

**LINKAGES AMONGST CORPORATE NON-COMPLIANCE, CORRUPTION &
CORPORATE CRIMES (IN INDIA)**

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Dedication

I, Arun S Kulkarni, offer this research and thesis as a tribute to my mother, Saraswati Kulkarni, who instilled in me the desire to seek knowledge and uphold ethical values in every aspect of life. She is a source of inspiration and motivation to me.

This work is a product of the love, guidance, and support of my mother, and I dedicate it to her with deep respect and appreciation.

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and fellow students have fostered a conducive environment for learning and research, which has played a crucial role in shaping my academic and personal growth.

ABSTRACT.

The Indian economy has been growing rapidly over the past two decades, making it the world's fastest-growing economy and the second most populous country. With a growing and educated middle class and a strong rule of law, India offers many opportunities for global corporations. However, corruption has been a systemic issue in Indian business, despite significant efforts by international organisations and the Indian government to combat it.

Transparency International reports reveal the extent of corruption in both developed and developing nations. Greed and unethical practices are commonplace as organizations seek to avoid onerous tasks and costly compliance requirements. Non-adherence to corporate governance is rising, making it difficult for preventive legislation to succeed.

To do business in India, it's essential to understand the country's risks and compliance requirements. This study aims to explore the primary linkage between non-compliance and corruption in India and to investigate the factors that establish linkages between corruption, non-compliance, and corporate crime. The study includes an online survey of 70 compliance professionals from different industry segments and face-to-face interviews with 11 business leaders. The survey and interviews reveal several practical key points and lead us to conclude and recommend that-

- I. Compliance regimes should be simplified and decriminalised to prevent entities from engaging in unethical practices to avoid severe punishments.
- II. Regulators must proactively monitor non-compliances.
- III. Corporate entities should focus on ethical business practices, and all stakeholders should be oriented towards it through training and awareness programs.

IV. Digitization should take priority in all compliances to minimize human interface with authorities.

In conclusion, both the government and business communities must adopt practices that promote ethical business conduct to control and minimise corruption.

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LIST OF ABBREVIATIONS -

Abbreviation	Meaning
ABAC Policy	Attribute-based access control
C level	C suite or term used to describe high-ranking executives
CPI.	Corruption Perception Index
FCPA 1977	U.S. Foreign Corrupt Practices Act 1977
GDP	Gross Domestic Product
GOI	Government of India
IL & FS	Infrastructure Leasing & Financial Services Ltd.
IL.	International Law
INECE	International Network for Environmental Compliance & Enforcement
IPC	Indian Penal Code
IR Theory	International relations theory
LOA	Logic of appropriateness
LOC.	Logic of Consequence
MCA	Ministry of Corporate Affairs, Government of India
NGO	Non-Governmental Organization
OECD	The Organization for Economic Cooperation and Development
SEBI	Securities and Exchange Board of India
SEC	U.S. Securities and Exchange Commission
TPB	Theory of Planned Behavior
UNCAC	United Nations Convention against Corruption
UNODC	United Nations Office on Drugs and Crime

CHAPTER I: INTRODUCTION

1.1 Introduction

Corruption remains one of the world's most significant challenges. It has a disproportionate impact on poor communities and is a significant hindrance to sustainable development. For companies, corruption impedes economic growth, distorts competition, and represents serious legal and reputational risks. Also, the anti-corruption landscape is rapidly changing. Legislation and new rules worldwide are pushing companies to see robust anti-corruption measures as a necessity. Today's landscape of ever-increasing information transparency and accountability makes companies subject to greater scrutiny. Corruption increases the cost of doing business and simultaneously raises uncertainty over expected returns for investors (UNGC, 2016).

As Montesquieu wrote in *The Spirit of the Law*, "Everyone with power is easy to abuse power, which is an immutable fact". Since ancient times corruption has been a common enemy of people and a common problem in countries. Corruption can be defined as the act of personal use by a public servant in defying or non-complying with the rules and regulations to deny individuals' rights. Generally, it is observed that a complete or partial lack of supervision by authorities in a position of control leads to corruption (Cheng & Zeng, 2017). The report by the World Bank asserted that corruption, with destructive consciousness, is not conducive to economic and social development. Corruption is a crime that, unfortunately, is also ubiquitous. Corruption is universal. It exists in all developed and

developing countries, public and private sectors, and non-profit and charitable organisations (Verma & Sharma, 2018).

