing in Argentina – at phase 2/3, and three projects are in the scope.
Appendix B Interview with UNDP Representative

Interview guide

1. How involved are you with the network?
2. Why did you choose to collaborate with other actors on the issue of corruption?
3. What do you see as the vision of the network?
4. Have you had any issues or challenges with the network?
5. What are the obligations that you have to fulfill in your work with MACN?
6. Can you briefly explain how you approached the port study in Nigeria?
7. What countries are currently in focus and what specific corruption issues are in focus? (I understand that the current focus is to tackle facilitation payments)
8. To what extent do you involve the local communities/authorities (to address root causes)?
9. To what extent can you influence (existing) anti-corruption government programs?
10. How do you see the network developing in the future? What is being strived for?
Transcript of interview

Type of interview: Face-to-face
Date: June 24th 2015

Anne-Sophie: Well I guess I can start off by explaining a bit about my thesis, what it’s about. Basically I’d like to contribute to the research around collective action approaches between companies and find out if there are areas that are difficult to agree upon and potentially if there are areas where companies are faced with problems.

Informant: Yes.

Anne-Sophie: So basically looking at the collective action approach to how you solve systemic corruption. And right now my research question is: How does MACN operate in its collaborative network? And how does MACN aspire to control corruption in the maritime industry?

Informant: Yeah.

Anne-Sophie: So basically I’m looking at what makes it possible for a group of private actors to influence and actually do something about the corruption issue. And my point with this interview is kind of just to hear a bit about the, first of all your role in working with the network, and also to hear a bit about the pilot project in Nigeria and how you approached it.

Informant: Ok.

Anne-Sophie: And what your lessons learnt were.

Informant: Oh, that’s a lot.

Anne-Sophie: But I guess I can start off by asking how involved you are with the MACN?

Informant: This is a project that was initiated by a colleague of mine working out of Norway and it was in 2010/2011 and his name was Christian Andersen, and he worked with, I guess, Cecilia Müller and some other representatives of the MACN that was also in the making those days. And they were interested, the MACN were interested in a strategic partnership with UNDP to do some kind of efforts in combating corruption. And UNDP was chosen as a strategic partner of course because we have worked within this strategic area. You know, one of our four focus areas is governance and within that field we work within anti-corruption.

Anne-Sophie: Ok.

Informant: So one of the things that Christian came up with those days was that if they were to establish a partnership with UNDP they needed to have a country office buy-in, and to get a buy-in, or from a country office, you need a government to be positive or open towards working with the corruption agenda. And that is not the case of all countries in the world. So what happened was, I was like on the side line, I was actually working with communications those days and I didn’t have the job as I have today, and I was on the sideline because I was working out of Copenhagen and
closer to the MACN/Maersk people. So I was following discussions but I wasn’t the one leading them, to kind of initiate this partnership and get it up and running.

Anne-Sophie: So that was your colleague?

Informant: It was my colleague who initiated it, Christian. And then there was a mapping that the MACN did. They did a mapping of hot spot areas, which is in itself quite a challenging exercise for them to do, but they managed to actually get it done. And out of that mapping came a list of countries where they had, like, high intensity of corruption so they would prefer to start out in one of those countries. And then we looked into; actually Christian took contact to our unit in UNDP that works with anti-corruption, that was Anga I guess those days, Anga Timilsina. And they realized that China, the MACN wanted to work with Chinese harbors but that wasn’t possible because the China office’s assessment of the Chinese government in those days was that they were not ready to do anything at all.

Anne-Sophie: To collaborate…

Informant: No. So I think they continued to look and found out that Nigeria was a country where the government had actually already established some government bodies to work on the issue and Tugar is one of those government bodies that is part of this joint action. So the partnership, or the, kind of the assessment that they started out with was conducted in Nigeria. And with the country office on board, so the country office got kind of engaged. So you asked about the role and my role, those days this happened before I went on maternity leave and I was on maternity leave in 2012, and honestly when I went on maternity leave in, I think it was late 2011, like December 2011, I was in doubt whether this would actually materialize. It was very difficult, also because, as a company is very good at taking action and moving on if they got their leadership buy-in and et cetera, we didn’t have that leadership buy-in and we had to mobilize support for this partnership within the organization, so that was, it wasn’t in place in 2011, very late. But when I came back in 2013, like January or something like that, or late 2012, a year later, it was actually up and running and joint agreement of MoU was signed and the Nigeria office was conducting this initial, or it’s called a pilot and it was an assessment of the harbors in terms of corruption and where could you kind of launch activities in a joint project.

Anne-Sophie: So that’s kind of step one making the assessment, right?

Informant: Yeah. So that was done and presented in June, I think it was, 2013, the initial findings, here at the UN City. And, now you’re asking about the role, those days that wasn’t very clear, and as you probably know there are a lot of challenges related to partnering up between an organization and a private sector unit. So one of the problems identified in an evaluation we did on the partnership and the project in late 2012 was that division of labor or a clear communication about roles internally in UNDP, there was a need for that. And my role is actually when there are, especially… country office there has been a lot of, you know, staff not responding to e-mails, things going slower than expected, we don’t know about the budgets, you know. All these stumbling blocks, I’ve been the one being very instrumental in trying to figure out what was going on, why didn’t we get a response, how could we take it to a higher level, could we involve my boss to actually ring a bell and get things moving? So I have been, you can call it a broker maybe or a facilitator…
Anne-Sophie: The one that keeps it going.

Informant: Yeah, although I’m not technically knowledgeable about corruption or anti-corruption. I don’t have those skills at all. I’m more like on an operational…

Anne-Sophie: Yeah, but is there like a specific team that has to do with the MACN?

Informant: Yes, there is then of course a guy, Anga, who previously worked out of New York. He now works out of Singapore, but he’s leading the anti-corruption team in our, it’s called the BPPS, it was called the Bureau of Development Policy previously, now it’s called the Bureau of Program and Policy Support, BPPS. So he’s leading the unit on anti-corruption in that office. So it’s a headquarter function. And then we have the regional office of Africa involved and they should actually have a one staffer being knowledgeable about governance and anti-corruption supporting the country office. Because what has happened the last year or two is that UNDP has gone through a structural change process, so we have had a lot of turnover staff and country offices that had to kind of cut down and focus. So we still work with governance slash anti-corruption but staff allocated to this project had moved on; one actually got the option to study in Switzerland or whatever it was, she was really good but she’s not there anymore. And then we had some other people, and then we had staff turnover so there was a lack of actually…

Anne-Sophie: So some of the knowledge actually also disappeared.

Informant: Disappeared, yeah. So these are the reasons why things have taken longer than what we had wished for.

Anne-Sophie: Yeah, but I guess the regional office in Africa must be the one that is…

Informant: And now we’re discussing, I actually had meetings in April with a representative from the regional office of Africa working out of New York overlooking at lot of projects. He said that the best solution for this project would be to have a governance expert from the regional office in Addis Ababa to support the Nigeria office in this project. And honestly because of the change process people are not really in place yet, so this is in the making. So just to explain that there are many roles and it has been a bit up, not up in the air completely, but still there have been a lot of challenges lately related to this.

Anne-Sophie: Yeah, so internal challenges I guess within UNDP.

Informant: Yes, and also challenges related to deliver on the action plan, the joint action plan. Because of course it makes sense if there is no staff in the office to actually… But then TUGAR has been very, you know they are the implementing party, UNDP is just overseeing and getting the buy-in from the ministries et cetera which is equally important to move this agenda.

Anne-Sophie: That kind of relates to my next question in terms of if you have any obligations that you have to fulfill in your work with the network?

Informant: In UNDP, or?
Anne-Sophie: If UNDP has any obligations that they have to fulfill with regards to their work with the MACN.

Informant: Yeah, they have to kind of oversee that MACN, oh sorry TUGAR is actually implementing as agreed upon. And there is, have you seen the action plan? There is an action plan.

Anne-Sophie: There’s these different phases, right?

Informant: Exactly, so you know. So there you can read where are the deliverables.

Anne-Sophie: Yeah, and now I think you’re on the fourth phase?

Informant: Exactly, and some of the deliverables from last quarter and the quarter before have been moved forward. And the objective is to actually conduct a results survey by the end and lessons learned, kind of, survey, to be presented. And it was supposed to be presented now but it will hopefully be in September, but that’s also... so just something about the delay.

Anne-Sophie: So you think your work in Nigeria will be done in December?

Informant: I actually think it will be done. The thing is that things are moving slower and I understand that MACN is concerned about that because they want to start new initiatives and they want this one to be, kind of, finalized. And I understand that very well. So, but we have these constraints, and we’re working on it.

Anne-Sophie: Yeah, ok.

Informant: So and of course in terms of what obligations do we have, we have also had, like, obligations in terms of joining forces with MACN in bigger fora to present the project. So we have done that with higher level VIP people from headquarters doing it.

Anne-Sophie: So creating awareness?

Informant: Yes, so that’s another thing. And of course very very important and key point is that we have, because UNDP works closely with governments in all the countries where we do development work, we have access to the government and the ministries, so to get their buy-in and support for this agenda we are kind of key. And this is something that we promise to deliver on and which is our role, so.

Anne-Sophie: And I guess that’s also one of the reasons why you actually chose to help out the network in this?

Informant: Yes, because it makes completely sense. That’s where we have a comparative advantage or we can have something to offer. But also, there has been elections in Nigeria this spring so that has also... I know it impacted the, kind of... you know, the office that was understaffed also had to deal with an election. And I, you know, we know that from the organization, this just takes up a lot of time. And UNDP because of the mandate we have, we have a lot to do with planning and executing elections and supporting governments and other bodies in the country in that area of work. So this anti-corruption agenda was again even...
Anne-Sophie: Put to the side.

Informant: Yes, exactly. There is also a funding issue and I think there has been some misunderstanding internally in our organization, where, you know, it shouldn’t have a cost. But of course it has a cost, you know a staffer working on this. So they need to kind of prioritize on country level, very harshly now on what they can, you know, deal with and what not. So they will continue this project because it’s a high profile, but again if that is not 100% clear where to put the cost it also complicates things. And UNDP has had to put extra money into the project, and that’s of course also a challenge, internally.

Anne-Sophie: And especially also in terms of if you want to continue the work together in the future.

Informant: Exactly, yeah. And that’s a learning that, maybe MACN told you about it, but one of the learnings is that to do external fund-raising for a joint action project like this, from like foundations or whatever, donors, et cetera that has not been in place prior to actually adopting and starting the project. So next time it’s a learning that you should have more external funding in place…

Anne-Sophie: Before you initiate.

Informant: Before you start, exactly. So that’s another thing.

Anne-Sophie: Yeah, that makes sense. My next question is, I don’t know if you can answer that but what do you see as the vision of the MACN? On their website it says *a maritime industry free of corruption*, and I guess, I don’t know with your work if you have any insights from…

Informant: Whether they have other agendas or?

Anne-Sophie: Yeah, but I guess that is their vision and their agenda as well.

Informant: I believe so, yes. But of course this is like, you know, it’s an uphill battle.

Anne-Sophie: And right now I guess focus is on facilitation payments, right? I mean there’s other forms of corruption as well.

Informant: Yes, and I understand that you need to focus and also that they can’t cover all hotspots in the world and, of course, because it’s a network of different stakeholders within the maritime industry, it’s also hard to make a prioritization that fits all, or is in the benefit of all. And also here, but we are, because it’s a project, or a joint action project with the private sector and actually it’s not only with one company but with a sector, it is for UNDP a very valuable initiative also because what we put on the table, or what we offer to the partnership is actually something that we have a lot of experience with this and we do have this role working close with governments, so we actually have that. So instead of partnering where you have to kind of brainstorm on what is it that we can partner around, this is very clear.

Anne-Sophie: You actually come with the solution, almost.
Informant: Exactly, we have something to sell and the private sector, or the sector, MACN has something to buy. So there is a very clear contribution from both sides, and a need. So therefore UNDP is also willing to, kind of, replicate and scale up. And of course there is a rule of thumb in everything we do, that it is scalable and it’s also the case with this one. So therefore, it’s also like when we have all these kind of challenges along the way, we are also very motivated to get it up and running. And I don’t know if that actually answers your question about their vision, because I think they have the same idea, they want also to expand the partnership and not only work, but free of corruption?

Anne-Sophie: You will never be completely free.

Informant: No, and I don’t know if you studied these patrimonialistic structures, I don’t know how to say it in English, but there is so many deep-rooted cultural things, and also other things that actually result in bribing and facilitation payments et cetera, because if people’s salaries are just too low, you find other ways of… and I’m not saying that it’s legitimate and a good way of doing it, I’m not saying that, but there are reasons why this is there.

Anne-Sophie: And some people’s lives may be dependent on the things they receive.

Informant: Exactly, yeah, so there are reasons for it. But then again that’s MACN, they also talk about the root causes, and then again you can question: ok is that, you know, maybe you don’t believe in actually changing the root causes, so it’s a good question. Still I think there are so many problems related to corruption because who is then in power in terms of choosing who can, you know if you look at institutions and local governments and authorities, and you need to have your passport done and you need to pay facilitation payments to get that, who is then getting the passport and who is not? And what is the price and all these regulations are kind of lost, so it’s becoming very unfair.

Anne-Sophie: If you ask and if I ask we may get very different answers, right?

Informant: Exactly, so this is why corruption is not, you know, presumable. And we should work for a world free of corruption, but the vision is nice and bold but maybe not very realistic in the short run.

Anne-Sophie: No, have you had any issues or challenges…

Informant: And this is just my personal opinion.

Anne-Sophie: Yeah, of course. Have you had any issues or challenges with the network? Like working together with them?

Informant: I think those challenges are very internal actually, for you know those internals.

Anne-Sophie: Between the members?

Informant: No, because I think MACN is, I have a lot of encounter with Cecilia Müller and she is wonderful to work with, and she is very dynamic and has a lot of ideas and drive in terms of getting the World Bank on board with the port sector reform, and maybe it doesn’t happen over night but
she is really good at seeing perspectives and new partnerships and agendas that you can move in order to make what we do with them stronger. So I actually have a very positive encounter with her and also other members of the MACN. They probably do not have exactly the same positive experience working with us, because we have all these problems as I told you about. We are, like, in the UN going through this structural reform, it’s taking two years, we have completely de-motivated staff and headquarters because of the process and, you know, lack of resources and all that.

Anne-Sophie: So the challenges you see are mostly internally here?

Informant: Yeah, to be honest. Not in maybe my office, which I really appreciate but you know as a system it’s… and there also we have another challenge which is related to, and I spoke with people at headquarters about that because they see a lot of potential in this project and they want to kind of use it as a case for showing internally, especially the Africa offices that you can do things differently and you can open up towards working with the private sector, and you know, push the agendas that UNDP has in new ways. And there’s a lot of potential in doing things like this for our organization but maybe not everybody has seen it and is open towards it. And I’m sure they have very legitimate reasons.

Anne-Sophie: But so you think others can learn from your collaboration?

Informant: Yeah, internally, oh yeah. And I’m not the only one; it’s also other people in my organization. And that’s why we still do what we can to make it run and to contribute with what we have obligations to.

Anne-Sophie: Yeah. My next question was about the pilot project and if you could explain a bit about it, but I think you’ve already done that. Um, have you, you’re not helping with any other projects currently? I know they have some...

Informant: No, they have other projects, like they do training materials and they have other projects but UNDP is not involved.

Anne-Sophie: Is not involved, ok.

Informant: They’re doing with others… we have discussed because of the strategic partnerships, or the replication of this project in other harbors, we have discussed China again, and there is some kind of openness in the China office now because the government in China has actually opened up to the corruption agenda and we know that from the media, so.

Anne-Sophie: So do you think there is potential for collaborating on projects in other countries in the future?

Informant: I definitely think there is, but again, it’s a matter of whether, you know, we need to, kind of, complete this project and deliver on it. And it’s happened part of the way but we still need to conclude.

Anne-Sophie: So you need to see how this one ends before you can take on something new?
Informant: Yes, but again, you know, I know that UNDP also is an important partner to MACN if they want to do this. So it’s hopefully something that will happen. But I’m not saying that, you know, we don’t have to do the training materials, there might be others that are much better suited to do that. But to do these joint action initiatives where the local authorities and the national authorities need to be involved I completely understand why UNDP can play a role there and is the right suited partner.

Anne-Sophie: And you have the mandate to do it.

Informant: Exactly. You know, the World Bank and the NGOs and all the other, they don’t have the same, neither the capacity nor the connections nor like, you know, and the neutrality, which is also a very important element of it. So I really hope it will continue and I know that UNDP is doing its best to actually deliver and make that happen.

Anne-Sophie: Ok, yeah. And just getting back to the training, that’s also mostly for the seafarers and people like that, right?

Informant: So why should we engage, you know?

Anne-Sophie: So it’s a bit out of your scope.

Informant: And they have other very nice things going on where they applied for Rederiforeningen (The Danish Shipowners’ Association) to do… and this is, I’m quite sure we would be on board if it made sense, you know, if like so. No, this is the one we have. And maybe there will be in the future, because if MACN partner up with the World Bank on doing port sector reform, or their work with the port sector reform, I think then, you know, because we already work with the World Bank on so many issues and reform and govern… you know port sector reform is a governance related issue so there might be a very obvious synergy there. But since, as Cecilia also says, the World Bank is also a big monster like UNDP so it takes long to actually get that.

