



Global Compact
Network Kenya

Ethical Leadership, Governance, and Anti-Corruption Best Practices in Kenyan Companies

2025





Global Compact Network Kenya

Acknowledgement

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We extend our appreciation to the four case study companies—M.P. Shah Hospital, Britam Holdings Plc, Standard Chartered Bank, and CKL Africa Ltd—for their openness in sharing experiences and practices.

We also thank the wider Global Compact Network Kenya participating companies who took part in the survey and contributed valuable insights. Their input has been instrumental in shaping the findings and recommendations of this study.

To all our partners, your commitment to ethical leadership, governance, and business integrity continues to inspire progress across Kenya's private sector.

The study and report were conducted and compiled by Stealth Africa Ltd.

About Global Compact Network Kenya

Global Compact Network Kenya (GCNK) is a Country Network of the United Nations Global Compact, the largest corporate sustainability initiatives in the world. It is a call for companies to align their strategy and operations with the universal principles of human rights, labour, the environment, and anti-corruption, and take action that can advance the Sustainable Development Goals.

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The Ten Principles of the United Nations Global Compact

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.



Human Rights

- 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2:** Make sure that they are not complicit in human rights abuses.



Labour

- 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4:** The elimination of all forms of forced and compulsory labour;
- 5:** The effective abolition of child labour; and
- 6:** The elimination of discrimination in respect of employment and occupation.



Environment

- 7:** Businesses should support a precautionary approach to environmental challenges;
- 8:** Undertake initiatives to promote greater environmental responsibility; and
- 9:** Encourage the development and diffusion of environmentally friendly technologies.



Anti-Corruption

- 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

17 Sustainable Development Goals.



Foreword

Ethics and Governance: The Cornerstones of Sustainability



Martin Ochien'g
Group CEO & MD Sasini Plc



The Board of Directors plays a pivotal role in setting the ethical tone at the top. Through its audit, risk, and governance committees, the Board ensures that ethical performance is measured, reviewed, and continuously improved.

In today's fast-evolving and hyper-connected world, businesses face unprecedented scrutiny from stakeholders, regulators, and the public. Amid this heightened attention, the call for ethical governance is louder and more urgent than ever. Organizations are increasingly expected to uphold values that promote integrity, transparency, and accountability in all aspects of their operations.

Business ethics, the application of moral principles in the business environment has become central to how companies define their reputation and long-term success. It involves making decisions grounded in fairness, honesty, and responsibility, while carefully considering the interests and rights of all stakeholders.

A strong ethical foundation is not just good practice—it is a strategic imperative. Companies that are seen to act with integrity tend to earn the trust and loyalty of customers, attract high-quality talent, retain investors, and form more resilient partnerships. In contrast, unethical conduct can result in reputational damage, legal penalties, and a loss of stakeholder confidence, which can take years to rebuild.

Beyond legal compliance, ethical business practices enhance corporate culture, drive employee

engagement, and reduce risks related to misconduct and mismanagement. They also position organizations as leaders in sustainability and social impact—attributes that increasingly define business success in the 21st century.

One critical component of ethical business is stakeholder engagement. Involving employees, customers, suppliers, communities, and regulators in decision-making processes helps ensure that a company's actions align with stakeholder expectations. This participatory approach fosters openness and reinforces the social license to operate.

Regular, honest communication about ethical commitments and performance further deepens stakeholder trust. Transparency in how ethical dilemmas are handled—and accountability for the outcomes—strengthens public confidence and signals maturity in governance.

Importantly, the influence of business ethics extends far beyond corporate boundaries. Ethical organizations contribute to more inclusive societies, uphold human rights, and model the kind of leadership needed to address global challenges such as inequality, corruption, and climate change. When companies lead with values, they help shape a business ecosystem that is more just, equitable, and sustainable.

The Role of Corporate Governance

At the heart of ethical business lies corporate governance, the system by which companies are directed and controlled. Effective governance structures provide the backbone for ethical conduct by defining clear roles, responsibilities, and decision-making pathways. They also create formal mechanisms for oversight, accountability, and addressing grievances.

Robust governance ensures that ethical considerations are not peripheral but central to strategic planning and day-to-day operations. It institutionalizes integrity through codes of conduct, ethics policies, whistleblower protections, and regular monitoring of compliance risks.

Ultimately, ethical leadership and robust governance are not just safeguards against misconduct, they are enablers of sustainable growth. By embedding integrity at every level, companies secure the trust of stakeholders and contribute to a stronger, fairer business ecosystem for Kenya and beyond.

Foreword

Ethical Leadership in Action



Judy Njino

Executive Director (Global Compact Network Kenya)



Guided by the Tenth Principle of the UN Global Compact on anti-corruption, and through collective action, we continue to support companies in addressing corruption-related challenges.

In an increasingly interconnected global economy, ethical business practices are no longer optional—they are essential. Corruption not only stifles economic progress but also erodes public trust and undermines efforts toward sustainable development.

To help address this challenge, Global Compact Network Kenya is proud to present a collection of case studies from selected UN Global Compact participating companies. These organizations exemplify strong ethical leadership and demonstrate how values-based business practices can drive positive change within their operations and beyond.

This report is informed by a targeted survey conducted by Global Compact Network Kenya to assess how businesses are embedding ethics and integrity in their daily operations. The findings highlight emerging indicators of progress and offer actionable insights that other organizations can adopt to strengthen their own governance frameworks.

The showcased companies—MP Shah Hospital, Britam, Standard Chartered, and CKL Africa Ltd—are setting the pace by integrating ethical values into their core operations. Their initiatives underscore the role of responsible conduct, openness, and fairness in building a principled business culture.

Guided by the Tenth Principle of the UN Global Compact on anti-corruption, and through collective action, we continue to support companies in addressing corruption-related challenges. Over the years, we have convened working groups, peer-learning forums, and training sessions, providing tools and resources that equip businesses to manage integrity risks and promote ethical resilience.

The Code of Ethics for Business in Kenya, with over 900 signatories, stands as a national benchmark for corporate commitment to integrity and responsible business conduct. It reflects the collective will of the private sector to operate transparently and in alignment with international norms.

This report serves not only as a testament to the strides made but also as a source of inspiration and guidance. It affirms the power of collaboration in shaping a cleaner, more inclusive, and just business environment.

We extend our heartfelt gratitude to the participating companies and their leadership teams for contributing their experiences and insights. Their openness has paved the way for a growing repository of knowledge that will continue to influence and inspire ethical business across Kenya.

As we reflect on these success stories, may they serve as catalysts for continued commitment to ethical leadership. Together, we can build a business landscape defined by integrity, fairness, and lasting impact.

Foreword

The Importance of Corporate Governance and Ethical Leadership



Ms. Cristina Ritter

Head of Anti-Corruption and Governance
UN Global Compact



Over the years, rising expectations from consumers, governments, investors and employees alike, along with corporate sustainability directives now widely adopted, have raised the bar for companies to be more accountable, ethical and transparent. Businesses are now expected to address their impact on the environment and societies, while contributing to the public institutions, laws and systems where they operate.

Recognizing these priorities, the UN Global Compact launched the ¹Sustainable Development Goal (SDG) 16 Business Framework | Inspiring Transformational Governance, and the ²Transformational Governance Corporate Toolkit. Rooted in extensive work in areas like anti-corruption, rule of law and corporate sustainability, transformational governance calls for companies to take action internally, externally, and collectively.

The Power of Collective Action

A company's individual actions, while critical, are not enough to end corruption. By collaborating with stakeholders to strengthen corporate governance and ethical leadership businesses can provide a united voice in support of Principle Ten of the UN Global Compact.

The evolution of Collective Action is also the general evolution of compliance to integrity. It is not only about individually mitigating reputational, legal or financial risks but above all about seizing the opportunities and associated benefits of a strong integrity culture that is collectively fostered and implemented by a committed group of like-minded stakeholders.

Global Collective Action Initiatives of the UN Global Compact

In December 2023, the UN Global Compact presented the ³Call-to-Action from Business to Governments on the 20th Anniversary of the UN Convention against Corruption (UNCAC), signed by companies from 91 countries at the tenth session of the Conference of the States Parties to UNCAC (CoSP10). The first-ever Private Sector Forum inside a Conference of the States Parties (CoSP) was also co-hosted with the UN Office on Drugs and Crime (UNODC). In response, the CoSP10 Resolution: "Providing incentives for the private sector to adopt integrity measures to prevent and combat corruption" was adopted, committing 190 States Parties to take action.

This breakthrough underscores the importance of business integrity in the corporate and regulatory landscape. These recent milestones, together with the 20th Anniversary of Principle Ten, have generated propitious momentum to set the global business integrity agenda.

In Country Collective Action Initiatives of the UN Global Compact

Through the Siemens Integrity Initiative (SII), the UN Global Compact carries out Anti-Corruption Collective Action (ACCA) efforts around the world.

Often sought out for guidance by international organizations and country networks alike, Global Compact Network Brazil became an ACCA referent worldwide with four successful initiatives under its belt enhancing corporate standards in different sectors. For example, its food and agribusiness ACCA initiative was adopted by decree as a criterion for the National Integrity Award, which annually rewards concrete actions

¹ <https://sdg16.unglobalcompact.org/>

² <https://unglobalcompact.org/what-is-gc/our-work/governance/transformational-governance/transformational-governance-corporate-toolkit>

³ <https://unglobalcompact.org/take-action/action/anti-corruption-call-to-action>

resulting in fairer business environments. Global Compact Network Brazil has a seat at the National Transparency Council and monitors the OECD Anti-Bribery Convention, influencing policies and decisions that reinforce clean market practices beyond borders.

Strong partnerships established with the public sector and crucial actors enabled synergies that amplified the impact of the projects in all target countries. Through nationwide campaigns and capacity building activities, Global Compact Network India is ambitiously tackling one of the country's biggest challenges by securing the engagement of business, government, academia and two hospitals in enhancing transparency and accountability in the health sector.

The efforts of Global Compact Network Indonesia expanded far from capital cities to include business leaders from remote vulnerable areas affected by corruption in agribusiness. Global Compact Network Egypt collaborates with the Anti-Corruption Authority to define concrete actions aligned with the National Anti-Corruption Strategy to address challenges affecting the operations of companies.

Global Compact Network Kenya cemented its leadership as the voice of companies in the development of public policies and legal frameworks, namely the Anti-Bribery Act regulations and model procedures and the 2023-2027 Kenya Integrity Plan, both aimed at ensuring more competitive market conditions in the country.

The number of anti-corruption programmes under implementation by SMEs has exponentially increased in Malaysia and Kenya because of the models, tools and training developed by both country networks, in response to the national legislation that incentivizes and/or requires the adoption of such corporate measures.

Newest to the project, Global Compact Mexico convened over 500 companies at its 2023 flagship event to announce its promising Collective Action initiative. Through perseverance and creative measures, Global Compact Network Bangladesh and Global Compact Network Thailand have shifted paradigms, building the necessary platforms and trust to normalize regular working groups' discussions on corruption, a topic once considered completely taboo. Furthermore, Global Compact Network Bangladesh went on to host a regional ACCA symposium.

Global Compact Network Ukraine has deployed remarkable efforts to foster business integrity amidst the ongoing war. These efforts have resulted in international recognition and a new role as host of the Ukraine Recovery Conference Business Compact. Over 600 companies have signed this Compact, committing to incorporating safeguards that foster transparency and accountability for a reconstruction where corruption has no place.

Overall, dissemination of the *Uniting against Corruption: A Playbook on Anti-Corruption Collective Action* and its e-course *Taking Collective Action for Anti-corruption* have served as basis for over 20 country networks to engage in this field.

Foreword

The Private Sector Holds the Key to Unlocking the Desire for a Corruption-free Society



Sheila Masinde

Executive Director Transparency International Kenya



The private sector must lead with integrity, enforcing strong anti-corruption measures to protect a fair and competitive market.

The private sector in Kenya encompasses a diverse array of businesses, ranging from small enterprises to multinational corporations, regardless of size or sector, all companies operate within the same economic ecosystem, where corruption poses a significant threat to fair competition and sustainable development.

A corruption risk mapping exercise by Kenya Private Sector Alliance in 2019 places corruption levels above 50% in contract-dependent sectors such as real estate, manufacturing, and retail. The mapping also indicated that 85% of respondents reported encountering corruption in their business operations, including bribery, fraud, tax evasion, embezzlement, and abuse of office.