This evil phenomenon is found in all countries—big and small, rich and poor—but its effects are most destructive in the developing world (UNODC, 2004). Corruption hurts the poor disproportionately by diverting funds for development, undermining a government’s ability to provide essential services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a critical element in economic underperformance and a major obstacle to poverty alleviation and development (UNODC, 2004).

Corruption has been a growing concern worldwide; therefore, the United Nations noted it. Its Secretary-General, Mr. Kofi A. Annan, mentioned in his foreword for UNCAC’S Publication, and I quote,” Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to human rights violations, distorts markets, erodes the quality of life and allows organised crime, terrorism and other threats to human security to flourish (UNODC, 2004). In the economic sense, corruption is defined as the act of private use by a public official in violation of the rules to exploit the rights of individuals (Cheng & Zeng, 2017).

In the recent past, in Indian Corporate Entities, we have experienced governance failures. Resulting in the erosion of shareholder value, loss of business, loss of reputation. Vanishing corporate entities, and the overall loss of economic value, add tremendously. Stress to the business environment and eroding investor and stakeholders’ confidence

(Singh, 2021). Explored and concluded that the failure of corporate governance is leading to an increase in fraud in the corporate world.

The corporate entity is expected to follow the rule of law (Sheng, 2009). Non-adherence to good governance practices leads to the failure of corporate governance. Thus, every incidence of corporate governance failure has roots in compliance / non-compliance with the laws.

India is a complex jurisdiction for corporate compliance. They are also fraught with old, redundant tasks. Besides various reasons such as historical perspective, three-tier — Federal, State & Local regimes. Federal, State and Concurrent legislative lists, and bilateral & multilateral treaties/ convention obligations, India's Compliance has consistently demonstrated rigidity. It has been principally in the "Comply or Perish' or 'Rule-Based Very Prescriptive' regime. Recently published Global Business Complexity Index 2020 indicates that amongst 77 countries evaluated on various business parameters, India is the 18th most challenging country on overall business complexities and United Nations Economic and Social Commission for Asia and the Pacific 33rd most complex jurisdiction based on the Rules, Regulations and Penalties.

India Compliance means understanding, managing, processing, and reporting of Statutory and regulatory compliance together with ratifying non-compliances. The difference between the rankings may be explained by the fact that India has introduced many reforms and, most recently, introduced legislation that has paved the way for adopting recent global trends and practices. However, factors such as redundant laws, the diversity of compliance reporting, lack of clarity in specific legal provisions, the difference

in written directions and the manner of implementation, and disintegrated approach to compliance have caused confusion and uncertainty, thereby increasing the complexity of setting up and managing business operations in India (Prevention of Corruption Act, 1988; Tata Motors Finance Limited, 2023).

Over 5500 Central, State, and Local Legislations apply to the businesses. These, in turn, translate into 1,77,207 compliance tasks. Of these, almost 1,30,000 tasks (or 75%) are classified as supercritical compliances demonstrating imprisonment and (and/or) fines as the consequence of non-compliance. There is a tendency to pay bribes to rogue Public Servants to avoid such consequences arising due to non-compliance or delayed compliance. While under the relevant Compliance Legislation, the non-compliance directly results in a prosecutable offence (and therefore a crime), avoidance or mitigation of prosecutable risk leads to the offence of bribery under the Prevention of Corruption Act, 1988 (as amended) (Prevention of Corruption Act, 1988).

Due to its tremendous negative bearing, much material is focused on understanding and reducing corruption. However, the current academic work focuses mainly on corruption in government done by public officials. However, corporates play an essential role in most of the incidences of corruption occurring in society, and it is a necessary context for corruption. Moreover, corporates vary from the government in multiple aspects. Hence, the role of corporates in corruption deserves a focused study and development of a unified theory of corporate corruption.