Anne-Sophie: And everyone will have to agree on the agenda.

Informant: Yeah. So anyway, but now you’re asking about it, there I might see a potential for another type of joint action with a third party where it makes sense. We shouldn’t engage if it’s within a field where it doesn’t make sense, like if it had to do with deforestation or something.

Anne-Sophie: No, exactly. Just getting back to Nigeria, to what extent do you involve the local communities and authorities when you address root causes as they call it?

Informant: Could you please?

Anne-Sophie: To what extent do you…

Informant: Address and how do we kind of do the…

Anne-Sophie: Do you involve the local communities and authorities; I mean they are the ones that need to be targeted.
Informant: Yes TUGAR is actually very involved. As I said, TUGAR is the implementing partner, which is a government body in Nigeria. So they are very involved, like they are kind of the, they are the ones that do it. And actually in the Nigeria office UNDP has so many other projects going on with TUGAR so this project is not the only one. So the office is actually working with them on many encounters.

Anne-Sophie: Ok. But I guess the UNDP office is still the ones that are kind of influencing TUGAR, right?

Informant: Of course, yeah and making sure that things happen and also the challenges that then TUGAR is bumping into, you know how to solve them and getting responses from other local authorities that they are working with.

Anne-Sophie: So they are actually the key actor?

Informant: Yes. But again, this is something that I am not technically on top of because I’m working very far away from the… and I haven’t even been to Nigeria to see the project or to meet the people. I met the head of TUGAR, her name is Segun, she was here when they presented the preliminary findings of the assessment, port sector assessment that they made.

Anne-Sophie: And were they, did they see the potential in it as well?

Informant: They were nice! Oh yes, oh yeah. Yes for sure. But they are also challenged with a lot of things so. And there was a very nice woman working in UNDP country office in Nigeria called Fulake but she unfortunately got other opportunities in terms of continuing her studies. But when I’m mentioning this to you, it’s actually that these two women, Fulake and Segun from TUGAR that came here and presented that report, this is UNDP staff coming from Nigeria that I don’t know of and that have kind of been leading this process of a report being presented in Copenhagen for shipping industry that doesn’t fly in from Nigeria but you know situated in London, in Oslo, in Singapore et cetera. And I was very concerned when they had to come and present this report because it’s two different language and very different contexts. So would they be extremely disappointed or would my colleagues and TUGAR would they be, kind of, able to actually get the message through and present it in a way that is acceptable towards really, kind of, very very private sector conservative branches. Because that’s what the shipping industry is, right? It’s not the most liberal…

Anne-Sophie: Bendable…

Informant: No, no. But it worked very well. So they were really, like, competent and had a lot to share.

Anne-Sophie: That’s good.

Informant: So, and then BSR has of course also been the Secretariat, and I don’t know what’s happening at the moment but I haven’t heard much from them lately.

Anne-Sophie: I’ve tried to contact them but I haven’t been successful.
Informant: Haven’t heard from them, no. I know France that was the contact person, she got another job, I think, I’m not sure, but I think I saw that on LinkedIn, I’m not sure. And then Anga…

Anne-Sophie: Angie

Informant: Angie, sorry. Angie…

Anne-Sophie: Farrag, or…

Informant: Yeah, I don’t remember. But she’s probably still around.

Anne-Sophie: Yeah, a bit hard to get a hold of, but.

Informant: Yeah exactly, so I don’t know exactly what’s happening there.

Anne-Sophie: But I guess they have a key role as well, I mean, as the Secretariat.

Informant: Yeah, they are the Secretariat so… and in terms of fundraising, I thought a lot of the fundraising would happen from that side, but it hasn’t really happened, or maybe it has, I don’t know.

Anne-Sophie: No. It would be good to get their perspective as well. Um, yeah. This question is: to what extent can you influence anti-corruption government programs if they already have some existing programs? But I guess, for example, in Nigeria they wouldn’t have that?

Informant: You know the things is… no but they have some existing, like in China they also have…

Anne-Sophie: Because they have to have something

Informant: Yeah, and it can be a part of a political agenda and next time you have elections it’s changing, or it can be part of a political agenda because they have to and then there might not be much substance to it, they might even, kind of, put up stumbling blocks in other places to make it not work. I don’t know enough about this, but if you want to speak with Anga, he’s in Singapore now, but he would be the person technically equipped to answer those questions. I don’t have that, and it would be stupid to kind of…

Anne-Sophie: Yeah, no that’s fine.

Informant: I can forward you, we have like newsletters in UNDP that’s on the issue of anti-corruption. Of course there are a lot of knowledge and experience and programs out there dealing with anti-corruption but that’s not…

Anne-Sophie: MACN is just a small part of it, right?

Informant: Yes, yes.

Anne-Sophie: But maybe I should e-mail Anga.
Informant: Yes, yes you’re welcome and I can introduce you to him.

Anne-Sophie: Yeah, that’d been good. My very last question is: how do you see the MACN developing in the future? What do you see that they are striving towards or for?

Informant: I think they are actually striving towards fulfilling their vision. They are a fantastic initiative, I think. When I was a student I wrote about Statoil and how they used anti-corruption, no actually it wasn’t related to anti-corruption, but how they used human rights training as part of their CSR profile. I don’t like CSR as a term, but that’s what it was those days.

Anne-Sophie: No it’s become mainstream.

Informant: Exactly. No it was because it wasn’t really anchored in their core strategy to… Because CSR projects are often pet projects somewhere in the organization and not anchored in the core strategy of the company, and if it’s not then it will just be like a little sweet thing out there, never impacting. So, but it was a CSR project those days and what I thought of those days was wow if you could actually get the extractive industries to join forces and do something around corruption or do something around human rights or do something, you know, you could really move something, you know! And I remember I presented it to colleagues and they were like hmm, yeah come on get a grip, they’ll never do that. But this initiative, the MACN is actually…

Anne-Sophie: And industry wise, it’s very close to the extractive industry I would say.

Informant: Also! So for me it has been extremely rewarding to see that it was actually… that’s ten years later but still, some people said that this will never happen, they have too many you know, competition between each other will never make it happen, they have too much money on the stake and everything. But for some reason, they are realizing that together they can move an agenda, and of course, at the end of the day make better business and make better profits if they join forces. So for me it’s kind of a fantastic initiative, I must say.

Anne-Sophie: And do you see that it could have an effect, that it could influence other industries as well?

Informant: Exactly, yes. And in my own organization, why is it interesting with this initiative compared to many others? It’s a sector initiative. We should maybe kind of do that, and forget about all these single company initiatives. We should do sector things. And then the other thing, I already told you why I like this project and the partnership is because it’s so clear that what we put on the table is actually something we know something about and that we have access to and that we can deliver on. Of course with all the challenges that I also mentioned with staff turnover and bla bla bla. But at the end of the day this is something that we have and can deliver on. It’s a, kind of, it’s a product. It’s not something new we are coming up with just to do a partnership because that’s the trend now and we need to engage with the private sector. This is really how it should be, I think.

Anne-Sophie: And that’s a huge strength as well.

Informant: Really! And I think it’s also one of the reasons why it’s surviving because it might be that the country office has not been too happy about it… I actually saw a phrase in an e-mail saying, “being dumped on us”, you know. So this is… But still there has been so much push from
headquarters and from our end that this is so important that they just really have to deal with it. And then they do… It’s also about the leadership in the country. If there is someone in the country office that actually doesn’t feel it “dumped upon” but see the potential, they can drive the other staffers but if this person then gets a new job in New York, and that has actually happened, then you are again back to square one.

Anne-Sophie: So the fact that you have these clear roles is pretty much what is keeping it going, you can say?

Informant: Yes but there is also another thing that we are struggling with, that all other UN agencies and many of the NGOs and others are struggling with and that is donors, for example. The organizational culture is not geared towards working with the private sector. Because the private sector, they are in the world to do profits and we are not. So, but again, there are places where you can actually push agendas further, and even though someone at the end of the day makes money on it, you still kind of get your own objective fulfilled, so. But that is just a challenge, and it’s not only for UNDP, this is across the board. And I know that for sure.

Anne-Sophie: So what would you say is the main reason why you can make it work between the private sector and UN?

Informant: Why? Because in the future, you know, we can get, this is a synergy effect or whatever you say, this is like, we can move things even further by doing these things.

Anne-Sophie: So it’s having this vision together, I guess.

Informant: Yeah. So it’s a strong belief in that, you know, partnering…

Anne-Sophie: Is necessary.

Informant: Yeah, yeah. And also again turning back to the whole new development agenda with the sustainable development goals that are now being adopted in September, hopefully, and the whole consultation process has been really comprehensive in terms of agreeing upon what they should be these goals…

Anne-Sophie: Learnings from the MDGs…

Informant: Yeah, but the interesting thing about them is that they are designed in a different way from the MDGs. They are designed so that the whole world is going to deliver on it. It is not just the national governments in developing countries or donors giving debt relief or something like that, the private sector foundations, philanthropies, bla bla bla. Everybody needs to kind of deliver and everybody will be measured on it as well. So it’s a new way of thinking, and I hope that that will also pave better ways for doing things like this. Because this is pioneering work and of course that’s challenging. And I know, that’s also one of the reasons why we can keep on getting people to just take it a bit further than they would in this case, is that, you know, they all know that this is an investment in the future, and you know, and I think that actually the private sector, the MACN network they know the same. They also are putting more into this than they would normally, they have to be more patient than they normally are, you know. And they know because it’s a new way
of doing things and it takes more time and you bump into more trouble than you would normally do.

Anne-Sophie: Yeah. I mean essentially I think it’s all about changing our way of thinking, for all parties.

Informant: Exactly. That’s the organizational culture I spoke to you about, this is also about the legal framework that we have as a backbone, come on it’s not geared towards doing things like this, and looking back at it I’m very impressed that it actually became real. As I told you I thought it wouldn’t materialize, but it did and that is very impressive of those people that actually made that happen.

Anne-Sophie: Good, that was actually it.
Appendix C  Interviews with MACN members

Interview guide

1. When did you join MACN?
2. Why did you choose to collaborate with other actors on the issue of corruption?
3. What do you see as the vision of the network?
4. What are the fundamental obligations that you have to fulfill as a member, and how do you ensure that you live up to these program obligations?
   a. The Seven Principles:
      i. Compliance program requirements
      ii. Clearly articulated policies and procedures
      iii. Assess external and internal corruption risks on a regular basis
      iv. Policies and procedures should be communicated to employees and training provided
      v. Monitoring and auditing to prevent and detect corruption
      vi. Employees should be able to report concerns, improper behavior should be corrected and there should be incentives for proper behavior
      vii. Members should conduct risk-based due diligence (including anti-bribery commitment) on counterparties, (hiring of) third parties and business partners
5. Have you had any issues or challenges with the network?
6. How do you see the level of trust between members of the network?
7. Do you think that the initiatives form the network can reach out and have an effect on corruption happening in other parts of the supply chain?
8. Do you think that other industries can learn from MACN and the work that’s being done?
9. How do you see the network developing in the future? What is being strived for?

Additional question to Steering Committee members:

Find out individual roles in SC, overall role of SC, how SC members are elected.

1. What is your role in the Steering Committee?
Transcript of interview with Company A

Informant is on the Steering Committee
Type of interview: Telephone
Date: June 12th 2015

Informant: Hello

Anne-Sophie: Hi, this is Anne-Sophie

Informant: Hello Anne-Sophie, how are you?

Anne-Sophie: I’m good, how are you?

Informant: I’m fine, thank you

Anne-Sophie: Did you receive my questions by e-mail?

Informant: Yes I have. Um… I will find a room, just a second

Anne-Sophie: Ok, sure. I guess I can just start off by just talking a bit about what my thesis is about

Informant: Ok, please

Anne-Sophie: Basically I’d like to contribute to the research around collective action, and potentially find out what areas are the most difficult to agree upon and maybe discover some areas where companies are faced with problems. So my case is corruption, and I’m looking at how private actors can help solve this systemic corruption issue. And currently my research question is: how does MACN operate in its collaborative network and how does MACN aspire to control corruption in the maritime industry?

Informant: Ok

Anne-Sophie: Um, yeah. So basically just looking at what makes it possible for a group of private actors to influence and actually do something about the corruption issue.

Informant: Ok, very good, very interesting

Anne-Sophie: Yeah, I think so too. Um, but I’d just like to start off with basically what your motivation was for joining the network. So first of all, when you chose to join the network, and why you chose to collaborate with other actors on this issue.

Informant: Ok, well, um, we were part of the, sort of, founding companies of MACN, so we have been involved from the very beginning.

Anne-Sophie: That was back in 2010, or something?
Informant: Yes, the end of 2010, early 2011. And so, it was an initiative taken by Maersk. We were discussing, sort of, the consequences of the UK Bribery Act. Because it is so strict and focuses on facilitation payments and, sort of, the supply chain and it has global jurisdiction, it was a recognition among the companies present at that, it was a workshop in the Norwegian Shipowners’ Association, and we all realized that this is a challenges that we all face, but it is too big for companies to tackle on their own. So, it is better if we join forces and see what we can do together as a group of companies. So back then, we were 10, I think, 10-12 companies, most of them based in the Nordic region. And after about a year, we established a, sort of, we decided to outsource the operation of the network to BSR. I don’t know if you’re familiar with…

Anne-Sophie: Yeah, the Secretariat, or they act as the Secretariat.

Informant: Yeah. So they have been, sort of, responsible for running and facilitating group work and Steering Committee meetings for the network. But it is basically business driven, so it’s, one of the things we do is to establish, to try to identify “hot spots” were we all face challenges. But it soon became apparent that it is difficult to agree on, because we are so different, all of the groups that were a part of the MACN back then, and we didn’t have the statistics to support our, sort of, finding, so what we did was to try to identify “hot spots” based on feedback from captains who were working in each of the companies.

Anne-Sophie: Ok

Informant: And we asked them where the main challenges are. And the feedback was that China, Ukraine, and Nigeria, and a bunch of upheaval countries were hotspots and then we tried to identify potential stakeholders with whom we could engage, and this was really inspiring because no one had really done anything similar before. So we had meetings with Transparency International, trying to, sort of, get their input on how to approach this and I had had a meeting with UNDP earlier because Company A is signatory to the UN Global Compact, and I was approached by UNDP in Norway where they launched the idea of having a hotline in ports.

Anne-Sophie: Ok

Informant: So I brought that idea into MACN, but because, again, we didn’t have the mechanism in place to, we didn’t have statistics or data to support that, you know, “this is what the challenge is in Nigeria or Ukraine and so on”. It was too early to establish a hotline for reporting corrupt practice in ports on an overall basis, so it was very premature. But we liked the idea of engaging with UNDP because they have similar interests, they work with governance and anti-corruption in most countries around the world. So, we sent them our list of “hot spots” and the feedback, and they were then responsible for approaching the national offices around, like in Ukraine, China and Nigeria. And the feedback we got was that there was an appetite for doing something in the port sector in Nigeria, so what we did then was basically to say “Ok, we will support this financially” even though very few of the member companies in MACN have operations in Nigeria

Anne-Sophie: Yeah, but I guess it was a good starting place anyways

Informant: Yeah, we just said “this is a learning journey, let’s get involved” and we co-financed the collective action in Nigeria
Anne-Sophie: Ok

Informant: Together with UNDP, and that project is still on going. And what we have realized is that not every collective action needs to be at that scale. We need to take an, sort of, opportunistic approach to, um, engaging, you know, seeing if there is potential. Is there a political will to tackle corruption in any of the countries where we faced challenges, and are we able to identify the challenges so specifically that we can, sort of, go back to some authorities and tell them that this is the challenge that we face, can you please see if we can handle it. In Argentina we have a very concrete challenge with one authority, SENASA. They are responsible for inspecting the, ah uh well, that’s not that important, but it’s a very specific challenge and we have been able to get funding in place. And have identified a local part who is now working to make changes in the legislation.

Anne-Sophie: Yeah, so you need the local partners in order to actually influence…

Informant: Yes, we always need a local partner because we cannot as businesses, it’s very difficult for single companies to drive that kind of action in a company. It’s much better if we are represented by a local partner and that that local partner is driving it and it’s supported financially and formally by MACN.

Anne-Sophie: Ok

Informant: So that’s the approach in Argentina, and we also recently got funding for another collective action in Indonesia. And again, um, it’s, we have been able to, sort of, pin point the challenges that we face in Indonesia, and when we got the, but again the funding was dependent on local buy in from the, uh, from basically some of the authorities that are also causing the challenges. So the customs department, they are key to this project being successful. So the South East Asia Prosperity Fund set as a requirement “you need to get their support otherwise you will not get the funding”

Anne-Sophie: And how do you approach that? I mean getting their support

Informant: We, uh, this is, uh, again we’re just trying to open doors. And I have approached Innovation Norway which is present at the embassy, at the Norwegian embassy in Jakarta. And they have tried to open doors, uh, for us. But we were at BSR, the project Secretariat, they have tried to identify, sort of, avenues for opening doors, and we also have a local MACN member, Ben Line, and that’s probably key to being successful. You always need that local partner to be able to open doors for us. And Ben Line is an agent, so they are operating in Indonesian ports.