Price Waterhouse Coopers (PwC) estimates that companies lose 12.85% of their annual revenue to fraud and employee-related malpractices. These corrupt practices distort market dynamics and create unfair competition, disadvantaging honest businesses and stifling the entrepreneurial spirit. Therefore, there is an urgent need for the private sector to embrace ethical standards and implement robust anti-corruption measures to safeguard their interests and contribute to a more transparent and equitable business environment.

The private sector associations must educate companies on existing legal consequences, such as the application of criminal anti-corruption norms to corporations, and their enforcement through effective sanctions and incentives to tame private sector corruption. For instance, the United Nations Convention against Corruption (UNCAC), defines the crimes

of bribery and embezzlement in the private sector, as well as the related offences of concealing these crimes, laundering their proceeds, and obstructing justice. Kenya is a party to UNCAC, and as such we must continue to incorporate the notion of “**corporate liability**” which opens the door to imposing various sanctions on companies that violate anti-corruption norms.

In Kenya, we now have the Anti-Bribery Act which provides for the prevention, investigation and punishment of bribery, amongst other things.

The Act, has a wide scope as it applies to the public, public officers and private entities in Kenya. The punishment described in such legislation should be applied effectively to companies that tolerate corruption.

The private sector must also actively advocate for Beneficial Ownership (BO) transparency, specifically, the Companies (Beneficial Ownership Information) Regulations, 2020, and the Anti-Money Laundering (AML) and Combating of Terrorism Financing Laws (Amendment) Act, 2023 legislations, which mandate companies to maintain a register of beneficial owners, and to disclose beneficial ownership information for both local and foreign companies and limited liability partnerships (“LLPs”).

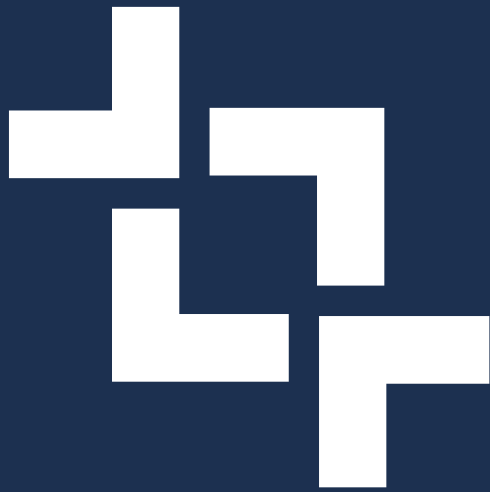
These regulations are an important step towards fortifying the financial ecosystem and ensuring transparency in ownership structures.

Kenya's recent grey listing by the Financial Action Task Force (FATF) reflects systemic weaknesses in its AML/CFT framework. This presents significant challenges for trade and business investment.

Being on the grey list not only jeopardises Kenya's reputation as a stable financial environment but also imposes obstacles on international trade and investment. Businesses operating in Kenya are likely to face increased compliance costs and may encounter delays, higher transaction costs, and possible restrictions on cross-border trade and payments.

The loss of foreign aid and investments due to the grey listing could have catastrophic effects on Kenya's economy, impacting its ability to balance trade deficits and reduce debt burdens. Therefore, businesses in the private sector must add their voice to call for Kenya to address the deficiencies highlighted by FATF.

It's time for a collective shift towards integrity, honesty, and ethical business practices, where every company, regardless of size or sector, stands united in upholding the highest standards of conduct, only then can Kenya make the right moves in the anti-corruption chess board.



ANTI-CORRUPTION

10: Businesses should work against corruption in all its forms, including extortion and bribery.

Abbreviations

AfCFTA	African Continental Free Trade Area
CIPE	Centre for International Private Enterprise
CMA	Capital Markets Authority
ERMF	Enterprise Risk Management Framework
ESG	Environmental, Social, and Governance
GDP	Gross Domestic Product
GCKN	Global Compact Network Kenya
OECD	Organisation for Economic Co-operation and Development
PPP	Public-Private Partnership
TI	Transparency International
UKBA	UK Bribery Act 2010
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

Introduction

2.1 Background and Importance of This Study

Kenya has experienced significant economic growth in recent years, establishing itself as a key player in the East African region. According to the World Bank, Kenya's real GDP grew by an estimated 5.4% in 2023, and the economy is projected to grow by 5.2% on average during 2024-2026¹. This growth is primarily driven by increased private-sector investment. However, corruption is one of the most significant integrity issues in Kenya and globally. Insights by Transparency International highlight the persistent challenges in combating corruption and the varying effectiveness of anti-corruption measures.

In the context of Kenyan companies, ethical leadership is essential for setting the tone at the top, promoting a culture of honesty and transparency, and aligning organizational goals with ethical standards.

Effective governance mechanisms are essential for enhancing transparency, accountability, and oversight within Kenyan companies. Governance practices involve clear structures, policies, and processes that ensure fair and responsible decision-making.

In Kenya, frameworks such as the Capital Markets Authority (CMA) Guidelines and the Corporate Governance Code² provide companies with guidelines to improve governance practices, including board composition, risk management, and disclosure requirements.

This study was commissioned by the Global Compact Network Kenya (GCNK) to delve into the best practices of Kenya's private sector in ethical leadership, governance, and anti-corruption. The case study focuses on four (4) organizations: M.P. Shah Hospital, Standard Chartered Bank, CKL Africa Ltd, and Britam Holdings Plc., whereas the survey covers the wider population, that is, the members of the GCNK. The analysis highlights the collective best practices, positive impacts, gaps, challenges, and areas for improvement based on their responses to key questions. The value of this study is to provide insights and recommendations that can guide policymakers and business leaders in fostering a more transparent, accountable, and conducive business environment in Kenya, ultimately driving positive socio-economic impact and combating corruption.

Below are the statistics of the study participants:

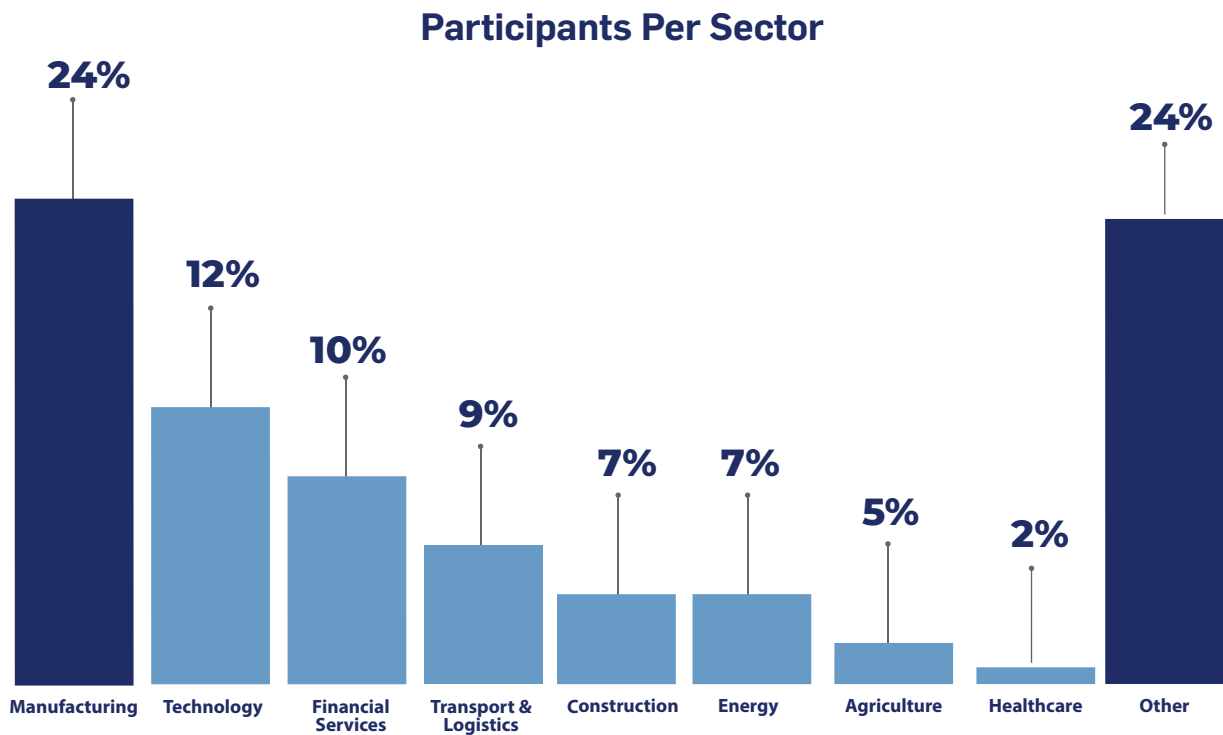
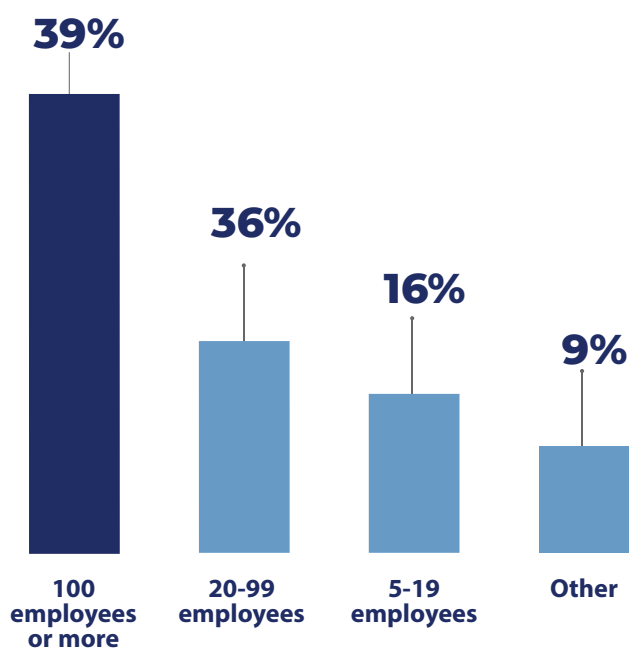


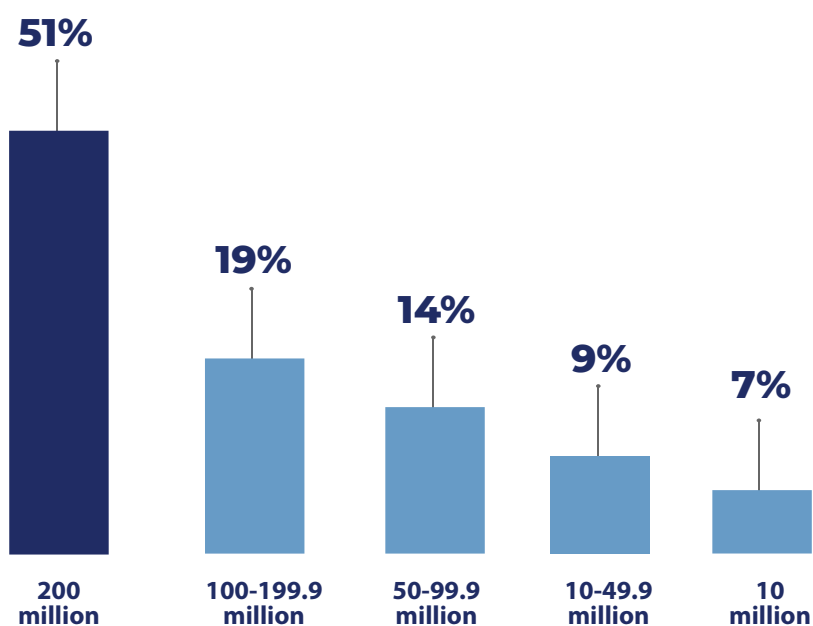
Figure 1: Summary of survey participants

¹ World Bank Group, (April 2024): Kenya Overview: Development news, research, data | World Bank
² Capital Markets Authority (CMA), (December 2023) Guidelines and Corporate Governance Code: <https://www.cma.or.ke/cmas-corporate-governance-report-shows-improvement-for-listed-companies/>

Number of Employees



Approximate Annual Revenue (in KES)



2.2 Study Objectives and Scope

The study seeks to explore and evaluate the practices within Kenyan companies in ethical leadership, governance, and anti-corruption. It will assess how organizations promote honesty, transparency, and ethical behavior, examine governance structures and decision-making processes, and analyze the effectiveness of anti-corruption strategies.