Corruption considerably raises the cost of doing business for international corporations. As a result, the global economy, private companies and people worldwide

have to pay high costs for corruption (ASIL, 2021). On a macro level, recent data suggests that the cost of corruption equals more than 5% of global GDP \$2.6 trillion, and corruption increases the cost of doing business up to 10% globally, according to the World Economic Forum and the World Bank, respectively. When an organization engages in corrupt behavior, the costs associated extend well beyond what can be found on a balance sheet, such as fines and penalties, but can also include lost business by way of sanction, reputational damage, and organizational turmoil. Additionally, relocating business is equivalent to a 20 per cent tax on foreign business (Castro *et al.* 2020). Corruption can increase the cost of procurement contracts by up to 25 per cent in some countries. Therefore, there is no surprise that multiple efforts have been put into mitigating corruption. Intergovernmental organizations have sought to address this issue by drafting international conventions like Anti-Bribery Convention, 1997. National governments have developed legislation to address corruption, like the US's Foreign Corrupt Practices Act (1977) and NGOs have worked to reduce corruption (Castro *et al.*, 2020). Academy of Management Annals. Corporations have also made significant efforts to combat corruption by promoting ethical practices, establishing anti-bribery initiatives, and enhancing compliance and ethics procedures. The causes for the lack of progress are numerous and complicated. Still, more research is necessary to understand corruption in corporate and by corporate in-depth and to develop evidence-based strategies for eradicating it where possible and mitigating its worst effects where it is impossible to do so.

In India, where it is widely believed to be deeply ingrained in the lives of the ordinary population and the business world, as is evident from the numerous incidents of corruption

reported in the media virtually every day, corruption requires no introduction (Verma & Sharma, 2018). The major corruption scams have shaken the governments along with the doom of corporates, both in functioning and reputation. India is a complex jurisdiction for corporate compliance. Compliances are also fraught with old & redundant tasks. The present Governing administration has adopted a zero-tolerance attitude towards corruption and carried out many measures to punish corrupt practices. Being quasi-federal with a strong union and the more autonomy given to states, the legal compliances for corporates have become multi-fold and complex (Begovic, 2005). This diversity of compliances consumes an enormous amount of time and resources of the corporates starting from incorporation till dissolution. The complexity increases the instances of failure to comply on time, missed compliances and non-compliances. Non-compliance brings civil penalties and criminal liabilities for corporations at the company and individual levels. Therefore, to save the corporate from a lousy reputation and civil and criminal liabilities, corporates indulge in corruptive practices by bribing the stakeholders and start indulging in corporate crimes and frauds (Shleifer & Vishny, 1993).

Thus, there are linkages between non-compliance, corruption, and corporate crimes. The objective of choosing the present research is to explore and establish this linkage that damaged corporate entities' reputations. Corruption and crime remain one of the world's most significant challenges. The present research and the relation of corruption to non-compliance are contextualized and focused on Indian jurisdiction. In India, as elaborated earlier, the complexity and diversity of compliances lead to non-compliance with the laws of the land.

For instance, compliance with the legal provision of obtaining licenses to commence business by providing statutory information leads to delays or stoppage of permits. This is a tedious process and incurs costs. Non-compliance with laws and regulations leads to increased business costs and uncertainty over investors' expected returns (Securities and Exchange Commission of the USA v. Cadbury Limited and Mondelez International, Inc., 2017). Years before, compliance was a “recommendation” for the business. It was good to show that corporates were compliant with specific regulations. However, with the evolving business environment and demand for being transparent and accountable to the shareholders and other investors, compliance with laws did not remain an option but has become a critical necessity and mandatory activity. Corporate entities have experienced governance failure resulting in erosion of shareholder value, loss of reputation, and eroding investor and stakeholder confidence due to non-compliance. There is a severe impact of non-compliance with legislation, and statutory requirements, especially for corporations that carry business in India and multiple jurisdictions (OECD & UNODC, 2013).

The researcher will evaluate these mandatory compliance necessities through a data analysis of compliance requirements of different sectors in India. Along with this, the researcher intends to explore the motivation behind indulging in corruption at the cost of damaging the organization's reputation and losing stakeholders' confidence (Castro *et al.*, 2020).