Anne-Sophie: Ok. So I mean, just getting back to my question, which is a bit more specific now to the, uh, what you’ve just been talking about. But to what extent do you actually feel that you can influence existing anti-corruption government programs that you find?

Informant: That we can influence government programs?

Anne-Sophie: Yeah. That have already been put in place perhaps

Informant: Ok. Well, that’s difficult to say
Anne-Sophie: Still targeting anti-corruption

Informant: We’re still, I mean, uh, one of the things we’re doing within MACN now is to define Key Performance Indicators that we want to use in these projects because the, it’s one of the requirements, well when we approached the potential funder for our Ukraine project, the feedback we got was that it was difficult to, sort of see the uh, what would be the outcome and the improvements from this project. So this is again a learning journey. What we see in Nigeria is that there are so, its UNDP, they have a much longer, sort of, focus, long term focus. So we want to see improvements now, we want to see that there are fewer delays, fewer requests for facilitation payments as a result of the work that we’ve done. So that’s important for us. And we want to see that commitment at the top level to address corruption. But when it comes to, you know, influencing, I’m not sure, uh, maybe it’s a bit too early to say.

Anne-Sophie: Yeah, that makes sense

Informant: There are many different driving forces behind. Like we see in China, there’s a lot of push from the Communist party to address corruption, uh, catching tigers and flies. Not just the big corruption, but the small scale corruption.

Anne-Sophie: Yeah.

Informant: And that’s good for us. What we’ve seen in China is that you need to be sensitive to, sort of, the cultural differences. Tackling corruption when you come from Western businesses that can be very, very insensitive and not be successful. So we always need to see if there is some sort of angle that we can, uh, you know, so we can approach this in a positive way so that it creates win-win. And usually what we see is that, in Nigeria, for instance, they are very keen on foreign direct investment, and if they understand that companies avoid Nigeria because corruption risk is considered so high, that makes quite an impression on them, in my experience. And the same in Indonesia, we’re trying to look at corruption as an impediment to free trade and it’s in the interest of the companies to tackle these issues because in that way Indonesia will be more successful in building a maritime industry.

Anne-Sophie: Yeah. So that’s actually a bit related to my next question, which is pretty much what you see as the vision of the network, which I guess is kind of eliminating corruption and building a corruption free environment for the maritime industry.

Informant: Yes.

Anne-Sophie: Yes, ok. Um, according to your website you have some, these seven principles that you follow as a member, and I’m wondering what obligations you have to fulfill as a member in order to ensure that you actually live up to, uh, these membership obligations?

Informant: Well again we have, uh, we have come, we haven’t come that far in, sort of, following up on those obligations. But what we have done is we’ve designed training programs and we have also developed a compliance management system, and looking at how we can perform due diligence with, you know, agents and other third parties. And all of that is in development. And what we see is that once established it is the expectation that companies should implement, or if not
the ones developed by MACN, they should do it on their own, you know, use their own training material and make sure that they implement, you know, the requirements needed to ensure that we are all in compliance. It’s not the responsibility of MACN to make sure companies are in compliance; they need to do it themselves. But what we see is that sometime, I mean, further down the road, MACN will probably follow up more closely to check what companies are doing to ensure that they, uh, follow their obligations.

Anne-Sophie: The procedures, yeah. But I guess, aren’t there some specific requirements that members have to fulfill? Um, or is that too early to say, is it still kind of being built on?

Informant: If you have looked at the principles, it’s basically what I just said. So it’s not like one procedure

Anne-Sophie: So it’s, like, developing your own compliance program, and uh

Informant: Ensuring that you are in compliance with legislation

Anne-Sophie: Ok, all right. Um, next question is if you’ve had any issues or challenges, like internally within the network. Uh, like I guess, some members not living up to what they’re supposed to or, I don’t know

Informant: (laughs) Well, yes, there are always challenges, but we haven’t uh, what we have said so far is that we want to raise the bar on the shipping industry, sort of, in general. So we want companies to engage. Again this is a journey where some have come much further than others, and by sharing best practices and uh, you know, working on addressing these issues together, we want to bring everyone, sort of, up to speed. So again, it’s too early to judge, sort of, companies’ behavior when it comes to corruption. But further down the road it will probably become stricter. We don’t want any companies, you know, to use the MACN membership as a free ride

Anne-Sophie: No, exactly. Ok, yeah that answers my question. Um, the next is kind of related just as how you see the level of trust between members of the network also in terms of members not just using the network as free riders

Informant: I’m actually very impressed with the level of trust. It’s a very inspiring network to be a part of. Perhaps the challenge that we see now is that it’s grown so big that we need to develop other arenas where we can, sort of, engage members more, and ensure that we, uh, you know…

Anne-Sophie: That all members contribute in some way.

Informant: Yes, and that we are addressing key issues too, like, we started off with facilitation payments but there are also other challenges obviously. So we are growing, and we are growing fast. So that’s a key, sort of, challenge that we need to address within the Steering Committee. But it’s an inspiring journey. We are growing because companies see the membership value. So that’s good.

Anne-Sophie: That’s good. So uh, you just mentioned that you’re focusing on facilitation payments, but are you actually already focusing on other corruption issues as well, like broader issues?
Informant: Well, uh, it’s uh

Anne-Sophie: I mean I know it’s all interlinked

Informant: It’s in our strategy. We have, I think, we’ll stick to uh, that’s our strategic focus for now. We are exploring other areas, but that’s our strategy for now.

Anne-Sophie: Good. I guess other things also pop up during your pilot studies in different place, right?

Informant: Because it’s focused on the ports, it’s very much linked to the challenge of facilitation payments, in Nigeria, but again it’s uh, yeah

Anne-Sophie: Ok. And my last question is how you see the network developing in the future and what you’re striving towards?

Informant: Well we’re striving towards our vision obviously. And we want this to be THE network for the shipping or the maritime industry. And we want it to be an effective meeting place for addressing these challenges and working with other stakeholders as well. And I think it’s been a very good start and now we need to consolidate and make sure that, again, we address the, sort of, some of the challenges arising from the network becoming very big. As I said, it’s uh, the degree of openness is there and I was part of the first meetings and we had a lot of discussions about sharing and I haven’t worked in the industry for that long and I come from a non-legal background so to me being open is not very…

Anne-Sophie: It can be dangerous as well

Informant: No, no, no. Well, in the company where I worked we have been quite open about these challenges but other companies have had a different approach. And by being very hesitant to talk about the challenges, it’s difficult to identify, sort of, best practices and share across the network. But once we started, and that went actually really, that happened very quickly. When companies started being open about their challenges, um, we realized that there is so much value in sharing good practices. Because you, uh, by doing that you kill some of the myths in the business. Like for instance the Suez Canal, everyone thinks it’s impossible to transit the Suez Canal without paying with cigarettes, and many companies have now proved that myth wrong. It IS possible to avoid ANY facilitation payment in the Suez Canal, and I like to think that just by talking about these issues we are forcing companies that are complacent with the current situation to think twice about what they do

Anne-Sophie: Yeah. Ok. Well that was actually it

Informant: Ok. I hope that was of value

Anne-Sophie: Yeah, definitely

Informant: Have you had any other discussions with MACN members?
Anne-Sophie: Actually you’re my first one. I’ve talked to Cecilia, because I work at Maersk, not in that area, so I’ve had a meeting with her. But I’m having another meeting today and I have some meetings set up next week as well. So I’m actually interested in hearing some different perspectives as well from the different companies

Informant: Ok. Well, very good.

Anne-Sophie: Yeah. Thank you very much for your time.

Informant: No problem, and good luck on your thesis.

Anne-Sophie: Thank you very much, have a good day.

Informant: Bye bye, you too.

Anne-Sophie: Bye.
Transcript of interview with Company B

Type of interview: Face-to-face
Date: June 12th 2015

Informant: Could you give just a brief introduction?

Anne-Sophie: I’ll just start off by briefly explaining what my thesis is about. Basically the point of it is that I’d like to contribute to research around collective action between companies and then potentially find out what, if there are areas that are difficult to agree upon and discover if there are areas where companies are faced with problems. So my case is clearly corruption and I’m looking at the collective approach towards solving the systemic corruption issue. And right now my research question is: How does MACN operate in its collaborative network, so more explaining. And then: How does MACN aspire to control corruption in the maritime industry, so what are they working towards. So basically looking at what makes it possible for a group of private actors to influence the corruption issue.

Informant: Yeah, ok.

Anne-Sophie: And my plan is to talk to quite a few of the members, I just had another interview this morning.

Informant: Oh, right.

Anne-Sophie: So just to get some different perspectives. But my first question to you is kind of your motivation for joining the network, so when you joined and why you chose to collaborate with other actors.

Informant: We joined, we were invited from the outset from the very first network meeting. We didn’t actually participate in the first network meeting for practical reasons, it was before I Company B so I don’t know, I’m just telling you what I’ve been told. We joined from the second meeting on in 2011. And the reason why we were interested in joining is because Company B have a, sort of, a very tradition and a profile in CSR and corporate governance. It sort of fit well into how we generally see ourselves and how we conduct business.

Anne-Sophie: Yeah. And did you feel like you could get anything extra out of joining this compared to just taking on CSR on your own?

Informant: Yes definitely. I think we are well aware that this is not something that we can solve on our own. We need collective action.

Anne-Sophie: Ok, yeah. What do you sort of see as the vision of the network?

Informant: Well we side with what the network says itself on its web, it says the vision is a maritime industry free of corruption. So…

Anne-Sophie: So just pretty much that?
Informant: Yeah, that’s the end goal definitely.

Anne-Sophie: Ok.

Informant: It will take us some time, but that is certainly the goal, that’s the vision.

Anne-Sophie: And how do you see that work towards that elimination has progressed since 2010/11?

Informant: Well, I think, uh, do you mean sort of seen isolated on the MACN?

Anne-Sophie: Well what MACN has contributed maybe to it

Informant: Well, I think the collective actions, the country specific collective actions are the most important. Uh, Nigeria I was not very involved. So that’s, I’ve only sort of just heard about that sort of after it was done, kind of thing. But right now we are working with Argentina, and we’ve just had a meeting with Argentinian port agents, and that we support very much and we believe that it can make a difference. Right now, I don’t know how much you know about this, but there has already now been drafted new regulation for the surveyors in Argentina, and that has been drafted by the network representative together with the port agents representing some of the members of the network. And that now needs to be approved by the government in Argentina, that is the specific port authority. And if that goes through, that will be a major achievement because that will limit the scope for interpretation and thereby the regal room for the surveyors, and thereby limit bribes because they will be governed on how they act, simply.

Anne-Sophie: And how do you see, to what extent do you feel that you can actually influence or include these local authorities and change their, kind of, mindset?

Informant: Well, I think it depends and it varies from country to country, so it is very country specific. Right now we are discussing Ukraine, for instance, and the question is: is now a window of opportunity or are they preoccupied with war, you know? So it’s sort of very country to country specific. And also, because we need, whenever we can side up with other actors out there, for instance in Nigeria it was the UN. And the UN was a powerful ally because of all the aid going to Nigeria. I know MACN has been talking to the Egyptian authorities and there I understand we have sided up with the Norwegian foreign office because they have a very strong presence and a way in, so to speak, to Egyptian officials. So it’s very country-to-country specific.

Anne-Sophie: Yeah, so it’s kind of, you take each country as its own case, kind of?

Informant: Yeah, because you need to, you need the political climate in that country to be receptive and then you ideally, at least, need some powerful allies. And what you have depends on where the country is economically speaking, are they dependent on aid or you know.

Anne-Sophie: According to the MACN website, there’s these seven principles that you follow as a member

Informant: Yes, yes.
Anne-Sophie: And I was just wondering how you, how do you ensure that you actually live up to these obligations that you have to fulfill in order to be a member of the network? Like how do you include it, maybe in your daily operations…?

Informant: Yeah.

Anne-Sophie: … being compliant to these anti-corruption obligations?

Informant: I think the MACN seven principles are quite natural, in the sense that they are natural to any compliance program. So it, I used to do a different kind of compliance before. I used to do anti-trust compliance for Maersk. And it was the same thing, it was the same principles. So it sort of flows naturally once you as a company have made the conscious decision that this is something you want to do. Then you naturally do the seven principles because otherwise your compliance efforts won’t really work. That said, I think it’s something you do, sort of, in stages. For instance, you start out with getting your top management approval, then you get your policy, then you do the training and we’ve come pretty far down the road in the sense that we’ve now done all that. And what we are working with right now is the due diligence, which is easier said than done.

Anne-Sophie: So of business partners and third parties?

Informant: Yes, yes. And that is, as you can imagine, a huge task. And you can do it in various ways. And I think we are making, we are certainly doing something at the moment, and we are, so it’s more a process of sort of fine-tuning or do we want to do more, do we want to do differently, do we want to buy, say, software that will help us do it.

Anne-Sophie: But is this something that is targeted at all the members or do you individually in the companies, kind of, decide on how you want to design a compliance program?

Informant: Well, as long as you fulfill, sort of, the…

Anne-Sophie: There are some basic requirements?

Informant: Yes, yes. And the network assists you. For instance if you take training, MACN published training slides that you can use. And what we did, for instance, was we took the slides and then we changed them and added…

Anne-Sophie: Modified them

Informant: Yeah, made them Company B slides instead, Company B / MACN, we actually have both logos on there. And that’s what we used. I know that some of the other members of the network have taken the slides as they are, and that is possible too. But obviously it’s a great help, especially if you haven’t done much compliance before.

Anne-Sophie: And I guess those slides come from the Steering Committee, or who actually sets that agenda?

Informant: Well it was actually a working group. And that’s the way MACN traditionally works, that you have the working group and you sign up. Right now I’m on a working group, and then you
have to produce some sort of result. I was on a working group last year that had to come up with a clause that you could use for all our leases of ships, all our charter parties on anti-corruption: who bears the risk and what you need to do, and so forth.

Anne-Sophie: And those working groups kind of rotate between members?

Informant: Yes, yes. And then it’s put on the webpage. It’s discussed on the annual meetings, bi-annual meetings where you have all the members. And the working group report say: “this is what we’ve come up with, what do you think?”

Anne-Sophie: Ok, interesting. The next question is kind of more network, if you’ve had any issues or challenges internally between members?

Informant: Within members of the network?

Anne-Sophie: It’s kind of relating to the whole, that you don’t want any free riders in the network.

Informant: Mmm.

Anne-Sophie: So if there’s perhaps been some members that haven’t fulfilled obligations or haven’t, you know, followed the procedures?

Informant: There haven’t really been, sort of, any where you’ve said “ok we need to evaluate whether they should actually be there”. But that said of course there are certainly some members that are a lot more active than other members. Also because the stages that the various members, some of them are at the very early stages and some have done this for quite a while.

Anne-Sophie: Yeah, so I guess it depends on when you actually join the network as well.

Informant: And the size. I mean, a company like Maersk can allocate a lot of resources whereas we, it’s just one of MY tasks, right.

Anne-Sophie: Does that weigh, like in your power in the network as well, how big you are?

Informant: No, no I actually wouldn’t say that, no. I think what’s more important is that you actually contribute in a sensible way, that you actually have something to say, and it’s, you know, contributing.

Anne-Sophie: So you’re given the voice and the ability…

Informant: Oh yes, very much so.

Anne-Sophie: Ok, and relating to that how do you see the level of trust between members?

Informant: Increasing. I think in the beginning I wasn’t that impressed with the network because the, it was, I’m impatient and it was working too slowly. And I think that was because people, you need the trust in order to move forward.
Anne-Sophie: I’m also thinking in terms of, like you have to kind of, reveal weaknesses in order to, you know

Informant: Yes, yes. And I think especially on a working group level, the level of trust is very good and you can have very honest discussions. Like we had a setting of a working group last time, at the last bi-annual meeting, and we had one member stating very openly that right now they were on an investigation in a certain country and they had problems and so forth, which is, you know, you’re talking criminal investigation so it’s a bit, sort of…

Anne-Sophie: Yeah, but then if everyone is open I guess it creates transparency.

Informant: Yes, yes. And I think the benefit of the network is that now it’s, we’ve had those years, because it will take a number of years, it will take people meeting each other several times before you get to that.

Anne-Sophie: Kind of relating to that in terms of the fact that the network is growing, also in member size, how do you see the network developing in the future, and what do you see as being strived for, or towards?