Executive Summary

This study explores the governance frameworks of Standard Chartered Bank, CKL Africa Ltd, Britam Holdings Plc, and M.P. Shah Hospital, underscoring their pivotal role in maintaining high ethical standards and compliance. Through case studies, the analysis highlights significant results, necessary policy improvements, identified gaps, and areas for improvement.

We found that the governance structures are committed to maintaining high standards of integrity and compliance. These organizations demonstrate a proactive approach by implementing governance committees, regular audits, and continuous updates to risk management plans. Similarly, our survey shows that 83.8% of respondents express confidence in their governance systems. Such mechanisms are indicative of their commitment to robust governance and ethical practices.

Regular ethics training aligns employees with the organization's ethical values. From our survey, 91.2% of the respondents indicated a positive impact from the training, perceiving them as either significantly or excellently impactful. Regular ethics training is emphasized as it contributes significantly to building and maintaining robust ethical practices within the organization.

Employee engagement is another critical factor in fostering an ethical culture. Our study shows that engaged employees are more likely to uphold ethical standards, positively influencing organizational culture. Survey results reflecting high levels of confidence in governance systems underscore the success of these frameworks in promoting ethical behavior and accountability.

One of the areas we identified requiring attention is third-party governance. Statistics show that most (76%) organizations have inadequate formal ethics programs or oversight mechanisms for suppliers and third parties. Establishing and enforcing formal governance mechanisms for suppliers and third parties is essential to effectively managing corruption risks in business relationships and maintaining ethical business practices.

The absence of regular and formal corruption risk assessments in many organizations poses a significant risk. We found that 54.3% of the survey respondents reported an ad hoc or absent corruption risk assessment. Without these assessments, organizations are vulnerable to compromised integrity, non-compliance, and reputational damage. Regular corruption risk assessments are crucial for identifying

and mitigating potential risks, ensuring organizations can proactively address vulnerabilities and maintain high ethical standards.

The ineffectiveness of codes of ethics in Kenyan businesses is attributed to several systemic issues, the most prevalent being prioritizing profits over ethics at 84.2%. Addressing these issues requires a multi-faceted approach. Strengthening legal and enforcement frameworks, cultivating a culture that values ethical behavior, and providing ethics training ensure that all employees understand and implement the organization's ethical standards effectively.

Another challenge organizations face is navigating the complexities of regulatory frameworks for corruption prevention. From our survey, 80.0% of the respondents stated that they had encountered challenges in navigating regulatory frameworks related to corruption prevention, either occasionally, frequently, or rarely. Therefore, organizations must develop strategies to manage regulatory complexities to mitigate this challenge effectively. This includes staying abreast of regulatory changes, providing ongoing education and training, and implementing robust compliance programs.

Organizations should integrate these elements into their core operations to improve ethical leadership and governance. Promoting and demonstrating ethical behavior from top management, improving communication of ethical priorities, and implementing rigorous enforcement of ethics policies are crucial steps in bridging the gap between high ethical standards and practical application.

Strengthening corruption risk assessments is also vital. Organizations must conduct regular and formal assessments to identify and mitigate potential corruption risks. Integrating these assessments into wider risk management strategies enhances the overall effectiveness of anti-corruption efforts.

Establishing and enforcing formal governance mechanisms for suppliers and third parties is essential to managing corruption risks effectively. Companies can maintain robust ethical practices and reduce vulnerabilities by ensuring all external partners adhere to the organization's ethical standards.

Addressing the issues that hinder the effectiveness of codes of ethics requires collective action. Organizations must strengthen legal and enforcement frameworks, cultivate a culture that values ethical behavior, and provide ethics training. These measures ensure that all employees can effectively implement the organization's ethical standards.



Ethical Leadership, Governance, and Anti-Corruption Efforts by Kenyan Companies

4.1 Overview of Ethical Leadership and Governance



Kenya's private sector governance has evolved significantly over recent years, focusing on fostering partnerships, regulatory frameworks, and infrastructural development to support economic growth and stability. These efforts aim to align with the country's Vision 2030, which aspires to transform Kenya into a newly industrialized middle-income nation with a high quality of life for all its citizens.

Public-Private Partnerships (PPPs) have been a cornerstone of Kenya's strategy to address infrastructural and service delivery challenges. The enactment of the Public-Private Partnership Act No.15 in 2013³ formalized the framework for such collaborations, ensuring legal and regulatory support. This approach has been crucial in the energy, telecommunications, transport, and water and sanitation sectors. Globally, Kenya's alignment with international economic frameworks, such as the African Continental Free Trade Area (AfCFTA)⁴, the European Union

Economic Partnership Agreement⁵, and the United Nations Convention Against Corruption (UNCAC) is expected to bolster its growth.

Effective governance structures are necessary to ensure ethical behavior, foster stakeholder trust, and compliance with regulations. The Cadbury Report (1992)⁶ underscores the importance of clear disclosure and accountability mechanisms to prevent misconduct. Governance structures should be designed to ensure transparency and accountability at all organizational levels.

Brown and Treviño (2006)⁷ also highlight the role of ethical leadership in governance effectiveness. Leaders must set the tone for ethical behavior and decision-making, influencing the organization's governance culture.

³ Public Private Partnership Act No.15, 2013

⁴ East African Community (May 2019): African Continental Free Trade Area (AfCFTA) Agreement (eac.int)

⁵ European Commission (June 2023), EU-Kenya Economic Partnership Agreement: Factsheet: EU-Kenya Economic Partnership Agreement - European Commission (europa.eu)

⁶ The Committee on the Financial Aspects of Corporate Governance and Gee and Co. Ltd. (1992), 47

⁷ Brown, M. E., & Treviño, L. K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, 17(6), 595–616

4.1.1 Governance Frameworks in Place

Effective governance frameworks are essential for ensuring ethical behavior, transparency, and accountability within organizations⁸. This section highlights the governance structures implemented by M.P. Shah Hospital, Standard Chartered Bank, CKL Africa Ltd, and Britam Holdings Plc.

Britam Holdings Plc has a transparent organizational structure with clear allocation and segregation of responsibilities. The Board is accountable for governance, maintaining internal principles, practices, and procedures, and ensuring resources and authority to discharge its duties effectively.

Policies and Code of Conduct: Britam is governed by a Code of Business Conduct, Conflict of Interest Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy, and more. Employees are required to attest to these policies, reinforcing a culture of compliance and ethical behavior.

E-Learning and Awareness campaigns: Britam has rolled out awareness campaigns on business ethics and anti-corruption through e-learning modules to ensure employees are well informed and equipped to uphold the company values.

Anti-Bribery Act CKL Africa Ltd emphasizes transparency and accountability through adherence to the Code of Ethics for Business in Kenya and compliance with the Bribery Act 2016. Key governance practices include:

Robust audit program: Internal and external audits ensure compliance with ethical standards and regulatory requirements.

Anonymous grievance handling mechanism: Employees can report unethical behavior without fear of retaliation, fostering a culture of transparency and accountability.

Regular training and communication: Ensuring that all employees are aware of and adhere to governance policies.

M.P. Shah Hospital has an Integrity and Ethics Program which is governed by the Hospital Ethics Committee and overseen by the Internal Audit Committee of the Board. The program covers business practices, procurement practices, human resource practices, and relations among staff and with external parties.

Standard Chartered Bank: The Bank has a zero-tolerance approach to bribery and corruption. Ethical leadership, anti-corruption, and business integrity are integrated into the Bank's Enterprise Risk Management Framework (ERMF), which adopts a three-line defense approach:

First Line of Defense: Businesses and functions engaged in or supporting revenue-generating activities, which own and manage risks.

Second Line of Defense: Control functions independent of the first line that provide oversight and challenge risk management practices.

Third Line of Defense: Internal audit, providing independent assurance on the effectiveness of controls.

⁸ Organisation for Economic Co-operation and Development (OECD), (2023), Action to Impact: Working together to strengthen integrity and fight corruption. <https://www.oecd.org/gov/ethics/Highlights%202023.pdf#page=3.04>

4.1.2 Implementation and Monitoring

The Hospital Ethics Committee at M.P. Shah Hospital meets bi-monthly, and the Internal Audit Committee reports monthly to the Board. Moreover, the risk management plan is reviewed and updated quarterly.

Standard Chartered Bank incorporates ethical behaviour into its core values and daily operations. Regular meetings and reporting mechanisms are in place to monitor ethical practices.

CKL Africa Ltd conducts regular monitoring and reviews, with due diligence and investigative procedures, ensuring compliance with ethical standards.

Britam Holdings Plc follows strict fit and proper processes for executive management and board leadership and conducts regular assessments to ensure adherence to ethical practices.

4.2 Overall Ethical Culture and Behavior in Kenyan Companies

4.2.1 Building an Ethical Culture Depends on Employee Engagement

Ethical leadership, governance, and anti-corruption measures are crucial to sustainable business practices. The foundation of these elements is deeply rooted in employee engagement⁹ and organizational culture. Employee engagement is an employee's emotional commitment toward their organization and its goals. Engaged employees are more likely to act in the company's best interests, adhere to its ethical standards, and contribute positively to its culture.

M. P. Shah Hospital promotes a culture of integrity and ethical behavior among employees at all levels by:

- Sharing its vision, mission and values with all stakeholders.
- Publishing its sustainability report on United Nations Global Compact.
- Taking patient feedback daily and responding to the issues immediately as part of building trust.
- Conducting a quarterly internal customer survey to evaluate how the operations division is serving the rest of the hospital.
- Conducting an annual employment survey to evaluate employee engagement.

Outcome:

Review of policies and guidelines, and performance monitoring.

The case study on Britam shows that the company offers monthly ethics training sessions for all employees and integrates ethical behavior into its core values and mission.

Outcome:

Increased awareness and adherence to ethical standards across the organization, reflected in improved employee satisfaction and reduced incidents of unethical behavior

⁹ Smith, Isaac, and Maryam Kouchaki (2021), "Ethical Learning: The Workplace as a Moral Laboratory for Character Development." *Social Issues and Policy Review*, 15(1): 277-322.

To promote a culture of integrity and ethical behavior, Standard Chartered Bank has embraced the following:

- A culture and valued behaviors assessment is conducted when a potential employee is shortlisted for an interview. The assessment aims to determine whether the employee has the values that the Bank seeks to retain among its staff.
- Employee background screening is conducted before the onboarding of new staff.
- Training on the Bank's Code of Conduct is mandatory for all employees at the induction stage and annually for all staff.
- Senior management is tasked with setting the right tone from the top by modeling the right culture and behaviors for staff at all levels.
- Annual recognition and awards for employees who uphold the Bank's values.
- A 360-degree feedback loop for employees and consequence management is conducted where employees fail to live by the Bank's integrity and ethical standards.

The case study on CKL Africa Ltd shows that the company promotes a culture of integrity and ethical behavior among employees at all levels through regular top leadership communication on business ethics.

The case studies' findings positively portray ethics and governance structures. Similarly, our survey indicates that 83.8% of respondents express confidence in their governance systems, suggesting that Kenyan companies have successfully implemented structures promoting ethical behavior and accountability. This is illustrated below:



Figure 3: Effectiveness of ethical governance systems and practices

4.2.2 Ethics Training Programs are Impactful

Ethics training is pivotal in reinforcing ethical behavior and decision-making within organizations. For instance, M.P. Shah has emphasized the importance of training through its Integrity and Ethics Program for all employees. Key initiatives adopted by the hospital include:

- Regular leadership training: Monthly sessions for senior management and weekly quality management system training for all staff.
- Ethical behavior assessment: This is conducted during employee onboarding to ensure alignment with the company's ethical standards.

This approach ensures that employees are well-informed and aware of ethical standards and practices, contributing to a robust ethical culture. The program's effectiveness is highlighted by the significant number of employees who understand and adhere to the company's ethical standards, as reflected in the survey results.

The case study findings align with our survey results, where 70.5% of respondents attended training on ethics, anti-corruption, governance, or business integrity organized by or in collaboration with the Global Compact Network Kenya (GCNK). 91.2% of these respondents indicated a positive impact from the training, perceiving them as either significantly or excellently impactful. This is illustrated below:

4.2.3 Gap Between Ethics and Leadership Prioritization

While 76.30% of respondents believe their organizations uphold high ethical standards and practices, only 52.60% reported that their organization explicitly prioritizes ethical leadership and governance. Conversely, 7.90% indicated that ethical leadership and governance are not explicitly emphasized within their companies, and 39.50% stated that while some policies and guidelines are in place, they need improvement or reinforcement.