Thus, the core of the research is to study the linkage between non-compliance, corruption, and corporate crimes. The study is in line with addressing and understanding

the factors contributing to the growth of corruption, the role of corporations and compliance as a deterrent.

1.2 Research Problem

In the 2021 Corruption Perception Index (CPI) Report, Transparency International has concluded that at a global level, corruption levels were standstill in 2021 (Transparency International, 2021). This year, the global average has remained unchanged for the tenth year in a row, at just 43 out of a possible 100 points. Despite multiple commitments, 131 countries have failed to make substantial progress against corruption in the last decade. Score of two-thirds of the countries is below 50, indicating that they have grave corruption problems, while 27 countries are at their lowest score ever.

India is no exception to this reality. Unethical practices flourishing due to non-compliances is one of the biggest triggers for corporate corruption. This unholy connectivity between non-compliance and corruption needs in-depth analysis. The grave lacuna lies in easing compliance and promoting ethical business culture to avert corporate crimes.

Most studies around corruption in India talk about corruption in governments and by public officials. However, there is a need to understand that corruption incorporates a unique empirical phenomenon that requires focused attention for several reasons (Castro, *et al.*, 2020). First, while both government and corporate corruption have people in power abusing their authority, the contexts in which the abuse occurs are fundamentally differentiated. Government bureaucracies are different from companies in terms of culture, incentives, governance, and logic, making the opportunities for corruption, the decision to

be corrupt, and the practicalities of acting corruptly radically different. Theories related to corporate corruption must explicitly account for these differences to better theorise how, when, and why decisions to act corruptly are taken. Second, unlike governments, firms face competitive pressures. that can affect the likelihood of corruption. Also, the role of companies in corruption is usually different. Corporations are often the source of the finances that corrupt governments (or other firms). They function as the “supply-side¹” in corrupt transactions.

Due to these significant differences in the context of corruption, the researcher has undertaken to analyse the interconnectivity between non-compliance, corruption & corporate crime in India and will attempt to develop ways to mitigate the same in the Indian context.

1.3 Purpose of Research & Questions

Corruption persists despite having proactive and defence anti-corruption measures at all levels. It has entrenched so much in the blood of the socio-politico and legal structure of Indian society that it is considered “evil” but “necessary”. Complexity and diversity of statutory and regulatory compliances are two main reasons for failure to comply promptly and non-compliance in India. To avoid payment of penalties arising out of non-compliance, the culture of corruption flourishes internally in the corporate. This culture further fuels corporate crimes like fraud, criminal breach of trust, and misrepresentation, to name a few. Currently, in the theoretical realm in the Indian context, a study has yet to evaluate the

linkage between Corruption, Non-compliance, and corporate crimes. Hence, the researcher has initiated this research to understand this linkage in detail and provide sustainable solutions (Transparency International, 2021).

The current study aims to present an all-encompassing review of India's literature and theoretical background, which has analyzed the connectivity between non-compliance, corruption, and corporate crimes. The study will also encompass the critical analysis of the industry practices and outline a conceptual framework for effective management to mitigate corruption in India. The researcher will utilize the data available in the public domain to scrutinize the case studies related to corruption activities in India.

Thus, the primary purpose of the present research is to establish the link between non-compliance, corruption, and corporate crimes in India. After understanding this linkage through empirical and doctrinal research, the researcher will attempt to provide answers to the research questions mentioned in the earlier section and recommend practical and sustainable solutions based on the conclusions.

In line with understanding the criminal linkage and providing sustainable solutions for evils arising out of it, an attempt will be made by the researcher to answer the following questions:

1. Can an effective compliance regime mitigate and deter corruption under prevailing circumstances in India?
2. Is corruption an ultimate result of non-compliance in India?
3. Which common factors establish the linkage between non-compliance, corruption, and crime in India?