Informant: Um, what I hope is, the network started out as a very Northern European, very ship-owner based network, which is not the way to proceed in the sense that shipping is international and you need it to be international, you need players from all around the world. Uh, Asia has become a lot more active and there has been a strategic decision to have one of the bi-annual meetings in Asia every year, as opposed to in Europe. So this year, for instance, we’ve had one in London in May or April was it, and now we’ll have Mumbai in the autumn. And I think that’s exactly the way it should be. Ideally of course it should also be South America and so forth; it should be all around the world. And it should not only be ship-owners, it should be charterers as well. That will be a great advantage to us. You have some of the big chartering companies, you have some of the mines and some of the oil majors, and that’s brilliant because that’s our customers, and we NEED to be on the same page. Because otherwise, a lot of the oil majors for instance, I don’t know if, I trust I won’t be quoted for this, but some big customers have had a lot of principles saying “absolutely no corruption” and when it then comes down to it and we say “ok, but listen this is what goes on in ports, how do you want us to act? Do you want us to say “no”, not give cigarettes to the pilot in Suez, meaning that we will not have a pilot in Suez, is that a risk you want us to take? Let’s agree on this” And then there is just radio silence. I mean they won’t…

Anne-Sophie: And it’s up to you.

Informant: “It’s your problem, you fix. We just want you to sign that there is no corruption whatsoever, including facilitation payments”, which is unrealistic at this stage, unfortunately.

Anne-Sophie: Do you see that maybe some of the work that’s being done in the network can be like, uh, transferred to other industries maybe?

Informant: Yes, definitely.

Anne-Sophie: So it can have a much bigger effect than just the maritime industry.
Informant: Yeah. I think the benefit that shipping has, or perhaps one of the reasons why it started at shipping is because shipping has a very long tradition for working together internationally. I mean we have P&I clubs, our liability insurance is mutual worldwide. And you have the IMO, the International Maritime Organization, where you work together internationally. And so there is a very strong tradition for doing it this way, be it countries or private actors.

Anne-Sophie: So it comes kind of natural to the industry you could say.

Informant: Yeah, yeah. I think the biggest challenges has been the fact that it’s private actors trying to interfere with regulation which traditionally is of course something that we’ve left to governments.

Anne-Sophie: Exactly, yeah. That was actually… One last one. In terms of the size of the network, do you think it can have some disadvantages as well growing, including, you know, more and more?

Informant: Yeah, it would, no! I think the network, the bigger, the better! But, it will have practical implications in the sense that we would have to change the way… Right now when we have these bi-annual meetings, there is all of us together discussing a lot of things and then there is sort of breakouts and working groups and you’d have to increase that in order for the network to work, going forward, with a big membership. So, uh, but the way I see it the more we can get on board, because the day that ideally every ship-owner says “no”, that’s the day we’re going to fix this. Right now we have some that say “no” and then we have a lot that just pay.

Anne-Sophie: Ok, good. That was it.
Transcript of interview with Company C

Type of interview: Telephone
Date: June 17th 2015

Anne-Sophie: Hi, this is Anne-Sophie.
Informant: Yeah, hi Anne-Sophie.
Anne-Sophie: Hi, how are you?
Informant: Yeah, I’m fine. So, I’m actually on the underground now, so if it’s, uh, I was a little bit late from a meeting so that’s why. But, uh, we could, there’s not very many people around me, so we could try it. But if it’s interrupted you know what the reason is.
Anne-Sophie: Yeah, then I’ll try to call you back. Ok but should I just quickly start out my explaining what my thesis is about.
Informant: Yes.
Anne-Sophie: Basically it’s, just, that I’d like to contribute to the research around collective action approaches between companies. Um, and potentially find out what areas are the most difficult to agree upon and also if companies are faced with problems in some areas. Um, so it’s basically looking at the collective action approach towards solving the systemic corruption issue.
Informant: Yes.
Anne-Sophie: And right now my research question is: How does MACN operate in its collaborative network? And how does MACN aspire to control corruption in the maritime industry? So basically looking at what makes it possible for a group of private actors to influence and actually do something about the corruption issue.
Informant: Mmm.
Anne-Sophie: And I’m thinking, quickly I’ll just start off by asking what your motivation was for joining, like when you joined and why you chose to collaborate with other actors on this issue
Informant: Mmm. I guess I answered that actually in my e-mail but if you want me to elaborate more on any of these…
Anne-Sophie: If you could, I mean you joined from the very beginning, correct?
Informant: Yes, we were in a way one of the founders, even if the initiative was taken by the Danish major ship owner Maersk, which you’ve probably heard about (laughs).
Anne-Sophie: Yes, I actually work there
Informant: Yes, you do? Ok
Anne-Sophie: Yeah, so I know a bit about it.

Informant: Yeah, ok. So it was a seminar, actually, back in October 2010 with the CSR Director at that time in Maersk.

Anne-Sophie: Ok.

Informant: And she has worked with the programs for anti-corruption in Maersk for a long time and she said that to be able to be more, she wanted others to also join and do the same forces. So she was very interested in having more Nordic ship owners to attend so she took an initiative at a workshop we had at that seminar, and we decided ‘Ok let’s try to do something collectively’ and we were as the organizer of the seminar with the working group we were part of it from the beginning. We said ‘yes, this is a great idea’, it’s from shipping companies themselves, but we were kind of, uh, in Norwegian we call it (inaudible).

Anne-Sophie: Sorry?

Informant: We are feeling, like, part of it from the beginning even if the initiative wasn’t ours.

Anne-Sophie: Yeah, yeah.

Informant: We saw that that was the only possible way to work as a proactive initiative and we have all the good contacts with authorities so we could support in different ways, but, um, as we are not a company but an organization, we could not be a regular member but we could be an associated member.

Anne-Sophie: What does this difference in membership, like from being an associate member to a regular member, what does that mean in terms of your influence in the network?

Informant: Uh, from, uh, you don’t have a vote, you’re not on the Steering Committee.

Anne-Sophie: Yeah.

Informant: But of course you have an influence in the meetings. You participate in all the group meetings, and you have access to all the information which are on the website and on the member space, the “OneHub” they call it.

Anne-Sophie: Yeah.

Informant: But you don’t have a form of vote, and you’re not on the Steering Committee and you have to pay a little less.

Anne-Sophie: Yeah, ok and that’s just simply because it’s only commercial enterprises that are regular members?

Informant: Yes.
Anne-Sophie: Ok. Um, next question is what you see as the vision of the network?

Informant: The vision is the same as you find on the website actually, to try to eliminate corrupt practices in the maritime business.

Anne-Sophie: Yeah, so a maritime industry free of corruption.

Informant: Yes, and to work to eliminate. And of course the vision is in the long term to eliminate.

Anne-Sophie: And how do you feel that the steps that have been taken since 2010/2011 have actually contributed to this vision? Like, are you well on your way or what do you feel?

Informant: Yeah, you don’t see short-term results. But since we have one collective action, which are, have had some results in Nigeria, now we have several projects going on in other countries as well, so it’s a little bit too early to say if we see concrete results. But at least we have results in that form that it’s, uh, the network is known to much more people now. We are certainly known in the ports which have been part of collective action, we are known in the Norwegian authorities, and the Danish authorities, and the parties in the countries which have companies which are part of the network, so that’s also important, that people actually know about the initiative and what we’ve done and what we’re working for. But it’s too early to say that we have combatted corruption in one of the countries that we are working with, it’s too early.

Anne-Sophie: Yeah, what are the other countries that are being worked on right now?

Informant: Uh, it’s, uh a list of countries, and there are different kinds of progress. It’s Argentina, it’s Indonesia, it’s the Philippines, China, Ukraine was on our list, but it’s been put on hold because it’s very difficult to do something down there right now and reach the right authorities.

Anne-Sophie: Yeah, that makes sense.

Informant: And also, we have been thinking about Brazil, is a country which is on our list. We have not started yet, but it’s several companies who have activities there and they have got a new anti-corruption legislation from, entered into force from 01.01.2014, so it’s an interesting, we try to use opportunities in different countries when it’s focused on these issues. And one of the most interesting projects we are working on now is the Suez Canal and the facilitation payments. So that’s very interesting, because most vessels coming from, used to come out for going through, to Asia and Europe and the United States, so that’s very interesting.

Anne-Sophie: Yeah, and they’re forced to pay cigarettes and stuff, I guess?

Informant: Yeah, mmm.

Anne-Sophie: Yeah, and so your projects in these countries, they’re all undergoing simultaneously, yeah?

Informant: Yeah, there are project groups working on all these countries, and some have just started and some have some actions going on. But it takes time to get the right contacts, because we don’t want to do anything without having the authorities in that particular country on board, because
otherwise we won’t see any useful results. We have to find the right connections to the right projects to work with in the particular country.

Anne-Sophie: Yeah, and these working groups, is that members that are split up, like the members that perhaps have most of their operations in some of those countries, or how are those working groups formed?

Informant: Yes, correct. You can take the lead or participate in one of the groups, and normally, as you said, if you have an interest and the company is engaged there, so yeah that’s the way it works.

Anne-Sophie: Ok. Next question is, uh, what kind of obligations do you have to fulfill as a member and how do you ensure that you live up to these obligations as a company?

Informant: First and foremost you have voluntarily joined the network, so you have an interest to follow up the different principles. But of course the different [companies] are on different levels. Some have everything already in place, like Maersk for instance. Some have just, maybe, some of the principles implemented, so, and may be working on training with their employees and so on. So we don’t have a form of kind of police running around checking if you have fulfilled everything. So it is a commitment to take on the principles, and those who are already in line with the principles can work on improving them, and those who not in line already, they work on implementing them. So that’s the way it works.

Anne-Sophie: Ok, but every company has to have some sort of a compliance program, right?

Informant: Yes, that’s correct.

Anne-Sophie: And how do you integrate your, well I guess you don’t do that much in terms of training employees and stuff, right? That’s more the regular members.

Informant: Well we actually have activities outside Norway; we have a training center in the Philippines. So we have also a program which includes ethical guidelines, which includes anti-corruption clause, awareness about the issues when we enter into a contract. And we also have developed e-learning training, but not for our employees but for the seafarers on board vessels. So we have kind of focused on it even if we don’t have a program of the same scale and the same content as companies. So, associated members, it’s actually discussed if they should apply the same principles as the companies, but they realized that it would be, not actually, what should I say, it would be difficult to have the same demand for organizations because they don’t have the same obligations and the same kind of contracts, they don’t do the same things so there hasn’t been any decision to demand that for associated members.

Anne-Sophie: Ok, but your training is, like the training that you provide, who is that for?

Informant: That’s for seafarers, so that’s actually for, we’ve made this e-learning video on our account and we’ve made it available for MACN members, so it’s on the OneHub for MACN, so every MACN member can use this and also other than our members can use this, it’s actually open for anybody to use. It’s on our open website, so anybody who would like to see it and use it can do that.
Anne-Sophie: Okay, so it’s like sharing…

Informant: Sharing, yeah. Sharing good practice.

Anne-Sophie: Yeah, exactly, ok good. Um, have you had any issues or challenges internally within the network? I’m also thinking in terms of the outreach of the network, that it’s also getting bigger and more members are joining. And also this whole idea of, um, that you don’t want free riders in the network.

Informant: I don’t think it’s actually a problem with free riders. It’s all the companies which don’t have the resources to be so active in the different groups, but they could use and gain the results. It’s like when you, in normal life, those who have the most resources are the most engaged people; they always do more than the others. But of course one has to engage people and tell them to use time on this and this, but it’s not really been a problem so far engaging people. There’s not been any practical problems, nor with free riders or to get people to engaged. So I guess so far we don’t have any challenges.

Anne-Sophie: Ok. Do you think it could be a problem if more members join?

Informant: Um, I haven’t really thought about that, uh, so I can’t. We see the opportunities and then we take the problems if they come.

Anne-Sophie: Yeah, ok. Um, next one is kind of related, how you see the level of trust between members. But you said it was high?

Informant: Sorry, can you repeat?

Anne-Sophie: Yes, the next question is kind of related in terms of the level of trust between members, and you said it was high?

Informant: Yeah, it’s high. We haven’t expected (inaudible) used the network. But you could imagine that you have some companies which are of a less standard and don’t take these obligations so seriously. But so far we don’t have any companies of that type in the network, but you could foresee that you have some major state owned shipping companies. Let’s say one of the state owned would like to join us, or Chinese or something, we might have a discussion about their commitment but so far it’s not been an issue.

Anne-Sophie: Ok, ok. And last question is how you see the network developing in the future? Obviously you’re striving for eliminating corruption as whole, but how do you generally see the set-up of the network developing?

Informant: Uh, I think it will develop very, in a very good way, because everybody shares their best practices. You can find all this learning material, and clauses and contracts and training videos and everything which is useful for your company. Everybody don’t have to use money on developing that by themselves. And in the same way we are working with collective actions, and the more companies joining, the more collective actions we can do because we can have projects groups to do the work. Hold on just a moment…

Anne-Sophie: Yeah.
Informant: Ok, I’m back.

Anne-Sophie: Good. So in a way, actually, the bigger the better kind of?

Informant: Yeah.

Anne-Sophie: Yeah, ok. That was actually it.

Informant: That was it? Yeah, good.

Anne-Sophie: Thank you very much for your time.

Informant: Yeah, thank you for your interest in MACN.

Anne-Sophie: Yeah, of course I think it’s very interesting. I think it’s interesting the fact that it’s developing so quickly.

Informant: It is, and it has also gained a lot of interest from authorities here in Norway, as an example of how to actually work with challenges and collective actions, so it’s very interesting. I guess the authorities have realized that they can’t do things very much on their own, and we have also realized that we also need to work with authorities to do something, so it’s interesting.

Anne-Sophie: It’s interesting, and my plan is that I’m talking to quite a few of the members so it’s quite interesting to hear how, until now it’s been quite the same things that you’ve been saying, but I mean that’s still interesting to hear.

Informant: Um, and we are also working to have a clause which I think will be very useful for members, which is we might formalize this due diligence investigations. And now members maybe have to do due diligence of their contract partners or third parties. That’s rather time consuming, and if we could more or less share this in a way and of course in line with, not violating, I mean we have the competition rules, so we have to be aware of that. But if we could share information and save money it could be very interesting as well. And third parties would strive to do it better as well and have their programs, and so it’s a win-win.

Anne-Sophie: Yeah, I mean it should be a win-win situation, right?

Informant: Yeah, hopefully.

Anne-Sophie: Ok, thank you very much.

Informant: Bye bye.

Anne-Sophie: Bye.
Transcript of interview with Company D

Type of interview: Telephone
Date: June 17th 2015

Anne-Sophie: Hi, this is Anne-Sophie.

Informant: Yes, hello.

Anne-Sophie: How are you?

Informant: Not too bad, had a good day so far. And yourself?

Anne-Sophie: That’s good. Me too, me too. Um, I’m thinking I can start off by explaining what my thesis is about and then I’ll ask you a few questions afterwards.

Informant: Sure.

Anne-Sophie: Basically what I would like to do is contribute to research around collective action approaches between companies and potentially find out what areas are the most difficult to agree upon and then find out if there are areas where companies are faced with difficulties. So looking at the collective approach towards solving the systemic corruption issue. And right now my research question is: How does MACN operate in its collaborative network and how does MACN aspire to control corruption in the maritime industry? So basically looking at what makes it possible for a group of private actors to influence and actually do something about the corruption problem. And what I would like to start off by asking you is your motivation behind joining the network, so first of all when you joined and why you chose to collaborate with other actors on this issue.

Informant: Well, let me start by saying that compliance, as such, is something that is becoming more important for us here at Company D. And so we started late 2011 to have a department, or implement a department just dealing with compliance management and obviously one of the big items in that field of compliance is corruption. So we started off and tried to see what we can do in order to mitigate the risk, lower it, basically just sitting in our ivory tower trying to find out what we can do about it. And then in, early 2013, we had seen some information on MACN and realized that, yeah, well basically we realized it earlier, but corruption from our perspective cannot be addressed by one company alone, or individuals.

Anne-Sophie: No.

Informant: It needs a group of companies, um, it needs a wider approach, because only if you have almost all participating in the same goal, you can be successful. Well that’s at least what we concluded. And from that perspective, we thought, well it’s worthwhile joining MACN, although at that time we were the only container liner operator apart from Maersk Line in MACN. But that has grown over the years and takes the right way.

Anne-Sophie: Yeah, how many container lines are there now, do you know?

Informant: Um, off the top of my head I think we’re talking five now.
Anne-Sophie: Ok, yeah.

Informant: But there’s still quite a lot missing (laughs).

Anne-Sophie: Yeah, and I guess it’s mostly Nordic and European companies for now, right?

Informant: Um, no. We have Japanese as well. But yes, you are right, the companies from countries where corruption is endemic is not great.

Anne-Sophie: No, they’re the ones that are lacking, yeah. Ok, what do you see as the vision of the network?

Informant: Well, the same as MACN has stated it publicly: a maritime industry free of corruption. Um, well for us, basically, it’s, we hang the target maybe a little bit lower; just reduce it. And I think that is the realistic way MACN is also approaching it currently. Yes, long term we would like to see corruption free industry, but for the time being let’s just work on it one by one.

Anne-Sophie: So how do you feel that, I know you had this pilot project in Nigeria, how do you feel that the steps that were taken in that project have contributed towards your vision of reducing corruption?

Informant: Well, first of all, we, unfortunately, or in this case fortunately, are not involved in any Nigerian trade. So we were, and we only joined MACN when the project had already started. So for us it doesn’t have an imminent positive effect, but what I can hear from the discussions in our twice yearly meetings is that we really, ah yeah, found somebody on the other side of the problem working with us on the problem. And we are making progress, although slower than we would like to see it, but there is progress. And therefore we are now starting to look for other countries where we can find parties on the other side of the fence in order to work with them.