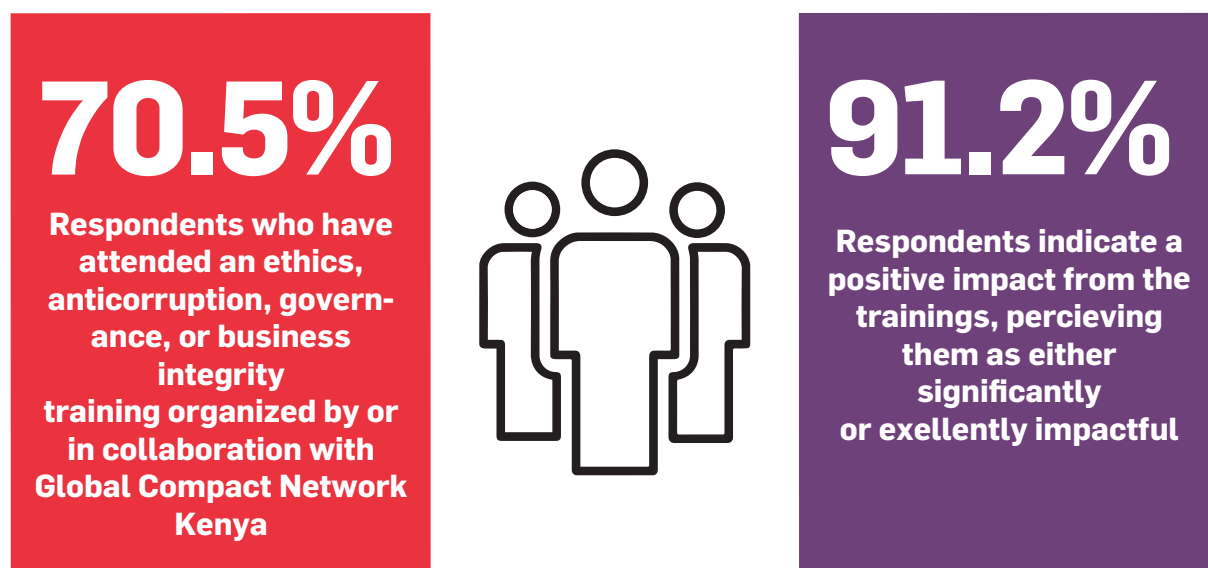


Figure 4: Impact of ethics training programs

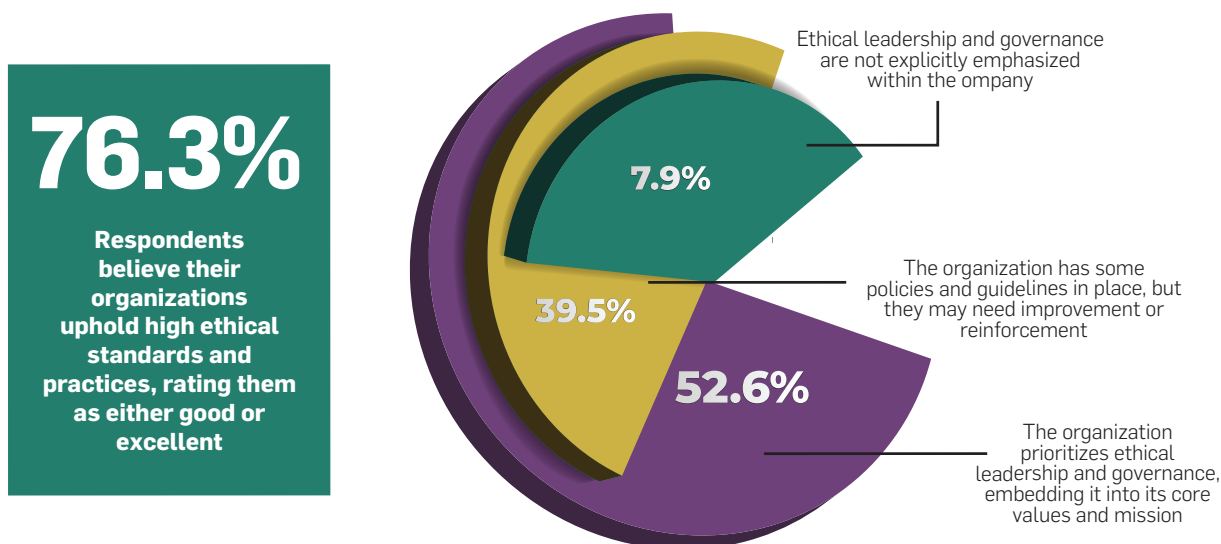


Figure 5: Overall ethical culture within organizations in Kenya's private sector

Organisations have implemented measures to foster a culture of integrity among employees at all levels. This is as illustrated below:

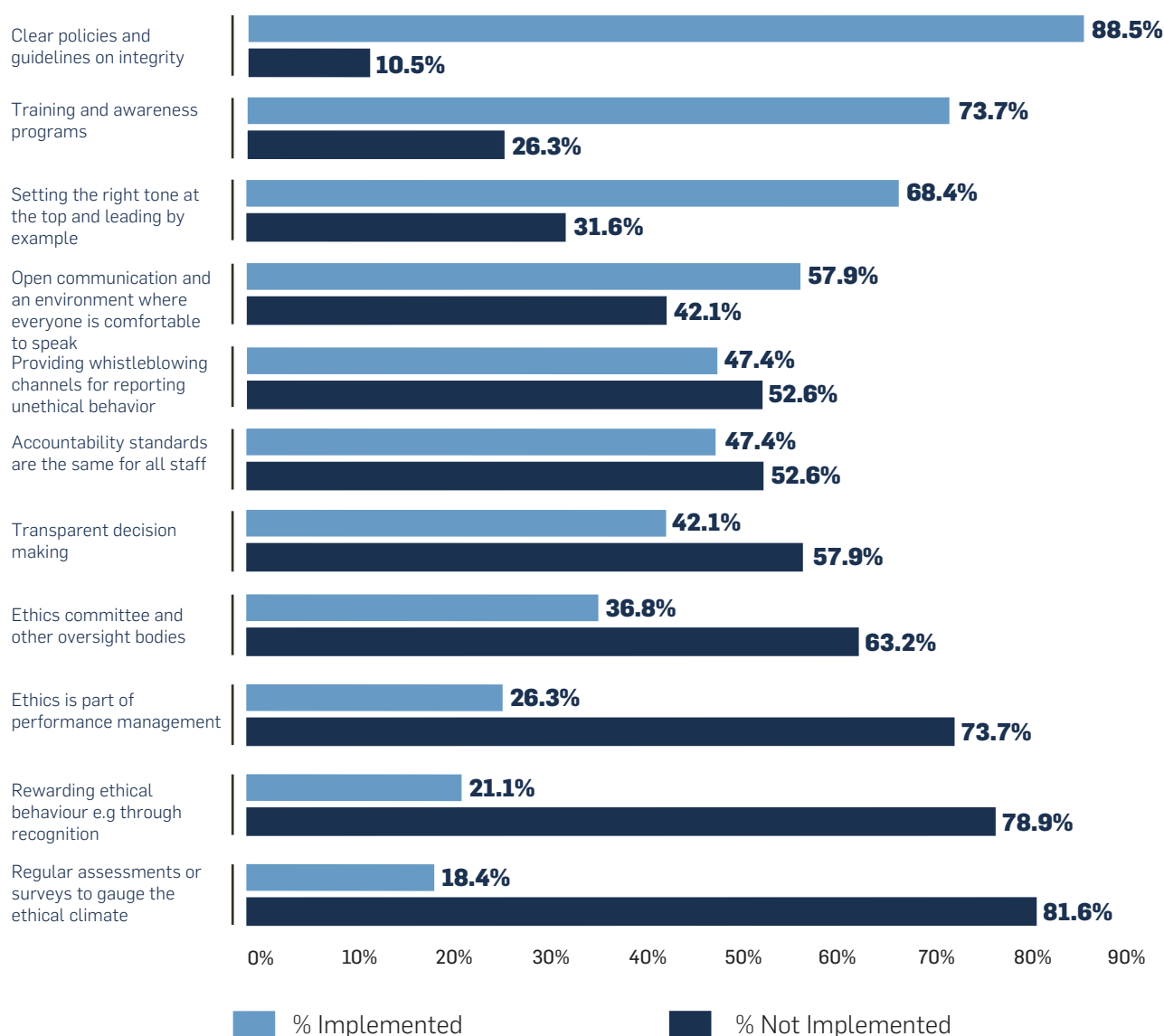


Figure 6: Measures in place to enhance integrity among employees

4.3 Anti-Corruption Measures



Effective anti-corruption strategies are paramount for Kenyan companies. The United Nations Office on Drugs and Crime (UNODC) emphasizes the importance of ethics and compliance programs. The UNODC report highlights several best practices for anti-corruption, including establishing clear policies, whistle-blowing mechanisms, regular training programs, risk assessments, and continuous monitoring to ensure adherence to anti-corruption standards (UNODC Integrity Portal)¹⁰. These measures are essential for creating a culture of integrity and ensuring that anti-corruption policies are effectively implemented across all levels of the organization.

The UN Global Compact also highlights the need for collective action and cross-sector collaboration to mitigate corruption risks and promote transparency¹¹. The United Nations Global Compact further supports these initiatives by facilitating collective action against corruption. The Anti-Corruption Collective Action Playbook outlines a six-step approach to diagnosing corruption risks, engaging stakeholders, and implementing effective anti-corruption strategies¹². This approach helps businesses address corruption systematically and collaboratively, enhancing overall business integrity.

4.3.1 Private Sector's Powerful Role in Anti-Corruption Initiatives

The organizations involved in the case studies affirm that the private sector plays a vital role in promoting transparency and fighting corruption within the broader business community through several key actions:

- **Commitment to ethical culture:** Private companies embed ethical values across their ecosystems, influencing societal norms and behaviors.
- **Transparency initiatives:** They maintain open engagement channels, disclose processes, and uphold ethical practices to promote transparency.
- **Partnerships and collaboration:** Engaging with stakeholders fosters collective advocacy and sharing of best practices, enhancing ethical standards.
- **Advocacy and policy:** They define high ethical expectations, implement robust anti-corruption policies, support legislative changes, and engage in collective action to combat corruption.
- **Reporting and compliance:** Critical strategies include providing clear reporting, investing in compliance programs, and promoting ethical behavior in the workplace.

¹⁰ United Nations Office on Drugs and Crime (November 2023). Advancing anti-corruption, ethics and compliance in the private sector: Advancing anti-corruption, ethics and compliance in the private sector (unodc.org)

¹¹ United Nations Global Compact (2019). Joining forces against corruption: Anti-Corruption Collective Action: <https://unglobalcompact.org/take-action/action/anti-corruption-collective-action>

¹² United Nations Global Compact (2021). Uniting against Corruption: A Playbook on Anti-Corruption Collective Action: Uniting against Corruption: UN Global Compact

Ongoing initiatives like the Business Integrity Programme by Transparency International underscore this¹³. This program focuses on building coalitions between businesses, governments, and civil society to fight corruption. The program provides tools, case studies, and standards for companies to adopt to enhance transparency and accountability.

Furthermore, survey results show that:

- 94.7% of respondents believe that the private sector is a crucial player in the fight against corruption and the advancement of good governance in Kenya,
- 71.1% of respondents believe that their anti-corruption measures are effective.
- 50% of respondents report that their organizations have robust anti-corruption measures with clear procedures for reporting and addressing unethical behavior,
- while 44.7% indicate that some measures are in place, though inadequate or not well-communicated.