1.4 Significance of the Study

Since its independence in 1947, the Indian economy has grown at a meagre rate of about 3% per annum. It inherited the license and inspector regime from the colonial power, which was imposing many restrictions on its growth. This culture also encouraged giving bribery to get permission at every step of business. India was considered a difficult place for business, so foreign investments only reached India once it opened its economy and dismantled the bureaucratic and permission-driven mechanism in 1991. India was home to various strict compliances, and license raj was very much prevalent to the detriment of the growth of businesses. Post-1991 economic reforms, the Indian government reviewed the entire legal and regulatory mechanism. It eliminated many laws that created hindrances and created opportunities for corruption and wrongdoings while carrying out a business (Prevention of Corruption Act, 1988). India started using “Compliance Mechanisms” to deter corruption in India. Despite these measures and incentives, corruption persists. The corruption scams post 1991, beginning from Harshad Mehta's 10,000 Cr. securities scam till the Punjab National Bank fraud case involving Rs 14,356.84 crore and Nirav Modi, Ami Modi, Nishal Modi and Mehul Choksi as the key accused in 2019 (Education World, 2022) are the testimony of the sustenance of corporate fraud in India. Corruption scams are many and are evaluated from the study point of criminal law. However, the linkage between compliance regimes and corruption still needs to be studied. The researcher herein attempts to analyse the linkage between the compliance regime in India, and he will aim to establish that the non-compliance phenomenon arises out of India's complex and multi-fold compliance regime. This further leads to non-compliances which in turn fuels corrupt

practices. Thus, the present research proposes to detect the cause of this phenomenon which may be due to non-compliance with regulatory and statutory requirements.

Corruption is as old as a society and has become the accepted way of life for ages. The business is also not immune as they are run by humans prone to such age-old evils as corruption. Further, suppose we see the business environment as evolved in the post-independence era in India. In that case, there has been constant pressure on all organisations, irrespective of their sizes, to comply with regulatory and statutory compliances. Therefore, organisations have invested in compliance solutions through software or their internal compliance team specialised in compliance management to ensure they remain compliant. Since the financial crisis of 2008, there has been more significant pressure on businesses to demonstrate that they are compliant and governed correctly while conducting business. This has resulted in saying non-compliance could mean an organisation facing massive fines or reputational damage that many companies could find hard to recover (OECD & UNODC, 2013). In light of this situation, the researcher would further evaluate whether, due to such pressures, the corporates opt for corruption or if failure to comply promotes bribery in India.

It is a presumption that most bribery incidences result from non-compliance, either of some statutory, regulatory provision or policy. With the collection and analysis of empirical data, the Author would try to understand whether there is a linkage between corruption leading to Non-Compliance. The outcome of this study will be valuable to industry practitioners and related software providers in developing better practices to

mitigate the corruptive practices in India arising out of non-compliance (ul Islam & Hussain, 2018).

Whenever companies failed to comply with regulations face great repercussions which include financial and reputational damages. Following any compliance, rules are associated with the cost of compliance since companies have to incur the cost of compliance tools and training for their respective stakeholders. This of course leads to maintaining business processes and turning a profit.

Compliances in highly regulated industry segments like health care, finance, and defence are associated with extreme challenges. Maintaining compliances includes the following attributes (Cole, 2020).

- Determining how emerging regulations will influence the business direction and existing business models.
- Incorporating and developing a compliance culture and promoting this culture throughout the organisation;
- Deciding on and hiring compliance roles and accountabilities, as well as the compliance functions required by legal, compliance, audit and business departments;
- Anticipating compliance trends and integrating regulatory processes that increase efficiency.

Research focus is on India's jurisdiction-

Regulatory compliance is an organisation's adherence to laws, regulations, guidelines and specifications relevant to its business processes.

Examples of regulatory compliance laws and regulations include the Indian companies act 2013, Listing Obligations and Disclosure Requirements (LODR) for listed entities, the Insider Trading Act, and other acts like Income Tax, Goods and Service Tax etc. International law,s such as Dodd-Frank Act, Sarbanes-Oxley Act (SOX), and the EU's (European Union) General Data Protection Regulation (GDPR), apply in India on case-to-case basis. Corruption arises out of the greed of human beings for possession of more wealth, even if it has to obtain it by resorting to philosopher and economist Kautilya, aka Chanakya, mentions corrupt practices written third/fourth century BCE (Verma & Sharma, 2018).