Anne-Sophie: Yeah, so that’s pretty much step one in the projects, right, is finding a local partner on the other side?

Informant: Well that’s one of the big things that obviously should come out of this MACN approach, yes. Apart from that, you have some other aspects to the collaboration but as I said, you can only achieve something in, as a group. Therefore, we as a group, approach the parties where we think they can help us in fighting this issue. One of the things after Nigeria where we made some progress at least is in Argentina. We found another party there that is interested in tackling the problem.

Anne-Sophie: Ok, how do you find these parties, or you know, how do you target them?

Informant: Um, well good question. It is basically members who know somebody who know somebody. So it is not by approaching somebody officially at first, that’s usually not the case. But you have in each country also shipping associations, they are quite knowledgeable when it comes to public officials, authorities, who to contact. Usually they already have contacts. So, you take it via the local intelligence.
Anne-Sophie: Yeah, that makes sense. My next question is related to these seven principles that I could see on MACN’s homepage, in terms of what your obligations are that you have to fulfill as a member, and how do you actually ensure that you live up to these obligations as a company?

Informant: Well as I said, we’ve even prior to MACN started to implement compliance management system. So we have our own code of conduct, we have that management system, we have the chief compliance officer and other compliance officers around the world in the organization. So, uh, from that perspective we cover anti-corruption compliance as well with independent compliance responsible persons in each country basically.

Anne-Sophie: Ok. Was there anything like, uh, any requirement that you had to live up to, like extra, by becoming a member?

Informant: Um, yeah, no basically the basics of these principles had already been established. So what we’re talking about was risk assessment for example, we have done that. The other thing is, I think, clearly articulating the policy, and obviously yes, internally we have. Then MACN is requiring that we also make public statements, more or less, or have it on our Internet website that we are fighting corruption, so we have that. Um, the training part, we didn’t have a specific corruption training at the time, we have done that now since early last year. We have a specific web based training on corruption. Um, we have our own anti-bribery corruption policy. So all the usual things, and we didn’t have to do much in addition just in order to satisfy MACN principles.

Anne-Sophie: Ok, and in terms of like, for example the training, are there specific things that you have to follow according to what MACN has published and do you modify it to your company, or is it up to the company itself?

Informant: Well we don’t use the MACN training, because that came later, just recently it’s been finished. So we had it already established, but it is, yeah we are not bound to a specific training. MACN doesn’t say ‘you have to use this, you have to use that’. It is, we share our best practices, that’s one of the big things about MACN, we have our working groups trying to share ideas and best practices. But there is no, basically no, how to say, you are not forced to do anything.

Anne-Sophie: No, no. It’s voluntary.

Informant: The only thing you are forced to do is to participate and if you obviously make statements that are going against the principle then you can leave the club, but (laughs) that’s the idea.

Anne-Sophie: And these working groups, is that companies rotating between groups or how does that function?

Informant: Um, yeah you are free to leave or to join, but, for example, we have a working group that is trying to build tools for the membership. So that group has been established back in 2013, I think it was. Since then the membership has not really changed, it’s the same amount of companies that work in that group. Other groups they finished their work and then obviously dissolved and new groups got formed. So we have different groups, some are more stable than others, but basic principle, again, if we have new members especially to MACN then they are free to join whatever group they think they can participate and contribute to.
Anne-Sophie: Ok, so I guess it depends on where the companies have operations and things like that maybe?

Informant: Yes, exactly. If a group is working for, I mentioned, Argentina, if you are interested in Argentina, if that is one of your company’s problem areas then you are free to join. Most people will, in order to be in contact with what is going on.

Anne-Sophie: Ok, good. Have you had any issues or challenges, like internally within the network? I’m thinking about the idea of, you know, perhaps some members being free riders and not really contributing. And also relating to the fact that the network is growing in terms of size, and more and more members are joining, if this has created any challenges?

Informant: Not so far. Um, we have had so far a fairly open communication between members and the group was still a size that was manageable. Um, and I don’t feel that there are free riders currently. All parties participate and contribute, some a bit more than others, but basically nobody is just sitting there and never ever opening their mouths. It’s not happening. But it is a concern for the future, I think, if it’s growing to an extent. We are currently now close to 50 members and we are already seeing that it is difficult to have meaningful discussions in the big forum when we are meeting twice a year. Um, so we are trying to break it up as much as we can, have a lot of break out sessions in smaller groups so nobody can hide AND we have a meaningful discussion. Because in a big group of 50 and more people, then yes, somebody will probably stop talking, because they are afraid to say something in the big group or they don’t feel it’s relevant for the big group or whatever. But I think we are encountering that for the moment it works with all these small working groups, even in the meetings that we have. We have, just a part of the two-day meetings is as the full group, and most of the time is spent in the smaller groups.

Anne-Sophie: Ok, but I’m also thinking in terms of, you know if you get a Chinese company or, you know, some of the other big companies, if they want to join, that must create some challenges at some point?

Informant: Um, well how do you mean? It’s…the

Andreas: Well, let’s say it this way. It’s not Chinese, but it’s companies from other Asian countries. And so far we don’t have an issue with that. There is, as I said, fairly open communication, especially as I mentioned, Japan and container liners there, there is an exchange between Company D and one other line in Japan, and that’s quite open. So basically all of us know each other from the daily work that we are doing together. Because you will be well aware that in the shipping industry, especially in liner shipping you have all these vessel sharing agreements, hardly anyone is doing their job alone these days. So you work together with these guys anyway.

Anne-Sophie: It’s kind of the nature of the business I guess.

Informant: Exactly. So, um, if you have a goal that you share then basically there is hardly any politics in it. That’s been left to the commercial side of the business, and that’s where we fight our fights, but here it’s about a common goal that everybody can sign off on.
Anne-Sophie: Yeah, that makes sense. That’s kind of relating to my next question, which is how you see the level of trust between members in the network. I guess you’ve kind of already answered that.

Informant: Yes I think I’ve already answered that. As I said, we have a fairly open communication and that needs a certain amount of trust. And it is, well if you talk about corruption, um, in such a forum and you raise your hand and say ‘well my experience is...’ then obviously you talk about a touchy matter.

Anne-Sophie: Exactly.

Informant: And if you don’t trust the others in the room, and think that they leave it and tell the story to each and every authority in the world (laughs), then it wouldn’t work at all.

Anne-Sophie: No.

Informant: So, and so far nothing has happened in that regard.

Anne-Sophie: Ok, that sounds good. Um, my last question is kind of how you see the network developing in the future. Both in terms of what we talked about earlier in terms of outreach, but also, you know, right now you’re focusing a lot on facilitation payments happening at the ports, and I’m wondering if you think that some of the initiatives from the network can reach out and have an effect on corruption happening in other parts of the supply chain? So moving further than facilitation payments.

Informant: Um, well to comment on your last item, you say facilitation payments is the key. This is just the most important part for the liner shipping side, I think. And actually it is not the one MACN has dealt with particularly in detail for, yeah, since it’s been established.

Anne-Sophie: Ok?

Informant: If you go through the membership of MACN, um, which is on the Internet, then you will see that most of the members are coming from the bulk/tanker side of things. And they are faced with completely different matters, or better to say; we are not talking facilitation payments there. We are not talking about a pack of cigarettes for a port officer, we are talking about big sums of money sometimes. So this is really what we are concentrating MACN on so far. So going back to Nigeria, it’s definitely not so much of a concern there, of that project that we initiated, to get rid of some sort of cigarettes that are exchanged.

Anne-Sophie: It’s bigger sums of bribes?

Informant: It’s big issues that you have. That people come on board and basically say ‘you have to pay me a sum of x’ and these sums are sometimes fairly large. So that’s a complete different matter and that’s where we are currently working on most of the time.

Anne-Sophie: So that’s the biggest issue for most members?
Informant: Yeah, and that’s, well when I said liner shipping, five members, it is now coming that we as a sub-group so to say, come up with our own specific little problems, and facilitation payments is then coming more into our focus I think, because it is a bigger problem for the liner shipping industry.

Anne-Sophie: Ok, and so more generally how do you see the network developing?

Informant: Well the thing is, from my perspective, it’s critical to grow the membership. Um, coming back to what I stated initially, only as a group we can achieve something. The more we are, the better the chances. Um, so that is something that, again, works for the moment. We have quite a few new members each and every time we meet, and that is good. Because only if most of the industry is acting the same way and pushes against all these demands that we are facing, then we’ll have a chance of a lasting success. Otherwise it will just be a little bit of success here and there and after a short while it goes back to normal, so to say.

Anne-Sophie: So basically you’re just striving for as many members as possible?

Informant: Yes, because then you also as a group, have the cloud, when you go to the authorities and say ‘we need to talk’. If you are just representing five percent of the companies that are calling in your country, then who is interested to talk to you. You will not have too much of an open ear on the other side.

Anne-Sophie: No.

Informant: So that’s really the key to get changes on the way. Otherwise we’ll be stuck in a place where we can, uh how to say, operate in our own little group, try to improve the processes and systems that we have. But we will not be able to change something in collaboration with the authorities of the countries that are an issue.

Anne-Sophie: No, you won’t be able to change something in the industry as whole.

Informant: Exactly.

Anne-Sophie: Ok, and my very last question is: do you think that other industries can learn from MACN and what is being done in terms of corruption?

Informant: In terms of corruption? Well I think other industries are actually already doing things, um, in terms of corruption. The shipping industry was basically, not last, but came late.

Anne-Sophie: Yeah, exactly, yeah.

Informant: If you go through the press you will have seen all the big issues with corruption that Siemens or other big cases, and after that, that industry had already an approach, that is basically now the MACN approach. So we learn from them instead of them from us, I think, in lots of ways.

Anne-Sophie: Ok, yeah, that’s what I think is interesting about MACN the fact that it’s so recent but it’s growing so quickly and it’s become quite a ‘hot topic’ in a way.
Informant: Yes, I think it’s because the regulation around the world is also changing.

Anne-Sophie: True.

Informant: Even in countries where the problem is big you see massive changes. Brazil is currently, for example, pushing quite hard to get rid of corruption, even in the ports. Um, China has done something about it. Does it work perfectly? Certainly not yet. But you see that around the world there are initiatives, and we just being one of them, trying to be proactive and obviously trying to change it as much as we can.

Anne-Sophie: So you do think that you’re influenced by other initiatives around the world?

Informant: You mean that we influence other initiatives? I can’t judge that. I don’t know if others feel inspired to do the same thing that we do.

Anne-Sophie: No, I’m thinking you also can get inspired from others.

Informant: Um, I think we’ve just seen that it is important that the maritime industry is tackling the problem because nobody else will do it for us.

Anne-Sophie: Yeah.

Informant: It is not a very visible industry, although we are moving the world, nobody cares. Nobody has any real knowledge about shipping apart from the community itself. And if we don’t try to get rid of the big payment demands or the small facilitation payment demands, well nobody else will do. In a lot of countries this is customary for decades, if not centuries. And, well, it is simply established and we are now realizing if we don’t act together, we will never change it.

Anne-Sophie: Yeah, that makes sense. It’s all up to you.

Informant: Yeah, nobody will do the job for us. Even if, as I said, there are initiatives from the governments of these countries and there’s new legislation and new regulation, that’s all nice and fine but if we don’t assist in a way by saying ‘we don’t pay and by the way this is your own law’, then, well, they will just work on like they did for years.

Anne-Sophie: Yeah, yeah. Good, that was actually it. Thank you very much, it’s been very useful for me.

Informant: Ok, hopefully. If you have any other questions coming up later on or so feel free to give me a call.

Anne-Sophie: Ok, sounds good. I’ve been talking to a few other members as well so it’s quite interesting to hear these different perspectives.

Informant: Ok. So you’re only interviewing people from MACN or are you going through other initiatives as well?
Anne-Sophie: No, I’m actually focusing on MACN so it’s only members of the network. But mostly I’ve been talking to Danish companies just because it’s easier when I’m here.

Informant: Yeah, but the philosophy of northern European companies is a bit different from others so…

Anne-Sophie: That’s true. That’s why it’s good to get some other input as well.

Informant: Yeah, well, maybe you want to talk to one or so of the southern European or even Asian companies. Instead of interviewing you might just put the questions in writing to them.

Anne-Sophie: Yeah, that’s true. Do you have an idea of who would be good to talk to? Because I’ve contacted Ben Line Agencies.

Informant: Well, that’s a good one. Um, and well maybe NYK, for example.

Anne-Sophie: Do you have maybe like a contact person for them? Because that’s what I’ve been having a hard time finding.

Informant: Ok, well I’ll just have a look and send something to you, just reply on your email.

Anne-Sophie: Yeah, that would be great. That would be a big help.

Informant: Ok.

Anne-Sophie: Good, thank you very much for your time.

Informant: Yeah, no worries.

Anne-Sophie: Ok, thanks bye.

Informant: Have a good night.

Anne-Sophie: You too.

Informant: Bye for now.
Anne-Sophie: Hi, this is Anne-Sophie.

Informant: Hi Anne-Sophie. Do you want to take this in English or do you prefer in Scandinavian?

Anne-Sophie: Actually I prefer in English because my thesis is in English.

Informant: Then we take it in English. It might actually be, because of the language, the work language for me is also English, so it might be a challenge, you know.

Anne-Sophie: Ok, so it’s good for both of us.

Informant: Yeah, ok, good. Do you want me to call you?

Anne-Sophie: No, no this is fine.

Informant: Ok, good.

Anne-Sophie: I think I can just start off by maybe explaining a bit about my thesis and then I’ll ask you a few questions.

Informant: Yes, please do.

Anne-Sophie: Ok, so basically in my thesis I’d like to contribute to this research around collective action approaches between companies, and potentially find out what areas are the most difficult to agree upon and find out if there are areas where companies are faced with problems. So basically looking at the collective action approach towards solving the systemic corruption issue. And right now my research question is: How does MACN operate in its collaborative network and how does MACN aspire to control corruption in the maritime industry? Um, so basically looking at what makes it possible for a group of private actors to influence and actually do something about the corruption issue. Um, and I’d like to start off by asking you about your motivation for joining the network. Basically when you joined and why you chose to collaborate with other actors on this issue.

Informant: Yeah, ok, just to put it sort of back history wise. Company E is one of the founding members of the MACN network. At that point in time I was based in Japan, so I was not driving our efforts then from our head office in Oslo.

Anne-Sophie: Ok.

Informant: We had quite early, through another colleague got in touch with a person within Maersk that was in the starting point of creating this network. So Company E, and that is actually when the connection was made. It was through connections with Maersk which we then, as far as my
recollection, we sort of took part of really the creation and where this process sort of kicked off. So Company E, we have been a member from the inauguration of MACN you can say.

Anne-Sophie: From 2010/11?

Informant: Yeah, 2012 I think it was the final, when the official sort of launch. So some time from 2011 to 2012, that’s when we sort of started the discussions with at least Maersk at the time. I know that was the entry point we had at least.

Anne-Sophie: Ok, and how come you actually chose to join, what was your motivation for it?

Informant: I think what of course had really sparked the need to now do, actually, from a company level really look into this now was of course the introduction of the UK Bribery Act, which puts very strict obligations on companies doing business in the UK. That includes Company E, we have a presence in the UK, so you can say we were in the pipeline of putting measures and tools in place to meet the obligations required under the UK Bribery Act. And as part of that I think we as our industry peers discovered that some of these challenges that we find ourselves in are too difficult for a sole operators to tackle on its own. And particularly if you do not have the critical mass as perhaps some of the huge carriers then through there just share amount of revenue can influence because money talks. But for smaller operators or niche operators that is difficult to do on your own. Particularly because many of these sorts of practices are quite ingrained in the whole structure of the country when it comes to how people get their salaries and how they are paid, and you know.

Anne-Sophie: Yeah, it’s a part of the culture.

Informant: It’s ingrained in many respects in the culture, not culture but, yeah. And I think that’s why joining peers, particularly if you are a medium or smaller carrier company it is probably the only way you can successfully achieve some changes.

Anne-Sophie: Yeah, makes sense. Um, what do you see as the vision of the network?

Informant: I think the greatest benefit that I see so far is that it is a forum where experiences can be exchanged, where views can be discussed, where we as an industry can come together and jointly raise these questions with relevant authorities, or relevant stakeholders in these geographic areas where we have these challenges. I think this is really what I find is the best benefit, uh, and also that you can exchange ideas of how to best deal with this, if that is by internal tools or training or… To just have these groups of, in a way, intelligence gathered, and having the opportunity to exchange ideas and benchmark what other companies are doing. But also maybe perhaps to bring in, without sort of disclosing who does what, but just being able to reference that refer to the deep challenges are also very known to other companies, other companies also start to deal with it. So also a way to communicate back to your own organization that ‘we will change’ because the whole industry is changing, so there’s no going back. There is just moving forward and changing things over time because this is, as you probably will recognize, not something that has changed overnight in a couple of these jurisdictions and countries. So the change will come and it’s on its way, and it will progress, it will be at a certain pace.