This is illustrated in the image below:

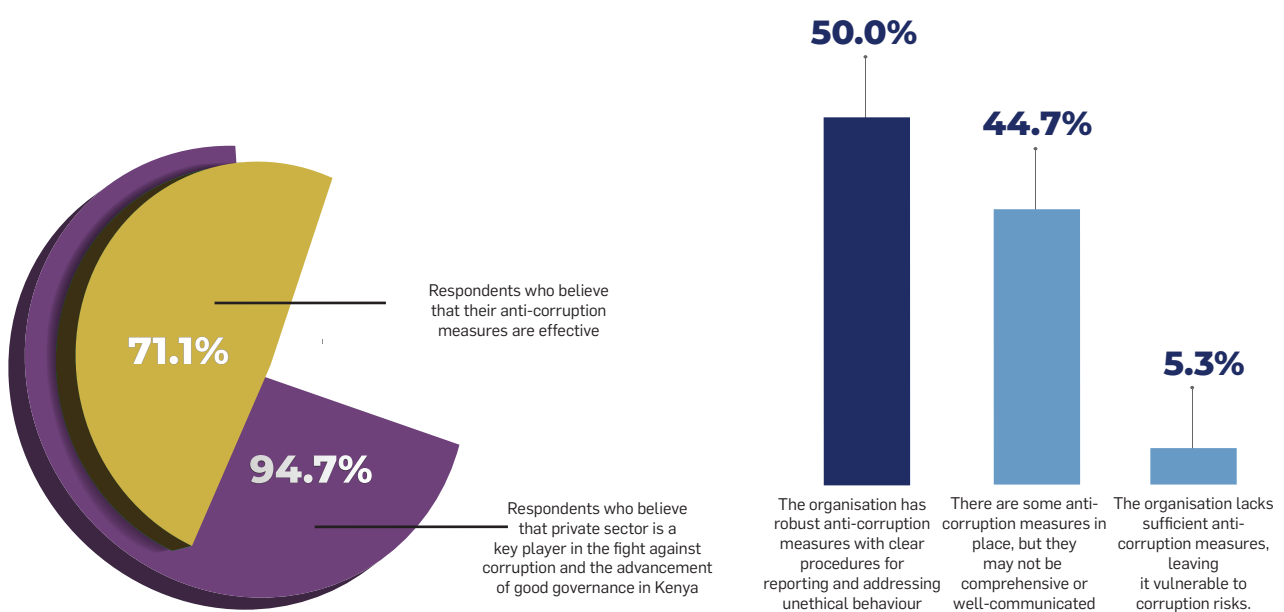


Figure 7: Anti-corruption efforts by the private sector

Britam stands out by maintaining a culture of compliance, honesty, and ethical behavior through various policies and practices, ensuring adherence to anti-bribery and corruption regulations such as:

- **Anti-Bribery and Corruption Policy:** Clear guidelines on acceptable behaviour and the consequences of engaging in corruption.
- **Whistleblowing mechanism:** Safe and confidential channels for employees to report suspected wrongdoing, fostering a culture of transparency and accountability.
- **Regular training:** Ongoing training programs to equip employees with the knowledge and skills to identify and address ethical dilemmas.

¹³ Transparency International, Business Integrity Programme: Business Integrity Programme - Projects - Transparency.org

M.P. Shah's anti-corruption efforts are governed by its Integrity and Ethics Program, which includes:

- **Ethics Committee:** A committee that oversees the implementation of anti-corruption policies and practices.
- **Risk management plan:** Annual plans that identify areas of focus for mitigating corruption risks.
- **Training programs:** Regular training sessions for employees on ethical behaviour and anti-corruption measures.

Standard Chartered Bank's approach ensures that anti-corruption measures are embedded into the organization's core governance structures. The Bank has an Anti-Bribery and Corruption Policy in place as part of its Financial Crime and Compliance Policy, with established standards and procedures, including whistleblowing mechanisms, investigation standards, and due diligence processes for donations, sponsorships, and speaker engagements.

The Bank has also established a robust anti-corruption framework as part of its Enterprise Risk Management Framework (ERMF), which includes:

- **Comprehensive risk frameworks:** Detailed policies on ethical behaviour, including anti-bribery and corruption, conflict of interest, and market conduct.
- **Global risk assessments:** Regular assessments to identify and mitigate corruption risks across various business areas.
- **Speak up channels:** Mechanisms for employees to report unethical behaviour confidentially.

CKL Africa Ltd emphasizes transparency and accountability through its anti-corruption initiatives, which include:

- **Compliance with the Anti-Bribery Act 2016:** Adhering to national anti-corruption laws and regulations.
- **Robust audit program:** Internal and external audits to ensure compliance with anti-corruption policies.
- **Anonymous grievance handling mechanism:** Encouraging employees to report unethical behaviour without fear of retaliation.

4.3.2 Multi-Faceted Approach to Anti-Corruption Collective Action

Anti-corruption initiatives require a multi-faceted approach to be effective. This is echoed by the United Nations Global Compact, through its Playbook on Anti-Corruption Collective Action¹⁴, underscoring that a multi-faceted approach involving robust regulatory structures, cross-sector collaboration, and continuous education and communication is vital for practical anti-corruption efforts. It advocates for collective action as a powerful strategy to create ethical, transparent, and less corrupt business environments, ultimately supporting sustainable development goals.

From our case studies and survey results, there is a consensus that collaborative efforts, along with improved communication, education, and transparency, are crucial in combating corruption effectively. Nonetheless, there's a call for more structured knowledge exchange and collaboration mechanisms. This is illustrated below:

¹⁴ United Nations Global Compact (2021). Uniting against Corruption: A Playbook on Anti-Corruption Collective Action

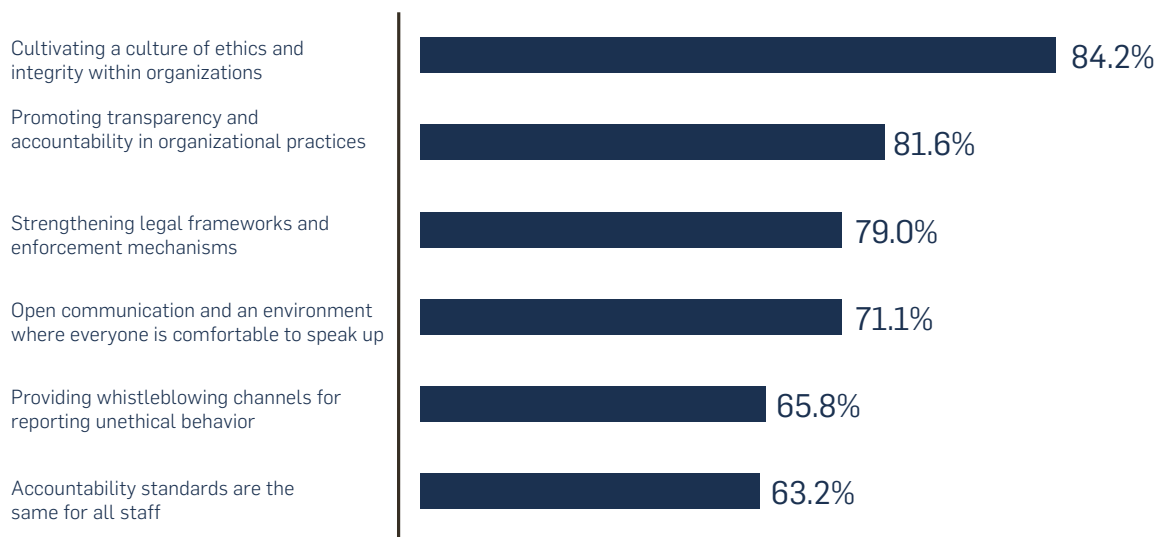


Figure 8: Multifaceted approach to anti-corruption collective action

Cultivating a culture of ethics and integrity within organizations

From our survey, 84.2% of respondents highlighted the importance of cultivating a culture of ethics and integrity. Creating an ethical culture requires commitment from the top levels of leadership down to every employee. This involves setting clear ethical standards, modeling ethical behavior, and integrating ethics into the organizational fabric.

This has been demonstrated by several companies, including Standard Chartered Bank, which embeds ethical behavior within its valued behaviors, such as "Do the right thing," and incorporates these into employee assessments.

Promoting transparency and accountability in organizational practices

We found that 81.6% of respondents recognized the importance of transparency and accountability. Transparency and accountability are crucial for building trust and preventing corruption. Organizations must ensure transparent decision-making processes and hold individuals accountable for their actions. This aligns with the recommendations of the OECD¹⁵, emphasizing transparency and accountability as pillars of good governance.

This has been demonstrated by M.P. Shah Hospital, which maintains a matrix organizational structure that promotes collaboration and transparency across departments.

Strengthening legal frameworks and enforcement mechanisms

79.0% of respondents stressed the need for more robust legal frameworks and enforcement mechanisms. Effective anti-corruption efforts require robust legal frameworks that are consistently enforced. Weak legal systems can undermine the effectiveness of anti-corruption measures. The United Nations Global Compact¹⁶ advocates for strong legal frameworks and enforcement to combat corruption effectively.

This has been demonstrated by Standard Chartered Bank by adhering to global standards such as the UK Bribery Act 2010¹⁷ ("UKBA") and local regulations.

¹⁵ Organisation for Economic Co-operation and Development (OECD), Corporate Governance: Governance - Organisation for Economic Co-operation and Development (oecd.org)

¹⁶ UNODC, the United Nations Department of Political and Peacebuilding Affairs (DPPA), UNDP and Global Task Force on Corruption (August 2020),

The UN common position to address global corruption - towards UNGASS 2021

¹⁷ UK Bribery Act 2010

Open communication and an environment where everyone is comfortable to speak up

We found that 71.1% of respondents believe in the importance of open communication and an environment encouraging speaking up. Open communication and safe channels for reporting unethical behavior are essential for effective anti-corruption efforts. Organizations must ensure that employees feel comfortable raising concerns without fear of retaliation.

Providing whistleblowing channels for reporting unethical behavior

From our survey, 65.8% of respondents support the provision of whistleblowing channels. Whistleblowing channels are crucial for uncovering and addressing unethical practices. Effective whistleblowing mechanisms must ensure confidentiality and protect whistleblowers from retaliation.

Accountability standards are the same for all staff

Our survey shows that 63.2% of respondents believe in equal accountability standards for all staff. Equal accountability is fundamental to maintaining an ethical organization. All employees, regardless of their position, must be held to the same standards.

We found the following from the case studies:

- Britam has implemented a Whistleblowing Policy that protects whistleblowers and promotes reporting,
- CKL Africa Ltd uses the 'Ongea' portal for anonymous reporting and ensures thorough investigations.
- M.P. Shah has included whistleblowing as part of its risk framework and provides annual training.
- Standard Chartered Bank, through its Anti-Bribery and Corruption policy, has outlined procedures including whistleblowing for bribery and corruption incidents.

4.4 Impact of Ethical Leadership, Governance, and Anti-Corruption Efforts

Effective ethical leadership, governance, and anti-corruption measures have positive organizational impacts and improved stakeholder relations. According to survey responses, 57.9% reported a moderate impact, 31.6% observed a significant impact, and 10.5% experienced a transformational one.

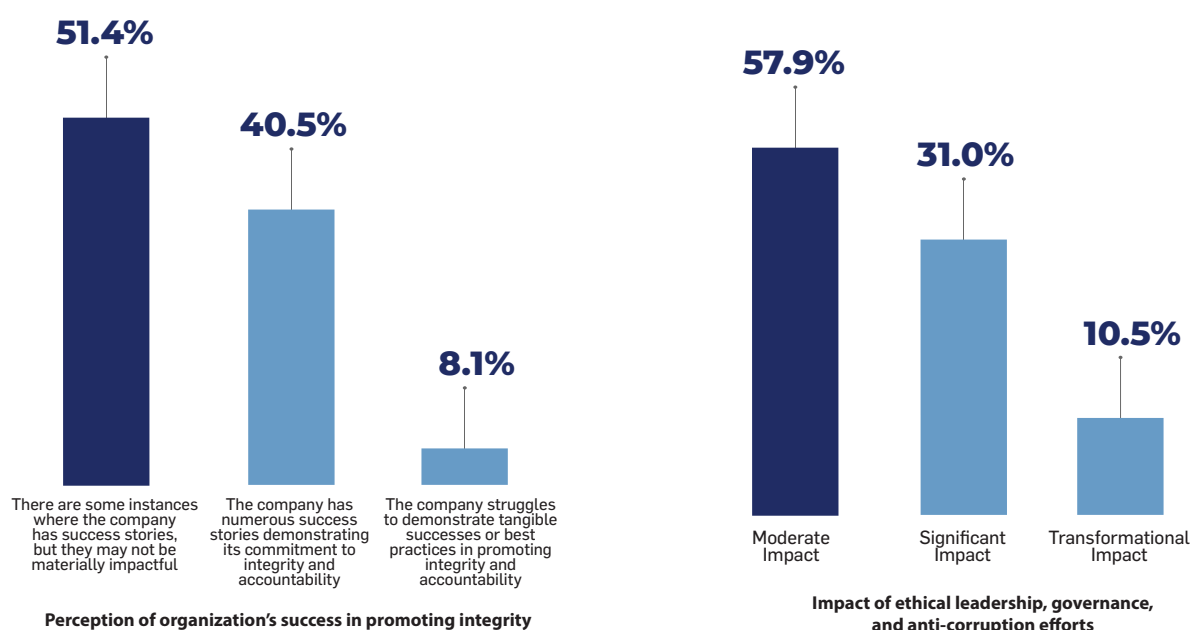


Figure 9: Impact of ethical leadership, governance, and anti-corruption efforts

Some of the benefits realized as a result of improved compliance are illustrated below:



Figure 10: Impact of ethical leadership, governance, and anti-corruption efforts to organizations

These results are witnessed by Britam, where they have achieved better compliance, transparency, and stakeholder trust. In the case of Standard Chartered Bank, which promotes integrity through valued behaviors assessment during employee onboarding, senior management setting the right tone from the top, and annual conduct of risk assessments, the Bank has been able to foster an environment where employees are motivated to uphold high ethical standards, thereby enhancing the company's overall ethical climate.