Research Hypothesis:

The research hypothesis can be formulated as follows:

An effective compliance regime can mitigate and deter corruption under prevailing circumstances in India, with non-compliance being a significant contributing factor to corruption and corporate crimes.

Research Gap:

The research note highlights the need to understand the linkage between non-compliance, corruption, and corporate crimes in the Indian context. While there have been studies on corruption in India, most focus on government corruption and public officials. However, there is a gap in the literature regarding analysing corruption within the corporate sector and the unique factors that contribute to corruption in corporate settings. The note emphasizes the differences in contexts, incentives, and decision-making processes between

government and corporate corruption, suggesting that theories related to corporate corruption need to account for these distinctions.

Additionally, the note points out that the current understanding of the interconnectivity between compliance, corruption, and corporate crimes in India is limited. The researcher aims to fill this gap by conducting empirical and doctrinal research to establish the link between non-compliance, corruption, and corporate crimes. By analyzing industry practices and developing a conceptual framework, the research intends to provide practical and sustainable solutions to mitigate corruption in the Indian business environment.

In summary, the research gap identified in the note revolves around the need to study the specific relationship between non-compliance, corruption, and corporate crimes in India, taking into account the unique contextual factors and the role of compliance regimes in mitigating corruption.

CHAPTER II: REVIEW OF LITERATURE

The research presented in this document delves into the theoretical framework surrounding compliance, corruption, and corporate crimes. Theoretical foundations are crucial as they aid in understanding existing phenomena and contribute to developing future perspectives. In this study, two broad categories of theoretical approaches to compliance, namely rationalist and normative theories, serve as the foundation for analysis. These theories represent opposite ends of the spectrum, with rationalist theories emphasising the logic of consequences and normative theories focusing on the logic of appropriateness.

Additionally, the researcher explores the reasoned action theory to assess the psychological basis of corruption and corporate crimes. By studying the theories of human society, the social aspects underlying corruption are examined. Theoretical models of compliance management and enforcement are also analysed to understand the institutional compliance framework.

It is essential to recognise that crime, including corruption and corporate crimes, arises from human actions and societal responses. Consequently, this study incorporates criminology theories to shed light on the causes behind these crimes. Societal norms and individual actions play significant roles in defining criminal elements within society. The theoretical literature on corruption focuses on balancing uncertain gains and costs within corrupted bargaining. Scholars have explored the qualities that effective penalties

should possess to deter prospective corrupted transactions. The equilibrium relationship between the briber and bribee is a central theme, considering the possibilities of detection and the form of penalties. This body of literature guides the analysis of corruption in this study.

The preface highlights the significance of theories in setting the background for research. Theoretical frameworks provide a comprehensive understanding of the existing knowledge pool related to the research problem. By applying theories to real-world problems, researchers can unravel the root causes and implications of the issues at hand. In this regard, the researcher conducted an extensive literature review to amplify their vision and establish a blueprint for the entire dissertation inquiry.

Crime, including corruption and corporate crimes, emerges from human actions and societal responses. The collective activities individuals perform at the individual level can have cumulative effects at the institutional level. The interplay between societal norms and individual actions in defining criminal elements within society is crucial. By studying theories of human society, the researcher gains insights into the broader social context in which corruption occurs.

The researcher also explores compliance theories, specifically rationalist and normative theories. Rationalist theories posit that actors follow the logic of consequence, making decisions based on their self-interest and calculating the likely consequences of their actions. In contrast, normative theories suggest that actors follow the logic of appropriateness, making decisions based on their identities, obligations, and conceptions of appropriate action.

The preface provides an overview of the compliance management model, emphasizing prevention, management-oriented action, transparency, dispute settlement mechanisms, capacity building, and acceptable deviations. This model offers insights into creating a compliance-friendly environment and responding to non-compliance without solely relying on penalties.

Furthermore, the note explores the human society theory, which encompasses various sociological and behavioural theories to explain the occurrence of corruption. The principal-agent theory focuses on the relationship between public officials (agents) and the interests they should protect (principals). The collective action theory highlights the influence of social norms and perception on corrupt behaviour, while the institutional theory examines the role of institutions and their interaction with corruption.