Anne-Sophie: And on your website, or on MACN’s website it says that the vision is a maritime industry free of corruption, so eliminating corruption and I guess that’s the ultimate goal?
Informant: Correct, that’s the ultimate goal. And as you say, that’s the vision, that’s what we aspire for. And we are fully aware of the challenges to get there but that is for sure the vision. And strategy and whatever initiatives each company does individually is a step towards that vision.

Anne-Sophie: Yeah, so that’s kind of related to my next question, which is how you feel that the steps that you’ve taken since the start of the network have contributed to this vision, like are you well on your way and have you learnt any lessons from, for example, the pilot project in Nigeria?

Informant: And this is I think clear where the pilot project, because our company, there’s strengths and then there are some weaknesses with the network, you know like with all networks. And we don’t call Nigeria, Nigeria is not a port call for our company so when it comes to Nigeria, we cannot measure sort of a before and after. Uh, whereas I think another work stream right now is on the Suez, and where particularly we are not, we as a company, we have our tonnage on charter from our owner so when it comes to passing of the Suez it’s really the owners of our vessels that operate the vessels that have had the challenges and they are also members of the MACN network. So they will, of course we get reports on, you know, the incidents and challenges they have, but in general I think it’s more on our owners that after the Suez initiative will see whether the demand might have decreased post, sort of, this work being completed. Um, so I think you have to, each company within the MACN network is a bit different, we are basically operators within different cargo segments, we operate in different geographic areas so on Nigeria I cannot give you a feedback, sort of, tangible and neither can I do on Argentina.

Anne-Sophie: Ok, no, yeah. But I guess that’s also important why you get, I mean, uh as many members as possible so that the owners of your ships, for example, are also a part of your, have the same vision that you have?

Informant: Yes. So, both our two owners, we are a joint venture, and both our owners from who we source the majority of our tonnage, are both members to the MACN, as well as our sister company. So we as a group, including our owners, are all members of the MACN.

Anne-Sophie: Ok, yeah. Um, also according to your website there’s these seven anti-corruption principles and I’m wondering, well these are obviously the obligations that you have to fulfill as a member, but how do you ensure that you live up to these program obligations? And this kind of includes how you integrate anti-corruption compliance in your daily operations.

Informant: Yeah, so I’ll just open the principles because I need to have them in front of me and then I can talk you through how we work with them.

Anne-Sophie: Yeah, that would be good.

Informant: Ok. So when it comes to the compliance program we have, as a company we have a compliance policy that is basically the framework for how we work with compliance in general, whether that is anti-corruption bribery, or whether that is competition compliance, or whether that is occupational health and safety, but that sort of outlines the structure and who does what. Who is responsible for what, what does the reporting line look like et cetera, et cetera. And that’s a general compliance policy that everyone is to adhere to. And in addition then, we have, as I said anti-bribery and anti-corruption is part of one of the areas we work with and within that particular field
we have anti-bribery and anti-corruption policy in place. We also have, and now it comes a bit, yeah, so if we start with the compliance program: yes, we have a compliance program. It consists of a compliance policy and various sub policies and instructions. That forms part of that program. The way we in Company E work with it, is that we try to, in our work instructions, we try to implement, you know if there is a legal requirement and that goes across, you know, if there is a legal requirement in a particular area, we try to ingrain that in our operating processes. So when there is a requirement to file an agreement with an authority, or if you receive a gift above a certain threshold you are obliged to report it in our gift register. You know, all of these requirements we try to ingrain in our operating processes. And that’s, sort of, how we make sure that the requirements are flown into the daily execution of business transactions, basically. So that’s in large. And when it comes to proportionate procedures, I should also say that what we have done is that we have established a road map as a company. Because again, this started back at the implementation of the UK Bribery Act and we re-decided that we needed to take a much more structured approach. However, this takes time, this is something that we as a company need to roll out and sequence out and we need to, sort of, have the right, basically, step-wise approach. So we have a road map, we’re working against the road map. So, for example, this year when it comes to proportionate procedures we are, we will enhance our guidelines when it comes to gifts – what is a gift? What is an appropriate gift, and what is not? We will also produce a handbook, something that the organization can use and hand out to the supplier to inform how the company stands on these issues. So these procedures, as we progress and each, sort of… We have a plan for what we do every year and to make sure that we have proportionate procedures in place. And as new requirements come from the, either from authorities or from the organization, that they would like more clarity, then we of course enhance and make sure uh…

Anne-Sophie: … that they fit to it.

Informant: Yeah. Risk assessment – we started two years ago, so we have done, we did two sites last year and we will continue with four sites this year to assess. Where we sit down with the organization in both, first we conduct over phone interviews and then we have face to face sessions with certain parts of the organization in areas where we think that there might be a higher risk, that is particularly in certain geographic areas or for certain types of transactions business, where we, sort of, from general statistics can indicate that this is typically where you have a high level of perceived corruption.

Anne-Sophie: Is that easy enough to decide, I mean internally where you…

Informant: Yeah, yeah. You can just start with the Transparency International, the corruption index. And then you can basically tick off where you are active and then you can basically also tick off in which countries we also, as an organization, have some information on that demands have been made. So it’s, that’s not… and if you have an organization that also understands why we are doing this and why it’s important, and that also is appreciative of the thought that this is a challenge that not only we have but the industry and we just need to find our ways to tackle it, then there is also much more willingness to be transparent and yeah.

Anne-Sophie: Yeah, makes sense. Do you have any internal training for your employees?

Informant: We have had various types of… last year all office employees were obliged to take a mandatory e-learning. And then we will continue to roll out this year for our production staff, which
is more land-based staff. Not through e-learning but through general information sessions and this handbook as I explained. So that’s it. And then we have also face to face whenever there is a business meeting where we think it’s appropriate to bring this up, we’ll bring it up. So we keep records.

Anne-Sophie: Ok, yeah you keep record. Are there any specific requirements as a member of the network that you have to fulfill? Do you know what I mean, does the MACN make, I don’t know, some slides that you have to use for training or?

Informant: No, not that we have to use, but they do facilitate, so they have prepared a slide deck that could be used for members. So we started to roll this out before the slide decks were completed, so we bring in some materials, perhaps some insights from those slides, but we also have a legal organization and compliance organization that also, you know, produce material and of course everything is in line with, it’s the same message. But it’s more tools, it’s not a requirement by the MACN that you have to do it like this. This is more to facilitate.

Anne-Sophie: So it’s more guidelines?

Informant: Yeah, and perhaps as I said, for smaller operators that may not have a huge internal organization. It’s great that you can then just download and reuse material that you know is up to date and has been prepared, you know, by the network and covers, sort of, all that.

Anne-Sophie: Yeah, ok. I don’t know if you want to say anything about the last couple of principles, or if we should just move on?

Informant: Yeah, due diligence – we have a business partner verification system where we do electronic, we do online screening of new customers on the ocean side and new suppliers and also if you would acquire a company you would do an M&A and then you would do more details of partners. So we do that, and reporting – du, du, du, du, du. Reporting we have, of course we as a company encourage that people report through the line management, but if that’s not possible we also have a ethics alert line which is an anonymous way that you can report on incidents, whatever it is. I mean that goes beyond just… that could be sexual harassment, or fraud or yeah. So that’s an anonymous way of reporting any type of incidents. However what we have seen is that that has been very limited used, and mostly refers to more employment related matters.

Anne-Sophie: Ok, so not so much…

Informant: We haven’t had one when it comes to bribes or similar.

Anne-Sophie: Do you think that’s because people just don’t report it or maybe because it’s been reduced?

Informant: No I think, uh, I’m not sure actually why they wouldn’t report if there were, but I presume that what we experience is that these things, to some extent, at least the ones we get aware of, are channeled through the line management, the regular reporting line.

Anne-Sophie: Yeah. Good. Have you had any issues or challenges internally within the network? I’m also thinking, the fact that we can see that the network is growing in terms of outreach and
members, and also this whole idea of potentially having free riders as members that don’t contribute.

Informant: I think that you will always have, you will always have free riders. But again I think the good thing with having…

Anne-Sophie: Do you see it as a problem?

Informant: No, I don’t actually. I don’t see it as a problem because even if you have perhaps free riders that are not contributing so much, they at least are the receivers of the (inaudible) that the rest of us are trying to contribute to and to make some progress on. I think it’s as important to have a large group of industry participants there and listening and communicating down their, sort of, organization chain, even if you are not, sort of, active in the MACN or being vocal or taking an active part in work streams. Of course that’s something we would aspire for and would like and wish for. But, as I said, for me it’s also as important that you have operators and carriers that are willing to invest in sending people to, for example, the annual meetings, to take part in the discussions and most likely bring back this, and communicate within their internal organizations. And I also think that, a challenge might also be for smaller operators that that they may not have such a broad resource pool that they can just send people that can be very vocal and have opinions when it comes to legal matters or compliance matters or… Personally I don’t see, and I’m not speaking for MACN now, I’m speaking personally for myself and Company E as a company, I don’t see a challenge with free riders.

Anne-Sophie: Ok, but does company size have an effect on the influence that you have in the network?

Informant: Not company size, but I think it comes down to the individual representing the company, rather.

Anne-Sophie: Yes, yes.

Informant: And perhaps how active you are within your segment to drive initiatives to… As I said, I mean, neither when it comes to Argentina or to Nigeria, Company E is a stakeholder because none of those, either because they look into the grain, particularly bulk carriers for Argentina, and we are not a bulk. That we have to accept.

Anne-Sophie: I guess you contribute to the areas where you actually also operate yourself and want to change something.

Informant: Correct. And I think, again, what’s important, the big lessons learnt when listening in to how they have worked with these work streams is to adopt the approach. You know, the same approach you can copy-paste into other jurisdictions. Just to have the ways of working that have proven to be successful in one place is probably many times a formula that you can copy and paste and apply within another jurisdiction and of course you need to do some tweaking. But the methodology as such, I think there is much to learn and that you can actually replicate. And also you get the lessons learnt – what wasn’t successful, and then you bring that with you into the next jurisdiction and the next cargo segment with the next carrier segment.
Anne-Sophie: But I guess every country is still its own case, right? I mean you need to adjust quite specifically.

Informant: Yes but I think that one lessons learnt is, for example when it comes to Argentina, is that what I understand, and now we are not in this cargo segment so this is just what I understand, I understand that the rules when it comes to the regulation is very unclear. The legislation in this area is unclear. And the same thing if we just move across to China. This has been a huge challenge for us in China for many many years. The legislation is also unclear and it is interpreted differently, if you speak to one local authority they interpret it one way, if you speak to another local authority they interpret it the other way. Then of course if you have these grey zones there’s always the opportunity then for a local official to say ‘but this is the way we interpret it here, this is the way it is and if you don’t agree then… or we can do something about it and get it your way but then there is a fee attached’

Anne-Sophie: So I guess it’s also about getting in connection with the right local authorities then in terms of your programs?

Informant: Absolutely, absolutely. And that’s why you need to work with your local organizations because they are usually the best ones. They know who’s in charge, who to approach if it’s at local level, at the more provincial level or at government level, they will know.

Anne-Sophie: Yeah. Next question is how you see the level of trust between members in the network?

Informant: I find the level of trust good at this point in time I must say. I must say that people are, as far as I experience, we link to be quite transparent on challenges and incidents. I think that will only work as long as people respect, sort of, the Chatham rules that we are under: that you can refer to principles and concepts but not reveal parties. And also we are very careful also internally when we speak on incidents that we are not, sort of… yeah, we speak in general terms. So I think as long as members experience that the principles under which the discussions take place are adhered to, that everyone respects this, then I think there is also willingness to be transparent, and there is trust.

Anne-Sophie: Yeah, ok. How do you see the network developing in the future? What do you see that you’re striving towards?

Informant: I think the network, I think we will in the long term experience sub working groups for different cargo carrier segments, I would say. Take our company, for example. We are active not only on the ocean side but also land based in connection with the ocean transport, so we operate terminals. We operate land based, and certain of these companies do so too. So I, two-fold: first of all I think that you will see sub-groups perhaps within the railroad segment, the container segment, or oil and gas segment. Because there is some niche areas, which actually might be more carrier specific, depending on which segment you are in. So that’s one vision, that’s one way I think we might move in the future. You can have a holistic group on top, but maybe you have some work streams that are more specific for certain types of carriers. Same goes with companies like ourselves, I would like if the network could expand its views a little bit beyond the pure ocean activity. Because many of us also have challenges land based and now it’s very, sort of, port or canal focused. But maybe go a bit beyond that focus area, I think would be good.
Anne-Sophie: Yeah, I guess that can also, the sub-groups can then in a way solve the problem of the network growing, I mean if it actually becomes relevant having these sub-groups.

Informant: Yeah.

Anne-Sophie: And what you just said actually relates kind of to my next question, which is if you think that the initiatives from the network can reach out and have an effect on corruption happening in other parts of the supply chain?

Informant: I think this is what, at least we as a company, and now I have to speak, I am also a compliance officer in Company E. We as a company would regardless, when we work with anti-corruption and anti-bribery, we work across the logistics chain, we operate from factory to dealer, we have to ensure that our partners in our executive control know exactly what the standards are and the requirements from us as a principle and as an owner of assets, as a partner in joint ventures and as a purchaser of services. So that is, sort of, that’s the view we as a company have. And then when it comes to MACN, we will use that network and the tools to the extent possible but we still have to go beyond. But I would of course like that the MACN philosophy and way of approaching things could expand beyond current scope. Maybe that will not be the tool here, will not be the MACN because it is an ocean network, a maritime network, but you could perhaps expand to agents, to commercial agents, port agents.

Anne-Sophie: Yeah. Do you think that other industries can learn from MACN and the work that’s being done?

Informant: Of course, I think the principles on how to deal and tackle with challenges can be adopted and transformed and be applied to other industries. Of course it needs to be tweaked to fit the business model and to fit the challenges. But I think the approach with collective action and how you can work as an industry, and learn from each other, establish best practices, tools, communicate with one voice, I think those principles you can apply whatever the industry might be but faces a type of challenges.

Anne-Sophie: Yeah. My very last question is actually just what your role is in the Steering Committee. I could understand that you just joined, kind of.

Informant: I just joined. So I don’t have a formal role or work stream that I am responsible for. So far I’ve more reviewed minutes to make sure that they are compliant from a legal point of view. We have our next workshop, strategy meeting in Copenhagen in July, no sorry June, so I hope that by then it will be a bit more clear how I can contribute, or how Company E can contribute in the Steering Committee work moving forward.

Anne-Sophie: Yeah, but what does the Steering Committee kind of do? Do you know what I mean, like what is the agenda?

Informant: The agenda for the Steering Committee, do you mean in the June meeting? It’s really to discuss the strategy.

Anne-Sophie: Yeah, or just in general.
Informant: The Steering Committee is basically preparing, running a lot of the work streams. You see many of the Steering Committee members have also been responsible for one of the work streams that have been worked on in the past. They have also been, I know my predecessor has left Company E not long ago, she was responsible for communication and recruitment of new members. So she spoke at the industry, she spoke about the MACN at industry conferences, you’re basically also a representative or an ambassador for the MACN and so handling work streams, discussing strategy for the MACN long term, being a spokesperson for the MACN or introducing the MACN in various industry sessions, those would be, sort of, the key, what I have seen so far, sort of, key responsibilities of the members of the network, sorry the Steering Committee.

Anne-Sophie: How are people, I mean how do you join the Steering Committee? I can see that it’s not one from every…

Marianne: No, and now I don’t have the history here. I know that it was a voting of the members when the former, the composition of the Steering Committee that are now in place. When my predecessor, who held this role before, she left Company E a couple of months back and then it was discussed within the Steering Committee whether the appointment was by the company or person. And my understanding is that the appointment is the company, and since I replaced then I just replaced as the representative in the Steering Committee on behalf of Company E.

Anne-Sophie: Ok, so I guess it’s like a voting thing between all members?

Informant: That is how I understand it, but there is a nomination process. I am not sure actually how that process took place last time. And again coming back to what you said in terms of passive and active, I think here is particularly an area where you need to be vocal if you want to be active and if you want to… this is for most of us, it comes on top of our day-to-day work.

Anne-Sophie: Yeah, that makes sense. Well, that was actually it.

Informant: Good.

Anne-Sophie: Yeah, thank you very much for your time.

Informant: Yeah, no worries. But also if you have any follow up questions or if there was anything that was not clear then just give me a call or send me an e-mail, ok?

Anne-Sophie: Yeah, thank you. I’m talking to quite a few members so it’s quite interesting to hear these different perspectives.

Informant: Yeah, yeah, we probably have different views and that’s good.

Anne-Sophie: Also quite a lot of the same views I would say, but that’s also interesting.

Informant: Yeah, ok.

Anne-Sophie: But yeah, I’ll contact you if anything comes up.

Informant: Ok, thank you very much.
Anne-Sophie: Thank you very much.
Informant: Have a nice day
Anne-Sophie: You too, bye bye.
Informant: Bye.
Transcript of interview with Company F

Informant is on the Steering Committee
Type of interview: Telephone
Date: June 22nd 2015

Anne-Sophie: Hej, det er Anne-Sophie.

Informant: Hej.

Anne-Sophie: Er det ok med dig at vi gør det på engelsk?