4.5 Challenges and Barriers

Despite significant progress, challenges persist in implementing anti-corruption measures and maintaining ethical standards. The UNODC report identifies key barriers such as inadequate risk assessments and non-comprehensive anti-corruption policies. The case study results also underscore several key challenges companies face in their efforts to uphold ethical standards and combat corruption, including:

4.5.1 Corruption Risk Assessment Is Not Being Conducted

Corruption risk assessment is a critical component of an effective anti-corruption framework. It involves identifying, evaluating, and mitigating the risk of corruption within an organization. According to United Nations Global Compact, corruption risk assessments are essential because organizations can effectively understand and manage corruption risks, design and implement targeted anti-corruption measures, comply with regulations, allocate resources efficiently, continuously improve their controls, build stakeholder confidence, and integrate anti-corruption efforts into broader risk management strategies¹⁸.

We found that some companies have not conducted a corruption risk assessment, whereas others have stated that corruption risk has been integrated into broader enterprise-wide risk assessments.

Our survey further echoes this message that a majority of companies are not conducting corruption risk assessments. 54.30% of respondents reported an ad-hoc or absence of corruption risk assessment, 28.60% indicated that their organizations conduct wider formal risk assessments that include corruption, whereas 17.10% reported having formal and regular corruption risk assessments.

¹⁸ United Nations Global Compact (2013), A Guide for Anti-Corruption risk Assessment: <https://unglobalcompact.org/library/411>

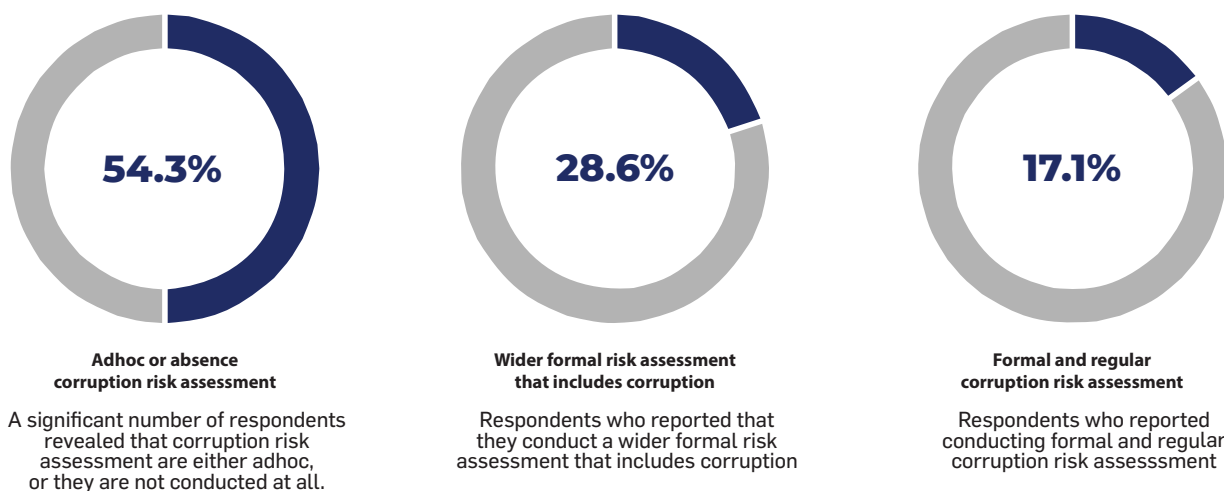


Figure 11: Majority of the organizations do not conduct corruption risk assessments

4.5.2 Profit Prioritization Hinders Ethical Leadership and Governance

One of the challenges identified from the case studies affecting the modern business landscape is the pressure to expedite processes to meet market demands, achieve financial goals, and stay competitive. This pressure can lead to ethical challenges, as the drive for speed and efficiency might encourage short-cuts, compromise quality, or lead to unethical decision-making.

Moreover, in our survey, 41.2% of the respondents identified that the biggest challenge in promoting ethical leadership and governance is the pressure to prioritize profits over ethics. This highlights a conflict between financial goals and ethical standards within companies. Additionally, the minimal employee awareness and training is a significant barrier, indicating a need for better education and engagement on ethical issues. Finally, although less frequently cited, clear policies and leadership commitment are still relevant concerns.

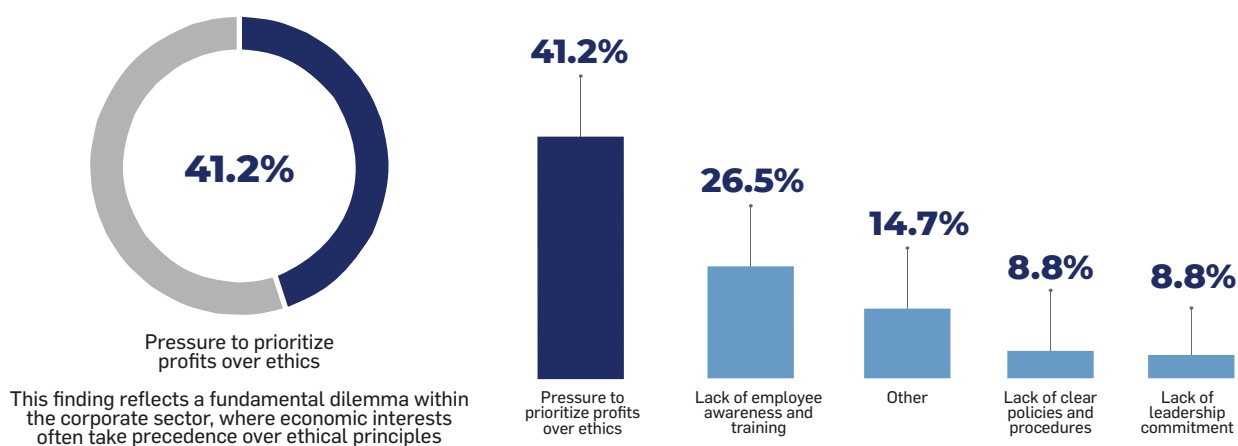


Figure 12: Profit prioritization is a barrier to ethical leadership and governance

4.5.3 Weak Regulatory Frameworks for Corruption Prevention

Navigating regulatory frameworks for corruption prevention can present significant challenges for organizations across various industries. These challenges range from compliance with diverse regulations across different jurisdictions to the need for continuous updates and adherence to evolving legal standards.

The survey results have echoed the challenges in navigating regulatory frameworks, where a majority of respondents (80.0%) responded that they had encountered challenges in navigating regulatory frameworks related to corruption prevention, either occasionally, frequently, or rarely. This suggests that regulatory compliance in this area is a significant issue for many businesses.

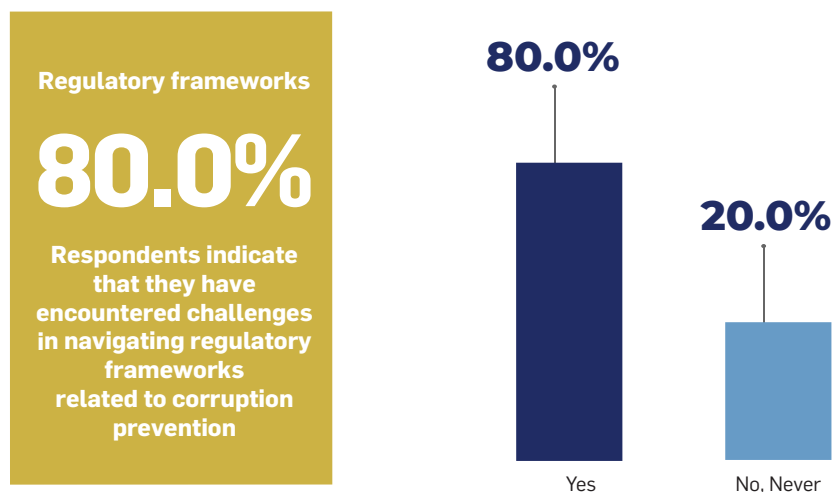


Figure 13: Weak regulatory framework is a barrier to business integrity

Furthermore, our survey indicates a low rate of reporting unethical conduct to authorities, a significant barrier to effective governance and anti-corruption efforts. According to our survey, the reluctance to report unethical behavior stems from several factors, including fear of retaliation, lack of confidence in the reporting system, and perceptions of futility or lack of action. This is illustrated below:

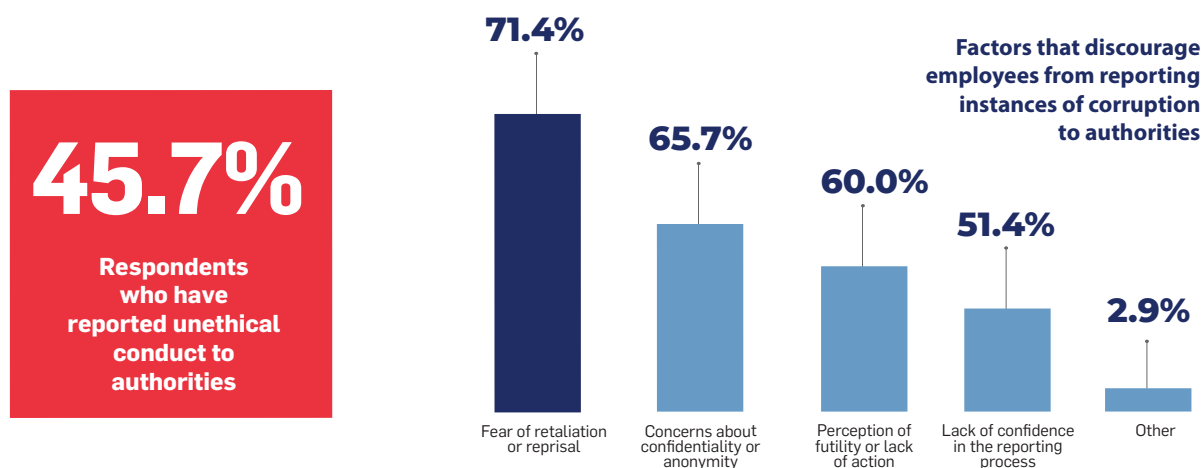


Figure 14: Low Reporting of Unethical Conduct

There has been an initiative to mitigate these challenges, for instance:

- Britam has ensured compliance with various laws and regulations, including the Companies Act 2015 and the Capital Markets Act, through policies and practices promoting a culture of compliance, honesty, and ethical behavior, thereby mitigating the risk of non-compliance and unethical behavior.
- CKL Africa Ltd identifies the need for an intensive program to sensitize stakeholders in the industry about regulatory frameworks on corruption prevention, such as the Anti-Bribery Act of 2016 and the Anti-Bribery Regulations of 2022. These programs are crucial for ensuring that all stakeholders are aware of their responsibilities and the legal requirements for preventing corruption.
- Standard Chartered Bank highlights their commitment to compliance with laws and regulations, which has helped them avoid significant challenges in navigating regulatory frameworks related to corruption.

4.5.4 Ineffectiveness of Codes of Ethics In Kenyan Businesses

The primary factors contributing to the ineffectiveness of codes of ethics in Kenyan businesses are the prioritization of profit over ethics, cultural norms undermining ethical standards, and inadequate enforcement mechanisms. These factors indicate a systemic issue where profit motives and cultural practices significantly hinder ethical compliance. The legal framework's weakness and unawareness further exacerbate the situation.