Additionally, game theory explores decision-making processes based on rational calculations and the conflict between individual and group rationality.

In conclusion, this research builds upon a strong theoretical foundation encompassing compliance, corruption, human society, and criminology. The combination of these theories helps to understand the complexity and multifaceted nature of compliance and corruption in both individual and institutional contexts. By incorporating these theories into the research framework, a comprehensive understanding of the subject matter is achieved, contributing to developing effective strategies for combating corruption and promoting compliance.

2.1 Theoretical Framework

The research outcome which emerges from the theory is fundamentally sound and will have long-lasting validity. Theories are essential as they assist in understanding the existing phenomenon and help to develop future visions. Two broad categories of theoretical approaches to compliance debate- the rationalist and normative theories- represent the opposite ends of the spectrum (INECE, 2009). This categorisation is based upon the logic of behaviors like the logic of consequences (LoC) and the logic of appropriateness (LoA) (Beyme, 2017). Along with this, the researcher has focused on two main theoretical models i.e. of, management and enforcement models of compliance.

As the crime of corruption and corporate crimes result from human actions, the researcher has also analyzed the reasoned action theory to assess the psychological basis of the crime of corruption and corporate crimes. To understand the social angle behind the crime of corruption, the researcher has also studied the theories of human society. Further, the researcher has studied in detail the theories of corruption. Corruption is considered a crime across the globe and within India, so the researcher has also analyzed criminology theories (Verma & Sharma, 2018).

Theories set the background for research. From theories and academic foundations, solutions to dynamic problems like corruption emerge. That is why it is essential to study theory to understand the existing knowledge pool related to the research problem. With the same intention and objective, the researcher has studied human behaviour, corruption and compliance theories. With a theoretical framework, theory can be applied to realistic

problems to understand the cause of the issues. By assessing the current theoretical framework through a broad literature review, the researcher's vision was amplified as the theoretical framework provides a blueprint for the entire dissertation enquiry (Beyme, 2017).

The theoretical literature on corruption has focused on balancing uncertain gains and costs - given penalties - of two parties contemplating corrupted bargaining. This literature has gradually adapted this approach to studying the various contexts in which corruption may emerge. Many authors have examined the qualities that fines should have to successfully deter the participants of a prospective corrupted transaction from consummating the illegal transaction after framing their research into this analytical framework. The equilibrium relationship between the briber and the bribee is the focus of the literature, given the possibilities of being detected and the form of the penalties indicated above (Rosid *et al.*, 2018).

Crime emerges from human actions and societal responses for them. The crime of corruption and other corporate crimes result from collective activities performed by the individual at individual levels having cumulative effects at an institutional level. No society is crimeless and can not exist without crimes, as human behaviour is as unethical as it is. Therefore, societal norms and individual actions play equal roles in defining criminal elements in society (Verma & Sharma, 2018). As the present research focuses on the institutional crime of corporate corruption arising out of non-compliance, it is imperative to study the theory of reasoned action and human society theories to understand the causes behind the crime of corruption. Hence, the researcher has made an in-depth analysis of all

the discussed theories in the present research context and has attempted to apply them to the research topic (Sivakumar, 2011).

2.2. Theories of Compliance-

Compliance in the context of international law (IL) and international relations (IR) refers to the extent to which states or actors adhere to the norms, rules, and obligations set forth by international agreements or treaties. It is a complex phenomenon that has been the subject of extensive research in the field.

Research on compliance encompasses a range of theoretical perspectives and explanatory models, each offering unique insights and implications. Two notable theoretical perspectives are discussed here: Mitchell's framework of compliance theory and Scott's model of rational choice.

Mitchell (2008) proposed a comprehensive framework for understanding compliance, emphasizing the importance of three factors: normative, instrumental, and structural. Normative factors refer to the beliefs and values held by actors, including their perception of the legitimacy and moral obligation to comply with international norms.

Instrumental factors involve the calculation of costs and benefits associated with compliance or non-compliance. Structural factors consider the influence of domestic and international institutions, power dynamics, and external pressures on compliance behavior.