Informant: Ja.

Anne-Sophie: Det er bare fordi min opgave er på engelsk så det gør det lidt nemmere?

Informant: Ja, hvem var det nu du skrev for, Anne-Sophie?

Anne-Sophie: Jeg skriver ikke for nogen, altså jeg…

Informant: Eller hvad var det, i hvilken sammenhæng var det?


Informant: Ja, ja gør det. Yes.

Anne-Sophie: So basically the point of my thesis is to contribute to the research around collective action approaches between companies, potentially finding out what areas are the most difficult to agree upon and discover what areas companies are faced with problems in. So I’m looking at the collective approach towards solving the systemic corruption issue. And my research question right now is: How does MACN operate in its collaborative network and how does MACN aspire to control corruption in the maritime industry? So basically I’m looking at what makes it possible for a group of private actors to influence and actually do something about the corruption problem. And what I would like to start off by asking you is basically your motivation behind joining the network. So first of all, when you joined MACN and why you chose to collaborate with other actors on the issue of corruption?

Ulla: Ok. Well we at Company F, we actually co-established MACN. So we have been part of this since the very beginning. And the very beginning was the very first meeting in January 2011 was initiated by Maersk Line. We were invited in to, I think there were seven companies, five to seven companies at that time, simply to discuss whether there was any idea, whether it was interesting at all to have a network dealing with anti-corruption. And this was initiated actually by the UK Bribery Act coming out in ’11 because nobody really knew how to read and understand it, and nobody definitely did not know how to react upon it. So that was sort of what initiated I think MACN, was, I mean we are not competitors within this field, we are actually much stronger when we all pull in the same direction. So we, I think we had a full days workshop and we, sort of, agreed on ‘yes there would be momentum in having this kind of network’. Then we spent, we did spend
basically one and a half years getting more companies on board, getting the structure in place, getting BSR on board as the Secretary, the governance paper, the structure, the white papers and everything was, sort of, the whole fundamental part of the MACN was created within the coming one and a half years. So basically at the members meeting in Paris, summer 2012, you can say well that was sort of where the vision and the mission was approved. The strategy, well the governance papers was approved, and myself I entered the Steering Committee summer 2012 and have been part of the Steering Committee ever since.

Anne-Sophie: Yeah, so you’ve been a part of the Steering Committee since it all started you can say?

Informant: Yes.

Anne-Sophie: Ok. You said the vision and the mission was agreed upon, what do you see as the vision of the network?

Informant: What I see of it?

Anne-Sophie: What do you see as the vision?

Informant: The vision is a maritime industry free of corruption. That’s of course the overall target. And then if you are going to ask me if I believe in it, I would naturally say yes. But I think the question is more, no I don’t think that we will ever have a maritime world free of corruption. What I think we will gain is, which is the same, that is that we can have a maritime world, industry, where we can all stay focused and we can all work towards minimizing, and we can send the signal to the parts of the world where this is a real challenge because it is a real challenge. It is a challenge in the maritime industry, you got the offshore, you got the terminal industry, and everyone is really struggling with it. How I see it is that we can already see today that in ports where our captains have been trained now, they are more credible, they have more confidence in trying to communicate their way out of attempts of getting facilitation payments. And we see that moving in a positive direction. Slowly, but it is definitely moving. So today we have 58 members of MACN and it’s just growing rapidly all the time. So I think, my personal perception is that in a few years from now it’s not even an issue whether you are a member of MACN or not, you simply as a company within the maritime industry, you will have to be a member of MACN. Otherwise you will actually send the opposite signal. That’s the direction I think it’s going to go. So I think MACN is just going to explode.

Anne-Sophie: Yeah. As far as I’ve understood what is being focused on right now is facilitation payments primarily, right?

Informant: Well that is the only thing there is left, because there is a zero tolerance towards bribery because that is illegal by law all over the world. And then there is facilitation payments. So you can say, yes it is. The training material that was launched in September last year is focusing on minimizing and/or try to avoid facilitation payments in general. But then it is also important to say what is important is to train people in de jure (unsure of word?) situations because de jure...
Informant: In de jure situation, when you feel threatened, if the captain feels threatened of his health, and he does that very often. There are many situations in many countries where public officials can act very aggressively. And then it is actually legal, then it is not illegal to make the payment. And that is both in cash or any kind.

Anne-Sophie: And then the captain will just have to report it somehow, right?

Informant: Yes, of course. It is very important that we follow the steps of reporting and making it transparent and yes.

Anne-Sophie: Yeah. So in terms of that, on MACN’s website there is these seven anti-corruption principles that it says the members have to follow. So I guess these are the fundamental obligations you have to fulfill, but how do you ensure that you live up to these program obligations?

Informant: We are actually now, in two weeks, having our summerly Steering Committee meeting here in Copenhagen over two days. That’s actually where we are going to settle the frames and the task force and decide on what kind of task force is to focus on this issue, because as we have grown to the size we are now, it has to be structured in a different way than it has been. How it has been for now is that we have been fairly small, so the Steering Committee has been able to have a view of what each member are doing, and are they doing any progress and in what direction are they moving. That’s getting complicated as we’re growing, so we are going to establish a more, you can say task force team, to ensure. And then that will be somehow, within one year members of MACN you will have to have reached, I mean it all depends on where you are when you start naturally, but then you will have to have moved this far in this direction after two years, and then we will measure it and if nobody, if you have members then that do not do anything then of course they cannot retain being a member.

Anne-Sophie: Ok. So is this almost like introducing KPIs or something similar?

Informant: Yeah, it will be definitely like KPIs.

Anne-Sophie: Ok. How is anti-corruption compliance integrated into your daily operations at Company F?

Informant: 100% I would say. Because we have just spent the past three years incorporating everything in Company F, so I would say we are 100% in compliance with all the seven principles. We have trained our personnel at sea and at shore. We have developed a anti-corruption compliance program, and furthermore to the program we have developed e-learning and workshops for all our onshore staff. We have year to date I think we have trained 978 people. And that is naturally an ongoing thing; this is going to happen every year. But the system is in place, the structures are there. We are having a reporting program where captains and operators report in, we have a compliance task force who do checks around the organization, we have our policies in place, we have reporting structured, automatic reporting in place and we are just about to roll out a due diligence system. That will be either July or August I think that will happen. So I think we are there, if you can say that. We have decided four years ago, well five years ago, Company F decided to establish a CSR team and that is sort of also where I come into the picture. So I started that up in January ’11, funny enough same time as the MACN. And we have stayed focused, that’s why we have reached this far. We’ve stayed focused, we have managed to integrate the business, so now
CSR which anti-corruption is a big part of, is integrated into the business and the business is integrated into the CSR and the anti-corruption.

Anne-Sophie: Ok, yeah. Are there any specific requirements coming from the MACN that you have to take into consideration in your CSR program? Do you know what I mean, is there any specific training or something similar, or do you just have to develop your own compliance program kind of?

Informant: Well actually not. I was myself, Company F was in charge of the training and that is developed within MACN.

Anne-Sophie: Yeah, ok.

Informant: We did that over two years, launched it in December last year. So training for captains and operators and your senior management is freely available for all MACN members. So it is already there, and so we have decided at Company F, we have used that, and it is fantastic. And we have then in Company F decided furthermore to develop specific e-learning for, for example if you are working in Finance, how can you then relate to facilitation payments. Or if you are working as a charterer, or operator, or in the technical department, so we have tailor made e-learning based on the department that you are working in and/or the risk groups that each department has been categorized within when developing the anti-corruption compliance program. So the MACN training programs as such we have been in charge of that here at Company F so of course we are using that and then... No, I don’t think…

Anne-Sophie: And then you’ve just taken a bit further I guess?

Informant: Sorry?

Anne-Sophie: And then you have just taken it a bit further?

Informant: Yes, yes we have.

Anne-Sophie: Ok. Next question is kind of relating to, internally in the network if you’ve had any issues or challenges with any members? And here I’m thinking about the fact that membership is growing and more and more members are joining and also this whole issue of having free riders in the network.

Informant: (laughs) Yes, and that is of course, very related to the question before is that we are going to establish a team, or a task force, who will be monitoring these things. Free riders not actively working within the network, well you can say that’s fine. There will always be companies that are at times more busy than other times, and then you don’t have time to be doing voluntary work in a network. And that’s fine; there should be room for that. But it’s not acceptable to be a free rider not working towards your own targets of becoming in compliance with the principles.

Anne-Sophie: No. I guess it also depends on how many resources a company has, I mean…
Informant: Yes, yes. And of course it should not be a limitation not becoming a member because you don’t have the resources. We naturally would like to have many members and then the ones who have the extra resources will just then have to do a little more work.

Anne-Sophie: Yeah. So as long as you have the same vision, you can say, then that’s the most important thing.

Informant: Absolutely. Yeah.

Anne-Sophie: And a bit related to that, how do you see the level of trust between members of the network?

Informant: Absolutely fantastic, because we always work under the Chatham House rules. So there is no risk. Everything that is being shared and discussed is not written down and it doesn’t leave the rooms, and we do not take minutes. And that actually is a gift because it makes a lot of members want to share because this is really an area where we can learn a lot by sharing own experience. And it is definitely an area that is so risky for all of us that we just want to learn and again, we can’t compete within this area. You don’t get more business by handling this in a different way. The opposite I would say; the chance of getting more business by being compliant and dealing with this in the right way actually could be a business benefit.

Anne-Sophie: Yeah, so it requires transparency from all members.

Informant: Yes, absolutely.

Anne-Sophie: Yeah. My next few questions are according to the description of your role in the Steering Committee that’s on the website. I wrote down, can you briefly explain what MACN’s anti-corruption training package is, but I guess you already kind of talked about that.

Informant: Yes, it is three legs. It is e-learning for captains because we decided that captains are the ones in the frontline, they are the ones that are out there and facing the challenges. So that is one leg. The other leg is the operators, and when I say operators that is because that is the person the captain would call in the office when he is challenged. So when I say operators it could also be used for a legal department, technical department, you can use it for anybody! We just chose to call it the operators because you can basically use it as training for everyone in the office, if you like. And then there is senior management training which is in order to ensure, it is not e-learning, that is a slideshow of 55 PowerPoint slides with extensive speaking notes, so that you have material so you can ensure ‘tone from the top’ at your board of management, executive management, general management, etc. etc. To have this, and there is a test coming along with all of this so that you can document that you have done all this. What you can do is, when you’re having this workshop for your board of directors for example, you can also then, well, the knowledge and the know-how behind the training, we sort of in Company F did, but we had some programmers who of course did the programming and the development you can say, that company is working with anti-corruption in general. And you can actually ask them to come and do that management training if you like. And that is for a small fee of course. We have done that in Company F and that is extremely strong having a third party coming, and they are lawyers, to do that training. That has a very credible effect on your board of directors, and what is really, really important is that you ensure tone from the top, that your managers at the top really understand that this is serious.
Anne-Sophie: Yeah, ok. Can you briefly explain how you’re engaged in the pilot project in the Black Sea?

Informant: Yeah, well it’s not, it is, you know the disturbance of course, so Ukraine is a difficult area to engage in a pilot project as what we have seen in Nigeria, and we’re working on it in Argentina and probably coming up in Egypt. The Black Sea is a challenge because Russia and Eastern Europe is extremely corrupt and how it works is that they simply develop their own rules, basically they demand some kind of payments that is facilitation payments but they sort of squeeze it in within regulations that is not really regulations. So it is very, like, not transparent of what is right and what is wrong. So what we are doing presently is we are trying to have all these, we finally gathered all these regulations and clauses and they are all written in Russian so we of course don’t understand and nobody on board understands either. So now we are having all that translated in detail so that we can try and understand what does it actually say. So that’s sort of where we are. And then we are establishing contacts, we have to, before you can really kick off a pilot project you have to sort of be in depth, you need to have contacts in the countries behind the scenes in order to help us to push in the right direction. So we are working with that and then these clauses, it’s actually called the Black Sea clause, we are working on translating that and sort of digging into what does it actually mean and where is it that it’s illegal and where is it that there could be a sense of this being legal which I don’t think so though.

Anne-Sophie: No but I guess they try to hide it somehow. To what extent do you involve the local communities or authorities in these projects?

Informant: To a large extent because we can’t do the projects without them, so that is to a very large extent.

Anne-Sophie: And is it simple enough to get a hold of them and to…?

Informant: No, no. No it’s not because, well, no it’s not. It’s a long process of networking and getting in from the right angle from the very beginning, so no it’s not easy. But there are also people in the system who agree, I mean they also want to see this coming to an end.

Anne-Sophie: Yeah. What have you learnt from the pilot project in Nigeria? Have you gotten any lessons learnt that you can bring into your next projects?

Informant: Yes we can. The upfront idea with choosing Nigeria back in time, that was basically not that we were that naïve that we thought we could stop corruption, because of course you cannot do that. The intention was to put pressure on them and make it transparent that we need external forces to help us push in the right direction, we want to make it transparent on what actually happens with all these payments and where does it go. Because a lot of these payments is actually salary to some people; they might not get paid other than this. So what actually happens? Because it’s easy enough for regulators to say that ‘we have to stop doing these things’ but what actually happens in the local communities when we do that? So that was the main purpose of Nigeria. And then there was another purpose of we wanted to make some standard operating procedures for our captains so that all captains coming into Nigeria would have the same operating procedures to work accordingly. That has been established and sent out, and that is working fine. And now we want to take it all the way and do public official training; we trained the captains, now we want to establish training of the
public officials where we will then continue on Nigeria. Because then you have sort of trained both parts of the rail, you can say, and then see how the ends then will come together.

Anne-Sophie: Yeah, but then I guess it is really important to find out what happens to the local community when you all of a sudden take away the facilitation payments.

Informant: It does, I mean I don’t think it raises the question of whether you should pay or not pay, but what I think it does is it just simplifies and makes it transparent that it’s just not that easy, it’s just not that simple. I mean it has consequences as well by not paying. So that’s important to show the regulators.

Anne-Sophie: Yeah. Do you think that initiatives from the network can reach out and have an effect on corruption happening in other parts of the supply chain, so moving away from for example the facilitation payments happening at ports?

Informant: Yeah, definitely. And now that we have, we are sort of well established and have some experience, we are also already taking it further in the supply chain. So it has never been the intention that we should only focus on the captain. That was, sort of, we had to start somewhere and as we are a maritime network, without the vessels we don’t have much, so that is why we chose to start there. Today we are already looking into other areas where the risk is extremely high.

Anne-Sophie: Ok, what kind of areas is that?

Informant: That is sort of mainly in… If you for example have tramp shipping, you know tankers for example, you can combine that with… Taxies are like in tramp and container vessels are like a bus. Container vessels know exactly… (bad connection) In tramp shipping you can say a cargo is being fixed on a daily basis… (bad connection)… when they are closing a contract with Company F for example, and that is all legal and fine and all that but what we are doing now is we are trying to work within that area to see what is actually happening behind this scene, because of course there is also some crooks within this field that is probably trying to get more than what they are entitled too. So that was just an example.

Anne-Sophie: Ok, yeah I lost you at one point but I think I got most of it. Do you think that other industries can learn from MACN from what’s being done?

Informant: Absolutely, absolutely. All industries could. We hear a lot of feedback; I think we are the only ones who is working this efficient as what we are doing. I mean having these collaborative actions and having these, well so many companies in the industry working together, pulling in the same direction is apparently very rare to see. So yes. All the experts and we have some strategic advisors on the network, they’ve never seen anything like it but they do see a lot of industries that could learn.

Anne-Sophie: Yeah, that’s good. I think this is my last question. How do you see the network developing in the future? Both in terms of, I’m thinking membership, you talked about how you actually wanted almost everyone in the maritime industry to join, but I mean don’t you think this will also have some effects on the network? And basically, what’s being strived for in the network?
Informant: We have a three years strategy that was developed last summer, so that is running throughout ’16. And that strategy is more or less on this. It has 10 points. You can see it if you go in to MACN’s webpage. The point there is to get the members fundamentally established to do the training, preparing their employees, taking the next step. I’m not saying that in the next strategy we will be ready for zero tolerance towards facilitation payments, I don’t think anybody will ever be ready to have that policy. I know a lot of companies do have that based on the UK Bribery Act, but I don’t think that any company can operate internationally and adhere 100% to zero tolerance within facilitation payments.

Anne-Sophie: No, especially not like you talked about if the captains are in danger or things like that?

Informant: No, but then it’s legal, you can say. Then you can pay of course. But I think it’s, I think the network is going to grow so we will be even further established, where today it’s a members network, it’s a members working network. So all the work we do, it’s voluntary work next to your job, you can say. So its definitely very, very time consuming and I think that type will be the first changing as we grow, is that we will have to establish ourselves, maybe with some full-time employees instead.

Anne-Sophie: Yeah, so in a way become more formal maybe?

Informant: Yes.

Anne-Sophie: Yeah, ok. That was it.

Informant: Yeah, that’s good.
Anne-Sophie: I guess I can start off by just briefly explaining what my thesis is about. Basically I’d like to contribute to research around collective action approaches between companies and find out if there are any areas where companies are faced with difficulties or any areas where they’re faced with problems. So I’m looking at the collective action approach towards solving the systemic corruption issues. And my research question right now is: How does MACN operate in its collaborative network and how does MACN aspire to control corruption in the maritime industry?