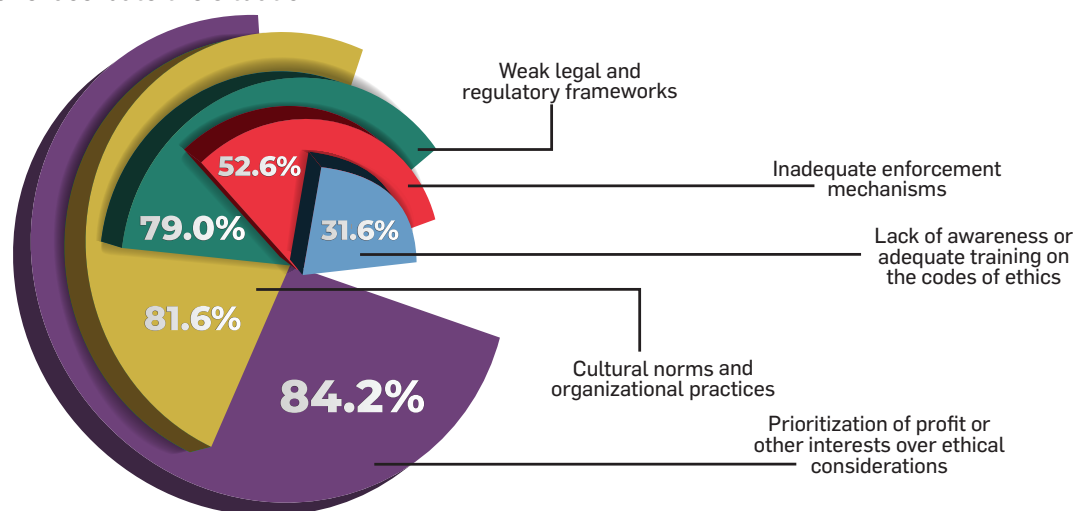


Figure 15: Factors undermining business ethics in Kenya

4.5.5 Inadequate Supplier and Third-Party Governance

The Center for International Private Enterprise (CIPE) published a detailed case study on managing third-party corruption risk, particularly focusing on a leading telecommunication company and its suppliers. This publication highlights the company's role in promoting anti-corruption compliance through its extensive supplier network. It provides practical guidance for companies of different sizes to enhance compliance programs to better integrate into global supply chains¹⁹.

Through our case studies, most of the approaches recommended in the CIPE report are being undertaken as indicated below:

Through its robust framework to combat unethical behavior and promote ethical decision-making, Britam conducts rigorous due diligence processes help mitigate risks associated with third-party relationships. These practices ensure that Britam maintains high ethical standards throughout its supply chain.

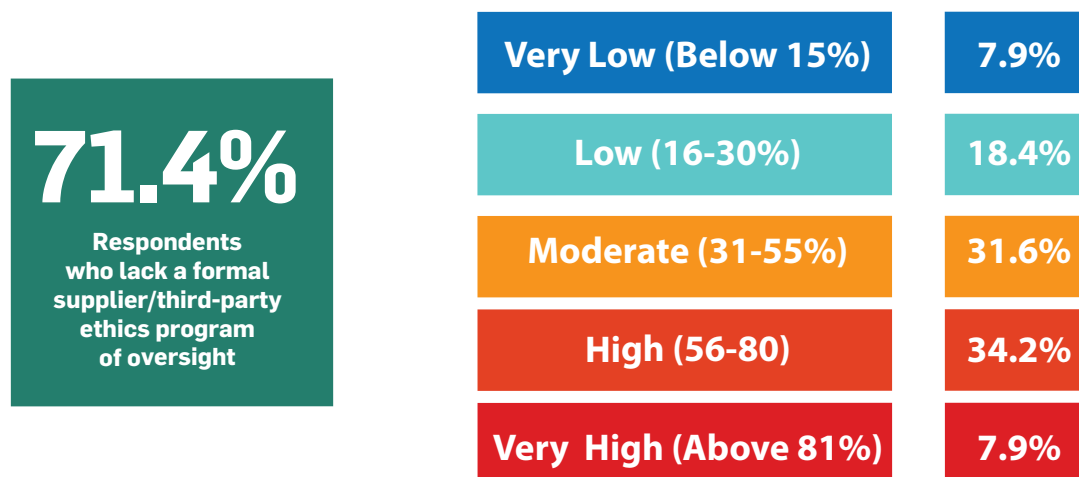
Standard Chartered Bank, through its Enterprise Risk Management Framework, has developed a Supplier Charter. This Charter sets out the principles for ethics, human rights, diversity and inclusion, and environmental performance that all suppliers must adhere to.

CKL Africa Ltd conducts screening of new suppliers and third parties. prior to onboarding. The company also conducts sensitization sessions to ensure adherence to the supplier code of conduct.

M.P. Shah's approach to supplier and third-party governance is by encouraging it's suppliers to share their ESG statements.

Our study found that most respondents reported lacking a formal supplier or third-party ethics program or oversight. This finding highlights an area for improvement in establishing formal supplier or third-party ethics programs and oversight mechanisms within organizations.

¹⁹ Ngige, A. K. CIPE, (2020). Managing Third-Party Corruption Risk: The Case of Safaricom and Its Suppliers



Level of ethical behavior and governance practices by suppliers and third parties.

Figure 16: Supplier and third-party oversight programs are inadequate

4.5.6 External Pressures Hinder Integrity and Accountability

From our case study, we found that an adverse external environment with widespread unethical practices can influence ethical behavior within an organization. This is particularly challenging in industries where poor ethics are prevalent.

Moreover, our survey shows that 48.6% of respondents identified the major challenge in promoting integrity and accountability as external pressures, including market competition and economic volatility. This suggests that external economic conditions influence organizations' ability to maintain ethical standards. Internal challenges such as resource constraints, cultural factors, and regulatory compliance also play a role, though less significant.

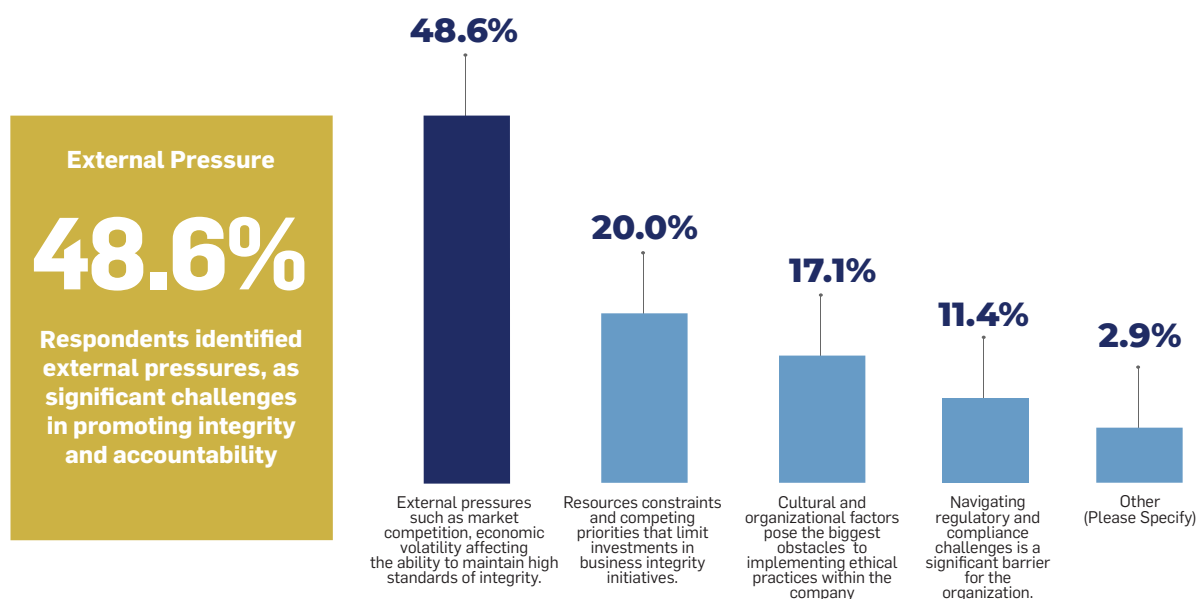


Figure 17: External factors that hinder integrity and accountability

4.6 Adaptability to Emerging Challenges on Business Integrity

Ethical leadership, good governance, and anti-corruption measures are integral to maintaining the integrity and sustainability of organizations. Various companies have outlined their strategies and challenges in reinforcing these aspects.

Anti-Corruption survey: M. P. Shah plans to conduct anti-corruption surveys to assess and monitor the prevalence and nature of corrupt practices within the organization. This approach will help in identifying critical areas that need immediate attention.

Explicit definitions and frameworks: M. P. Shah intends to include clear definitions and structured frameworks for anti-bribery and corruption, ensuring all employees understand what constitutes unethical behavior and the repercussions of such actions.

Continuous monitoring: Regular evaluation of bribery and corruption status in the hospital is a priority. This continuous monitoring helps in maintaining transparency and accountability, fostering an environment of trust and integrity.

Benchmarking and best practices: Standard Chartered Bank emphasizes enhancing governance structures through benchmarking against industry best practices both locally and globally. This approach allows the company to adopt effective strategies proven successful in other contexts.

Collaboration with regulators: Maintaining collaboration with regulatory bodies is crucial for the Bank to ensure full compliance with laws and guidelines on good governance and anti-corruption.

ESG commitments: The Bank supports initiatives centered around Environmental, Social, and Governance (ESG) commitments, integrating these principles into their core operations to promote ethical leadership and sustainability.

Policy development: Developing a stand-alone policy specifically addressing bribery and corruption is a significant step for CKL Africa Ltd.

Regular risk assessments: Conducting regular corruption risk assessments helps in identifying potential risks and implementing measures to mitigate them effectively.

Supplier and employee training: CKL Africa Ltd facilitates regular training programs for suppliers and employees on business ethics and anti-corruption measures, ensuring that all stakeholders are aligned with the company's ethical standards.

Continuous improvement: Focusing on continuous improvement of policies and practices is key for Britam. This includes enhancing training programs, increasing transparency, and actively participating in industry initiatives.

Stakeholder engagement: Britam engages with various stakeholders, including government agencies, to build a robust framework for anti-corruption and good governance.

Transparency and accountability: Ensuring transparent operations and holding individuals accountable for their actions fosters a culture of integrity and ethical behavior within the organization.

4.7 Integrating Collective Action into Business Integrity Efforts

Integrating collective action into business integrity efforts is a key strategy endorsed by several international organizations. This approach involves collaboration among various stakeholders, including businesses, governments, and civil society, to tackle corruption more effectively.

The OECD, for instance, emphasizes the role of businesses in driving business integrity. Given their vulnerability to corruption and limited resources for compliance, collective action allows these enterprises to engage in peer learning, capacity building, and collaborative problem-solving. The 2023 OECD Global Anti-Corruption & Integrity Forum²⁰ was pivotal in bringing together diverse stakeholders to address corruption and integrity issues. It reinforced the need for collective action, knowledge sharing, and the implementation of robust anti-corruption frameworks to create a more transparent and accountable global environment.

Standard Chartered Bank highlights the importance of public-private initiatives that embed ethical behaviors and cultures in the public. Collaboration with regulatory bodies and participation in public awareness sessions are crucial steps in fostering a culture of integrity.

Britam emphasizes that building a strong foundation for anti-corruption and good governance requires joint efforts between organizations, industry associations, and government agencies. These collaborations can lead to the development of legislations and Codes of Conduct applicable across various sectors.

CKL Africa Ltd has demonstrated collective action through:

- Participating in the UN Global Compact as a participant since 2015 to combat bribery and corruption.
- Engaging in a collaborative effort within Kenya to address corruption through the Kenya Network Anti-Corruption Working Group.
- Signing up to the Code of Ethics for Businesses in Kenya.

Our survey results also show that we are headed in the right direction. A significant majority, 78.9%, reported that they collaborate with external stakeholders on ethical practices and anti-corruption efforts either occasionally or frequently.



