



# Current Challenges in Implementing an Effective ABC program

You only need to look as far as the daily business section to understand the severe consequences of the enforcement of Anti-Bribery and Corruption (ABC) laws, particularly under the Foreign & Corrupt Practices Act (FCPA), the UK Bribery Act, and other local laws. Major multi-national corporations have been caught in the snares of these laws and the penalties they've faced have been record-breaking. The long term damages to business continuity, market value, reputation and recruiting strength are still surfacing for many of these businesses. Even the hint of being investigated for an ABC violation can bring with it staggering legal costs and months of unfavorable notoriety in the press.

In spite of the heightened awareness currently circulating around ABC laws, many companies are still facing hurdles in their efforts to implement an effective anti-bribery and corruption program. Following are some of the top challenges many organizations are currently navigating:



**Lack of acceptance at the enterprise level:** Regardless of the newsworthy penalties and woeful tales of long-term business impacts, several companies still feel that ABC laws don't exactly apply to their specific organization. This may stem from a lack of understanding of the full scope of the laws. For example, the UK Bribery Act extends beyond the foreign officials covered by FCPA to outlaw paying/or receiving a bribe to/or from anyone. Furthermore, Sapin II has an extended failure to prevent clause, where the enforcement agency can audit your process and bring an enforcement action if it's not strong enough, even if no bribes have been paid. The resistance also comes from specific departments who view additional compliance constraints as roadblocks to swiftly conducting business. Sales teams don't want to face delays in the pipeline or procurement teams are wary of supply chain disruptions. A successful ABC compliance program only works if it is consistently implemented across the entire enterprise. Many times this hurdle can be overcome with frequent communication and training to build a broader understanding around bribery and corruption risk and create buy-in at the functional level.



**Resistance at the executive level:** it is essential for the top-level of management to be fully invested in the effectiveness of an ABC compliance program. The importance is clearly highlighted in specific guidance under the UK Bribery Act designed to directly address executive commitment. Many organizations are still struggling to achieve a significant level of buy-in for their ABC compliance program from senior levels of management. A lack of understanding of the importance of preventing bribery and corruption or a focus on other business priorities creates this dangerous and eventually, damaging level of disregard from the executive suite. Without clearly communicated commitment from the C-suite it is nearly impossible to get the rest of the organization to demonstrate any level of dedication to ABC protocols and processes.



**Ineffective budget allocations:** Determining the right level of ABC prevention efforts for a business can be complicated. Doing too little may expose the business to severe risk, while excessive efforts that go beyond the business need divert capital and resources away from primary objectives. Finding the right balance is an ongoing challenge for many organizations and the result is seen in ABC budget allocations that have been stymied by indecision. Often, constrained budgets go hand-in-hand with a lack of executive buy-in. Money signals priority and without it, implementing an effective ABC program will be an uphill organizational battle.

A cost-efficient ABC compliance program is achievable with the right solutions and an integrated prevention strategy in place. However, an inadequate or unrealistic budget for ABC prevention is the equivalent of having no ABC program in place at all.



**Insufficient corporate compliance resources:** Many corporate compliance departments are leanly staffed and often they hold responsibility for several areas of risk management, with ABC prevention being one of many issues to contend against. Trying to do more with less resources creates internal strain and often leads to shortcuts or the incomplete implementation of an ABC compliance plan. One anecdote for limited resources is an ABC compliance plan that facilitates easy information exchange between all function groups within an organization. An emphasis on information transparency underpinned by systems that support easy routes to share key pieces of intelligence can go a long way and help maximize limited resources.



**Working around information overload:** Success in getting an ABC compliance program signed off on, financially supported and implemented often leads to one other initial challenge: how to manage the volume of information that can be generated by following ABC protocols. Navigating large amounts of intelligence, translating different cultures and country designations and identifying true ABC risks among innumerable positive hits is a complex undertaking. An effective ABC compliance program starts with protocols that are agile enough to respond to varying levels of risk without interrupting business operations. Clearly defined escalation paths are also critical elements of a strong program. Selecting tools that can help your organization quickly process large amounts of information into succinct pieces of actionable intelligence can also help in alleviating information overload. Eliminating as much complexity as possible from your ABC processes will help ensure they are more widely accepted and consistently followed across your organization.



**Efficiently interpreting results:** Identifying potential ABC risk within your customer and third-party vendor base is half the battle in the fight against bribery and corruption. Deciding the actions to undertake based on screening outcomes is the second half. Decisioning is the area where the key tenets that underpin your ABC program truly come together, including executive buy-in, frequent communication and training, information transparency and clearly defined protocols and expectations. Each opportunity can represent a slightly different situation, depending on the nature of the business being conducted and factors like geopolitical region and culture. An effective ABC program features consistent protocols that are implemented and communicated on an enterprise-wide level. Building in escalation paths and preventative actions that are flexible enough to accommodate unique business opportunities is critical. The most effective ABC program is one that is designed to support core business goals, facilitate timely transactions on either side of the business relationship and protect the business against exposure to bribery and compliance risk.

There are several challenges barring the way to initiating a strong ABC compliance program. These setbacks can be frustrating to deal with and repeated delays and internal barriers can often seem endless. It is important to persevere in your ABC prevention efforts. As the headlines can attest, the price of inaction is much more painful to bear than the short term inconveniences and internal organizational struggles of establishing, and embracing, an effective ABC compliance program.

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