Maria: All right.

Anne-Sophie: So basically I’m looking at what makes it possible for a group of private actors to influence and actually do something about the corruption issue.

Informant: Are you looking at any other industries, comparing, or? You’re only looking at the…

Anne-Sophie: Actually not, MACN is my case, you can say, and the maritime industry. But I mean I might look at other industries and compare what they have done, depending on what I find out. But I’d like to just start off by asking you pretty much what your motivation was for joining the network, so first of all when you joined, I guess you were with them from the beginning.

Informant: We were. We were not members from the beginning but since, you know, the whole network was initiated by, I mean Maersk Line took the initiative and very very quickly together with a group of other Danish companies, we were sort of following on the side, trying to facilitate, trying to support the process but we… and that was, when was it?

Anne-Sophie: ’10, ’11.

Informant: ’10, ’11 exactly. We became members in the beginning of ’12 and we are an associated member.

Anne-Sophie: Yeah, and is that because you can’t become regular members?

Informant: Exactly, because we are not shipowners, we’re an association, so that’s why.

Anne-Sophie: And does that, I mean what are the implications of that, the fact that you’re not a regular member but an associate member?

Informant: Um, I mean if you look at the MACN website, it will say, you know, it will explain the difference between the two and the obligations et cetera, right. But in a little more concrete terms, we do not face, you know, the actual situations that our members, the shipowners do. So we play a bit of a different role, I mean I see the Company G associated membership is part of supporting our members and, you know, promoting this issue in terms of what we can do in terms of liaising with decision makers et cetera, explaining, you know, on behalf of the whole industry that this is an issue and that you know legislation such as the UK Bribery Act will not make facilitation payments just
disappear over night. So that’s how we see it as part of supporting our members, you know, that’s why we became associated member.

Anne-Sophie: Yeah, ok. And why did you choose to collaborate with other actors on this issue? I guess…

Informant: Simply because this is not something that you can handle on, you know, as one shipping company, although Maersk is the biggest container company in the world. But it is not something that you can handle as one single company, one single, you know, shipping nation, it is something that you have to do as a collaborative action.

Anne-Sophie: Yeah, so in order to have a bigger voice?

Informant: Exactly! Yes. And also to create a level playing field because it is difficult to influence; this is something, you know, deeply rooted in parts of the world where, you know, a vessel might, a company might have, you know if you’re in the tramp business, dry cargo or tanker sector, you might just call that port, you know, once or twice a year, it is very difficult to exercise influence and change something there, whereas if you come, you know, several members together you have a bigger chance of actually influencing. Because this is the mindset, this is deeply rooted in some parts of the world, it’s part of, you know…

Anne-Sophie: It’s part of their culture

Informant: Exactly, exactly! So it’s not just, no it’s not because they are bad people or they have bad habits, yes it is a bad habit, but it’s not unusual, it’s completely normal.

Anne-Sophie: Yeah, and I guess you also have to think about the fact that some people’s lives, I mean some of the local people are probably dependent on these facilitation payments in order to survive – what are you going to do about that?

Informant: They are, yeah exactly, it’s basically bread on the table in some cases. That’s true.

Anne-Sophie: Yeah. What do you see as sort of the vision of the network? I know it says on the website ‘a maritime industry free of corruption’

Informant: Yes, that’s the vision, and that’s of course a long-term vision. No one is naïve here but you have to have a vision and that’s what we’re, you know, ultimately aiming at.

Anne-Sophie: Right, but I mean, do you think that’s possible? Even in the long run?

Informant: (laughs) Uh, it’s, you know, it will never be, you know, completely 100% free of corruption. There will always be issues but you can definitely work towards it.

Anne-Sophie: Yeah, and I guess you need, kind of, an extreme goal as well?

Informant: Yes, yeah it’s a vision.
Anne-Sophie: Yeah, but how do you feel that the steps that you’ve taken since the initiation in 2010/2011 have worked towards this vision? Like do you feel that you’re well on your way or?

Informant: I think, you know, with the milestones obtained by MACN I think a lot has been done. I know that, for example, Transparency International looks at MACN with a lot of respect. I mean the fact that a group of companies, you know, joined forces on this and now I think we’ve seen the membership has grown a lot and I think that really goes to prove that this is worth it, and this is a challenge that all the companies are facing and they actually see an advantage of not having to invent the wheel by themselves, each on an individual basis. They can basically go and share knowledge, share information. And then there are the concrete tools such as the training program. Things like that, you know, really has made a difference and really, you know, brought something back to the members in terms of, instead of having to do it all by themselves this is something they’ve done as a collective action.

Anne-Sophie: Yeah, yeah. Just a bit about the pilot project in Nigeria. I don’t know how involved you were?

Informant: Not in detail, we weren’t involved in detail.

Anne-Sophie: Do you know, I mean a bit more broadly, what the lessons learnt have been from that project?

Informant: I think, I think it also says on the website doesn’t it? I think there is a report, so it’s not that I don’t want to…

Anne-Sophie: And it’s not complete yet either

Informant: No, no it’s not; it’s been delayed, you know, by elections et cetera and the situation there and so…

Anne-Sophie: Yeah, I just talked to UNDP yesterday and they explained that

Informant: Yeah, yeah exactly. You should perhaps; I suggest maybe you contact the chair of MACN, Cecilia Müller.

Anne-Sophie: I’ve talked to her. I actually started out by contacting her to hear a bit about the network.

Informant: Ok, yeah, because she was heading that, the pilot project. So she will be able to give you more, or maybe she already did…

Anne-Sophie: Yeah she talked a bit about the different phases there are. Now it’s phase four I think she said.

Maria: Yeah. See, I’m not into the detail on that. Actually, I mean, because we had some organizational changes here at Company G, it’s now my colleague Jesper who is actually dealing with MACN but he’s only been here for a couple of months so I’ve been dealing with it until half a
year ago, and then I became Director of this department and then I, you know, I can’t be in the detail of, you know, these things as I was before, so that’s why.

Anne-Sophie: Ok, but so you actually attended some of these bi-annual meetings?

Informant: Yes, until recently, yeah.

Anne-Sophie: Ok, yeah. Just a bit about, you mentioned training and things like that. When you look on the website, there’s these seven anti-corruption principles that you have to follow as a member. So I guess these are kind of like the fundamental obligations that you have to fulfill, but how do you actually ensure that you fulfill these obligations?

Informant: Umm…

Anne-Sophie: I mean how do you incorporate it into your daily operations and…

Informant: See that’s, you know, again, because we’re an association it’s kind of difficult, it’s not the same, you can’t really just translate them. But what we do is that, part of our Company G strategy from 2015 until 2018 is to roll out a similar training program to all our members, as an offer, it’s an offer for free basically.

Anne-Sophie: So you would create some training for the other ship owners?

Informant: Yes, yes more members. I mean it’s basically the same, exactly the same program. But then, you know an obvious question would be: then why should we then become a member of MACN? But that’s because you get so much more for becoming a member. So for us it’s our, you know, contribution to the whole agenda, and then getting, because we have a variety of members, we’re very active on this agenda, we have some members of MACN and then we have some very small members that are exposed to the exact same challenge but who do not have the same resources to join MACN. So this is some form of, you know, because in any case they will work towards the same goal, you know.

Anne-Sophie: Right. But I mean ultimately shouldn’t, I mean don’t you see all, for example of your members becoming members of the MACN?

Informant: That would be great! But I don’t think that’s realistic, because some of them might be, you know, two or three people in the office. I mean that’s, uh… They don’t have the same setup so we’re sort of providing them with training so that they at least have the same mindset.

Anne-Sophie: And that’s I guess the important thing if you can have the same mindset.

Informant: Yeah.

Anne-Sophie: Have you had any issues or challenges internally within the network that you know of? Here I’m also thinking about the fact that, you know, like you said more and more members are joining so it’s becoming bigger and bigger, and as I’ve understood there’s also these working groups where you’re split into smaller groups…
Informant: Yeah

Anne-Sophie: Do you see, for example, more of that happening, or?

Informant: Well, yes. There will come a time where I guess it’s difficult to also, you know, decision making processes will you know become a challenge. But we have a very very good Steering Committee and they’re doing a really good job, but yes, I mean this is really a network that grew all the way from nothing.

Anne-Sophie: I’m also thinking, for example, free riders, maybe like you talked about some smaller companies or the companies that don’t have the same resources…

Informant: Yes, exactly.

Anne-Sophie: I mean I don’t know how it functions but I could imagine that the companies with the more resources have more influence as well, perhaps.

Informant: Um (hesitates), yes you can say it’s probably also those who are part of the Steering Committee, right? And then, but you know, decisions are also being made during the annual meeting. But I guess again, I mean you contribute by your membership fee, which is also, you know, a good thing.

Anne-Sophie: Which is the same right for all?

Informant: It is, yeah. So free riding, yes you can, but still I mean as long as you’re there and you’re living up to the principles, and you’re fulfilling your obligations that way around, you know, and you count as a member in terms of how big is this network, then I think that’s already worth something.

Anne-Sophie: I guess it’s also maybe more of a loss to you as a company if you don’t contribute on an area or if something’s being worked on in a country where you have operations. I guess it’s more of a loss to you than…

Informant: Exactly, yeah you’re right.

Anne-Sophie: Ok. And a bit related to that, how do you see the level of trust between members in the network?

Informant: Um, I, what I have experienced is that there is a high level of trust. I mean we work when we meet under the Chatham house rules. But I’ve sat in on some sessions where people have really been speaking openly and I think that’s really the value of the network; that you have, you know, some break out sessions where you for example, you know, you focus on different topics, areas et cetera. And I think, I mean what I’ve heard is that people are really open.

Anne-Sophie: And I guess that’s also the only way you can keep developing if people actually reveal their problems?
Informant: Exactly, yes. They say ‘oh, we’ve experienced that. Oh, oh so have we’ and all of a sudden it comes together.

Anne-Sophie: Yeah. In terms of these projects that the MACN has, do you know what countries are currently in focus and also what specific corruption issues are being targeted? I mean I know it’s been primarily ports and facilitation payments, but like you talked about the fact that it’s deeply rooted, I mean you might have to target something more than facilitation payments, I’m thinking, in order to actually dig down into the…

Informant: Yes. But I mean in MACN we distinguish between bribery and facilitation payments. It is zero tolerance towards bribery whereas facilitation payments is something that is, that’s just the way it is in the world. So when you say target something else than facilitation payments, what do you mean?

Anne-Sophie: Well I’m just more thinking, like you said, it’s a part of their culture and you know, like, it’s because I’m thinking how can you change that? I mean I know when you target facilitation payments that’s something concrete and maybe something that you can start measuring on, that it has fallen or whatever, but I mean, I’m just thinking in the future in order to dig down into the root causes…

Informant: Yeah I mean again that would be…

Anne-Sophie: It’s hard to say, I know.

Informant: Yeah, it is. But that’s for example why we have the UNDP, that we collaborate with them because yes, it’s also a matter of development and alternative income et cetera. But I think, you know, for us the main target is to train the port officials to not see this as, you know, it’s actually detrimental, to get them to understand that it is actually detrimental to their own country’s development.

Anne-Sophie: Yeah, so that’s where you need the UNDP because they’re used to working with these local governments and authorities.

Informant: Exactly, yeah.

Anne-Sophie: And what countries are you looking at right now?

Informant: Nigeria, of course is one of them, Argentina, I mean we’re looking at the Black Sea. But again I wasn’t at the last meeting so one of the things may have… but I’m sure there’s something on the website as well.

Anne-Sophie: Yeah, and some of the other people that I’ve talked to have mentioned Indonesia and maybe China is on it’s way.

Informant: Yeah, exactly, you’re right.

Anne-Sophie: But a bit related to what we talked about before, to what extent do you involve local communities and authorities in addressing these root causes?
Informant: That’s imperative because you can’t do anything without having them on board. It’s, that’s, yeah, I mean that’s a prerequisite for this to actually develop.

Anne-Sophie: And do you feel that that’s easy enough to actually contact these local people; I mean to get them on board?

Informant: Um, so far yes. I mean, yeah, I mean that’s where also we can do something as an association because, you know, we can speak to authorities, we can contact the embassies and try that way around, you know, yeah.

Anne-Sophie: And I guess you also need the accept from the local people that they actually want to join this project.

Informant: Exactly, yeah, yeah.

Anne-Sophie: Ok. This question is a bit difficult, but I mean in some countries there might already be some existing anti-corruption programs and to what extent do you feel that you can actually influence these programs that are already existing, I mean change them? Because I’m thinking some countries have these programs just to have them on paper, you know, so they actually have something but there’s not really any substance in it.

Informant: Yeah, yeah. How we can do that, I mean I guess that’s…

Anne-Sophie: Or to what extent…

Informant: Yeah, it’s a difficult question because ‘to what extent’, I mean of course if we go in and actually get an understanding of what we’re trying to do, but I think it’s difficult to answer directly ‘to what extent’ can we… because you have to do it, you know you can’t just come and point out that ‘ah, well you might have an anti-corruption policy but it’s basically, you know, worth nothing’

Anne-Sophie: Yeah, I mean if you come and ask and if I come and ask we might get two completely different answers.

Informant: Exactly, exactly, yeah. So I think, it’s a bit difficult.

Anne-Sophie: Do you think that initiatives from the MACN can reach out and have an effect on corruption happening in other parts of the supply chain? It might be a difficult question for you but… so a bit, like getting back to what I talked about before, moving further than just facilitation payments at the ports.

Informant: Yeah… I guess so but I don’t think, you know, since I’m you know bred of private companies, I don’t really have an answer to that, that’s more for a company to answer.

Anne-Sophie: But I guess it would be ideal?

Informant: Of course, of course.
Anne-Sophie: And do you think other industries can learn from the MACN and what’s being done?

Informant: I think so, definitely, definitely.

Anne-Sophie: The whole idea of collective action?

Informant: Exactly, exactly, yeah because it sounds so simple, you know, that only by joining forces, but that’s really what it is. So any other, you know, international industry, shipping is probably the most global industry…

Anne-Sophie: I’m also thinking maybe the extractive industry or…

Informant: Yes, but they are not as global, they don’t move around in the same way. I mean that way shipping is really particular in that sense, so if you look maybe at the trucking industry, could be…

Anne-Sophie: Yeah, other transportation…

Informant: Exactly, exactly.

Anne-Sophie: And you would think that if the shipping industry can do it then everyone else should be able to do it.

Informant: Yeah, yeah.

Anne-Sophie: My last question is how you see the network developing in the future? And what you see as being strived for?

Informant: Yeah… I mean continuing, this is going to be a long-term journey, right? But I think continuing, I mean definitely the road has sort of been paved now, you know, crawling before you can actually walk, but I think just to continue the journey. Um, attract more members can only give a stronger voice.

Anne-Sophie: Do you see that there could be challenges with that as well, with more members?

Informant: I mean of course the more you are, you need to have, you know, there might be contradicting views, but that is something that should be worked out, I don’t think it’s impossible but it might create some challenges on the way there but I think it’s definitely the way forward.

Anne-Sophie: And I guess BSR, the Secretariat can also maybe play a role in doing something if it gets bigger and bigger?

Informant: Of course, I mean their organizational skills are incredibly important. Because it’s not like in the beginning where we could basically sit 10 people around a table, now we’re talking over a hundred attending these annual meetings.

Anne-Sophie: So you see it continuing on a good path?
Informant: I definitely see it continuing on a good path. And I don’t think success, you know, in terms of growth should be detrimental. And that’s something I’m sure the network can overcome.

Anne-Sophie: So the most important thing is just that everyone has the same mindset and vision.

Informant: Exactly, yeah.

Anne-Sophie: Good, that was actually it.

Informant: Ok.
Summary of interview with Company H

Type of interview: E-mail
Date: June 30th 2015

1. When did you join MACN?
   
   December 2013

2. Why did you choose to collaborate with other actors on the issue of corruption?

   Corruption is an issue which exists in many of the countries which we operate. It is a constant problem and must be handled in the best way possible. Essentially in collaborating with other bodies who have the same standpoint and view we have the benefit of strength in numbers, and therefore a louder voice, helping to limit its occurrence and therefore limit the issues we have to face to succeed without it.

3. What do you see as the vision of the network?

   The vision, in our view, is learning how corruption exists, and in what differing forms, and from that the network aims to stamp this out, where possible to provide a fair and decent platform and industry, rid of palm greasing, enabling freer, more transparent trade.

4. How is anti-corruption compliance integrated into your daily operations?

   We have a verified anti-corruption policy which we use to guide our day to day business tasks. This is based upon the principles of our own experience, in addition to networks such as MACN, and TRACE, and enables us to have a clear, hard stand against corruption. Please see our anti-bribery policy attached.

5. What are the fundamental obligations that you have to fulfill as a member, and how do you ensure that you live up to these program obligations? (Here I’m referring to MACN’s seven anti-corruption principles)

6. Have you had any issues or challenges with the network?

7. How do you see the level of trust between members in the network?

8. How do you see the network developing in the future? What is being strived for?