Figure 18: Collaborative efforts on ethics, good governance, and anti-corruption practices

²⁰ Organisation for Economic Co-operation and Development (OECD) Global Anti-Corruption & Integrity Forum, (May 2023), Action to Impact: Working together to strengthen integrity and fight corruption: [oecd.org/gov/ethics/Highlights 2023.pdf#page=3.04](https://oecd.org/gov/ethics/Highlights%202023.pdf#page=3.04)

CONCLUSIONS

The governance frameworks exemplified by Standard Chartered Bank, CKL Africa Ltd, Britam Holdings Plc, and M.P. Shah Hospital demonstrate that effective governance structures are crucial for maintaining high standards of ethics and compliance in organizations. These frameworks showcase how structured risk management, transparent reporting mechanisms, policy enforcement, and ethical integration into all operational aspects can collectively enhance organizational accountability and ethical standards. This analysis underscores other organizations' need to adopt similar governance frameworks to ensure robust ethical practices and sustained corporate integrity.

The described practices by organizations in this case study demonstrate robust implementation and monitoring mechanisms within their governance frameworks. These organizations are committed to integrating ethical practices at all levels, ensuring regular assessment and adherence to established standards. The presence of relevant committees, regular audits, and continuous updates to risk management plans indicate proactive and effective governance aimed at maintaining high standards of integrity and compliance.

Building an ethical culture within organizations relies heavily on employee engagement and consistently reinforcing ethical standards. Engaged employees are more likely to uphold ethical standards, contributing positively to the organizational culture. As reflected by most survey respondents, the overall confidence in the governance systems underscores these frameworks' success in promoting ethical behavior and accountability in Kenyan companies.


Ethics training within organizations is crucial in fostering ethical behavior and decision-making. This ensures that all employees, regardless of their role, are aligned with the organization's ethical standards and contributes to a robust ethical culture. This correlation between regular ethics training and enhanced ethical awareness and behavior highlights the importance of such initiatives in building and maintaining a robust ethical culture within organizations. It underscores that well-informed employees are more likely to adhere to and advocate for high ethical standards, contributing positively to their organizations' integrity and success.

The gap between ethics and leadership prioritization suggests that organizations could benefit from more actively promoting and integrating ethical leadership and governance into their core operations. Strengthening this aspect could involve clearer communication of ethical priorities from top management, enhanced training programs, and more rigorous enforcement of ethics policies to ensure they are as effective in practice as intended on paper. This approach can help bridge the gap between having high ethical standards and making ethical leadership a clear and prioritized part of organizational culture.

The private sector's role in promoting transparency and combating corruption is crucial and varied. Companies like Britam, M.P. Shah Hospital, Standard Chartered Bank, and CKL Africa Ltd exemplify effective anti-corruption initiatives. These practices demonstrate how deeply embedded these initiatives are within their operations, underscoring the private sector's pivotal role in advancing transparency and integrity within the broader business community. These strategies go beyond legal compliance, serving as exemplars in the fight against corruption and showcasing how proactive anti-corruption measures can enhance ethical reputation and operational success.

A holistic approach to anti-corruption emphasizes collaboration, legal robustness, organizational transparency, and a strong ethical culture. This approach is effective because it tackles corruption from multiple directions, creating a defense that enhances integrity, supports compliance, and builds a resilient organizational reputation.

Corruption risk assessment is crucial for an effective anti-corruption framework within organizations. Lacking regular and formal corruption risk assessments exposes organizations to serious issues. Without them, unnoticed corruption risks can compromise integrity, leading to vulnerabilities, non-compliance with laws, and reputational damage. It also results in poor resource allocation and diminished stakeholder trust, affecting overall business operations. Moreover, without these assessments, integrating anti-corruption efforts into wider risk management strategies becomes ineffective, leaving the efforts disjointed.



Our study reveals that many organizations still lack formal ethics programs or oversight for suppliers and third parties. This gap underscores a critical need for companies to establish and enforce formal supplier and third-party governance mechanisms to manage corruption risks effectively and maintain ethical business practices.

Effective ethical leadership, governance, and anti-corruption efforts positively impact organizations by enhancing compliance, transparency, and stakeholder trust. Examples like Britam and Standard Chartered Bank demonstrate how these practices improve organizational culture and business performance, with Britam achieving better compliance and Standard Chartered fostering an ethical environment that motivates employees to uphold high standards. These outcomes highlight the substantial benefits of ethical practices in strengthening business operations and enhancing stakeholder relationships.

In modern business environments, prioritizing profit over ethical practices poses a significant challenge to maintaining ethical leadership and governance. Additionally, inadequate employee awareness and training further complicate efforts to foster ethical practices. To address these issues, companies need a balanced approach that integrates strong ethical guidelines and effective training programs into their corporate culture, ensuring profitability does not compromise ethical decision-making.

Navigating regulatory frameworks for corruption prevention is a widespread challenge, with many organizations reporting difficulties due to the diversity of laws and the need for constant updates. To mitigate this, companies in Kenya have employed strategies to manage regulatory complexities and reduce corruption risks effectively. These approaches highlight the importance of proactive compliance and education in strengthening anti-corruption efforts.

The ineffectiveness of codes of ethics in Kenyan businesses can be traced to several systemic issues, including: profit over ethics prioritization, cultural norms, and inadequate enforcement mechanisms. Addressing these issues requires a multi-faceted approach, including strengthening legal and enforcement frameworks, cultivating a culture that values ethical behavior, and providing ethics training to ensure that all employees can effectively implement the organization's ethical standards.

External pressures can overshadow internal efforts to uphold ethics and accountability, making it difficult for organizations to apply ethical standards consistently. Organizations might consider strengthening their ethical frameworks and accountability mechanisms to counteract these pressures. This could involve implementing rigorous compliance programs, enhancing transparency, and fostering a culture prioritizing long-term ethical behavior over short-term gains. Engaging with stakeholders to promote a broader understanding and support for ethical practices can also help mitigate the impact of negative external influences.

Integrating collective action into business integrity efforts involves collaboration among businesses, governments, and civil society to combat corruption. Public-private initiatives and collaboration with regulatory bodies are crucial for promoting ethical behaviors and fostering a culture of integrity. Joint efforts among organizations, industry associations, and government agencies are also essential for developing laws, regulations, and codes of conduct.



CALL TO ACTION

Call To Action

In light of the study findings and recommendations, it is imperative for Kenyan businesses to take decisive action to enhance ethical leadership, governance, and anti-corruption practices. Corporate leaders and stakeholders must demonstrate ethical leadership by integrating integrity into all operations, fostering transparency, leveraging technology, and collaborating with stakeholders.

Employees are encouraged to promote a culture of integrity by adhering to organizational ethical standards and using whistleblowing channels to report unethical behavior.

RECOMMENDATIONS

Based on the findings and conclusions of this report, the following recommendations are proposed to enhance ethical leadership, governance, and anti-corruption practices in Kenyan companies and address the identified gaps:

Setting the tone-at-the-top

Promoting ethical leadership and good governance requires setting clear examples at the top. Company leaders must demonstrate their commitment to ethical behavior through actions and decisions. Establishing and enforcing a robust code of ethics, conducting regular audits, and implementing strict compliance measures are essential. Leadership training programs should be mandatory for senior executives to reinforce the importance of ethics in their roles. Additionally, recognizing and rewarding ethical behavior within the organization can motivate employees to adhere to high standards of integrity.

Enhancing ethical culture promotion:

Companies must embed ethics into their core values and daily operations to enhance explicit prioritization of ethical leadership. This includes revising corporate missions to emphasize ethics, conducting regular ethics audits, and incorporating ethical performance into employee evaluations and rewards.

Improving corruption risk assessments:

With most respondents indicating inadequate corruption risk assessments, companies should implement formal, regular assessments. This involves developing standardized assessment tools, training staff to conduct these assessments, and integrating findings into strategic planning and operational adjustments.

To address the gaps in corruption risk assessments, organizations can take several steps:

Establish formal policies: Implement formal policies that mandate regular corruption risk assessments. This includes defining the scope, methodology, and frequency of assessments to ensure they are comprehensive and systematic.

Training and awareness: Conduct training sessions to educate management and employees on the importance of corruption risk assessments and how they are conducted. This can help foster a culture of transparency and compliance.

Leverage technology: Utilize technology to streamline the risk assessment process. Software tools can help identify potential corruption risks more efficiently and ensure consistent data analysis.

Engage external experts: Internal resources are sometimes insufficient to assess corruption risks effectively. Engaging external experts or consultants who specialize in risk assessment can provide an unbiased perspective and enhance the quality of the assessment process.

Integrate into broader risk management: Ensure that corruption risk assessments are part of an integrated framework. This helps align anti-corruption efforts with other risk-related strategies and enhances overall governance.

Strengthening supplier and third-party governance:

Given that most respondents lack formal ethics programs for suppliers, it is essential to develop and enforce a supplier/third-party Code of Conduct. Companies should perform rigorous due diligence, conduct regular audits, and provide training for suppliers to ensure adherence to ethical standards. Establishing a supplier ethics committee can also help oversee these efforts.

Enhancing reporting mechanisms:

Companies must improve and promote confidential whistleblowing channels to overcome the low rate of reporting unethical conduct. Ensuring these channels are secure, accessible and that whistleblowers are protected from retaliation is critical. Regularly communicating the existence and importance of these channels can encourage more employees to report unethical behavior.

Addressing ethical dilemmas such as profit vs ethics conflict:

Companies should integrate ethical considerations into their business strategies to mitigate the conflict between profit motives and ethical standards. This can be achieved by setting clear ethical goals, linking executive compensation to ethical performance, and fostering a corporate culture that values long-term sustainability over short-term profits.

Capacity building

To build capacity in combating corruption, it is crucial to invest in continuous training and education programs for employees at all levels. Companies should partner with academic institutions and professional organizations to develop and deliver these programs. Training should cover topics such as ethical decision-making, compliance, and identifying and reporting corrupt activities. Additionally, companies should establish mentorship programs where seasoned professionals guide younger employees in maintaining high ethical standards.

Mobilizing opinion against corruption and demanding action

To effectively mobilize opinion against corruption and demand action within the private sector, companies should launch awareness campaigns highlighting corruption's detrimental effects on business and society. These campaigns can utilize various media platforms, including social media, to reach a broad audience and foster a collective intolerance for corrupt practices. Additionally, establishing forums and discussion panels where business leaders can share their anti-corruption success stories can inspire others to take similar actions. Creating a culture where employees feel empowered to speak out against corruption without fear of retaliation is also crucial.

Joint development of legislation and review of effectiveness

Collaborative efforts between the private sector, government, and civil society are essential for developing effective anti-corruption legislation. Regular round-table discussions and working groups should be established to allow stakeholders to contribute to the drafting and revision of laws. This collaborative approach ensures that the legislation is comprehensive and enforceable. Furthermore, establishing mechanisms for ongoing review and feedback on the effectiveness of these laws can help identify areas for improvement and ensure that they remain relevant and robust.

Supporting public oversight anti-corruption agencies

The private sector can play a vital role in supporting public oversight anti-corruption agencies by offering expertise and resources. Companies should establish partnerships with these agencies, providing financial support, technical know-how, and human resources to assist in their initiatives. For instance, private sector professionals with expertise in forensic accounting, legal analysis, and IT security can be seconded to these agencies to enhance their capabilities.

Additionally, forming advisory committees comprising industry experts can offer strategic guidance to anti-corruption bodies, ensuring their approaches are practical and effective.

Emphasis on stakeholder engagement and collective action

Engaging all stakeholders in the fight against corruption requires creating platforms for dialogue and collaboration. Companies should organize regular stakeholder meetings, including suppliers, customers, employees, and regulators, to discuss anti-corruption strategies and share best practices. Encouraging collective ownership of anti-corruption initiatives involves developing joint projects and campaigns from which everyone can contribute and benefit.

Expanding the network of stakeholders involved in anti-corruption efforts is crucial for creating a united front. Companies should actively seek to include non-traditional stakeholders such as academic researchers, non-governmental organizations, and community leaders in their initiatives. Establishing partnerships with these groups can bring fresh perspectives and innovative approaches to combating corruption. Moreover, engaging with international organizations can provide access to global best practices and resources, further strengthening local efforts.

The Global Compact Network Kenya provides a platform for practical guidance, peer learning and capacity building to support companies in advancing these recommendations and working against corruption. Through our programmes, working groups and the UN Global Compact Academy, participating companies can access tools, training and a trusted network to strengthen their integrity systems and collectively level the playing field. To learn more or to engage with these initiatives, please get in touch with us at info@globalcompactkenya.org

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