Scott (1994) developed a model rooted in rational choice theory, which suggests that states and actors make strategic choices based on the expected costs and benefits of compliance. This model assumes that actors act in self-interest and seek to maximise utility.

Factors such as reputation, reciprocity, and enforcement mechanisms are crucial in this rational decision-making process.

Other theoretical perspectives on compliance include constructivism, which emphasizes the role of norms, socialisation, and identity in shaping compliance behavior, and institutionalism, which focuses on the influence of international institutions and regimes on compliance outcomes.

It is important to note that compliance research is multidisciplinary, drawing from various fields such as political science, sociology, and legal studies. Scholars employ diverse methodologies, including case studies, quantitative analysis, and qualitative interviews, to examine compliance behavior in different contexts.

Overall, the study of compliance in IL and IR is crucial for understanding the dynamics of international cooperation, the effectiveness of international agreements, and the factors that shape state behavior in the international system.

A. Rationalist Theories of Compliance-

Rationalist theories posit that actors follow the logic of consequence. The logic of consequence is based on the view that actors act rationally by calculating the likely consequences of the various possibilities and then choosing the option which best serves their self-interest (Beyme, 2017). That means that if, after assessing the available alternatives, the potential costs and benefits of those alternatives, and the likely actions of other actors, actors decide that their self-interest shouldn't comply with regulation than to comply, they choose not to comply. Considering these views, rationalists remarkably suggest that enforcement, deterrence and sanctions are the primary means to prevent and

punish non-compliance . Rejecting the “legalist-moralist” approach of Woodrow Wilson – or “Wilsonian liberal internationalism”, according to Slaughter (1993: 207) – realism treats states as unitary actors rationally pursuing their self-interests in the international arena (Savasan, 2019). For realists, the purpose of the law is to benefit states and their interests, so legal norms are derived from states' policies that align with their interests (Ku, 2001). In this theory, the states are considered self-interested rational actors. They act rationally, and hence, non-compliance with the law is punished. For the scholars following this theory, the law can be used “to maintain the stability of the system,” “to solve some coordination problems” and, by hegemonies, “to establish and enforce standards to which weaker states are obliged to conform” (Kingsbury, 1997).

Liberal theory can also be perceived as a large rationalist theory, as it considers the state the main actor in the international area. Nevertheless, in terms of compliance problems, it indicates at least three issues which are not given importance by other ‘standard’ rationalist theories (Kingsbury, 1997). Firstly, it focuses on the domestic characteristics of the states and the role of other actors, such as IOs, NGOs, multinational corporations etc. Secondly, it highlights the fact that compliance involves conformity with not only the “traditional model of interstate rules implemented by national measures” but also “different sets of norms made by and directed to different sets of actors”. Finally, as it assumes that liberal states, involving the characteristics of representative government, the protection of civil and political rights and a judicial system guided by the rule of law, tend to comply with international law (Kal & Anne-Marie, 2002), and compliance occurs

through the effects of international law. It also assumes that greater democratization leads to greater compliance (Kingsbury, 1997).

Thus, to make the states compliant with international laws, these theories are devised. However, the same theory can be made well applicable to the actions of the individual when they are being non-compliant and hence indulging in the crime of corruption.

B. Normative Theory of Compliance-

As distinct from rationalist theories, normative theories assume that actors follow the logic of appropriateness when deciding on complying or not complying. The logic of appropriateness is based on the view that actors act according to the identities, obligations, and conceptions of appropriate action (“involving elements of both socialization and internationalization”) (Mitchell, 2008). It is also known as “cognitive” or “constructive theory”.

As these theories consider that non-compliance occurs not mainly because of lack of enforcement but mostly because of weak tools to elicit compliance and the actor’s incapacity or the actor’s belief that the rule is unfair, they focus on cooperation and compliance promotion without enforcement as a means to prevent non-compliance (Savasan, 2019).

Management Model of Compliance

The management or ‘responsiveness’ (Vezirgiannidou, 2009) model of compliance created by Chayes/Chayes (1995), in which “the strong emphasis [is] on prevention and management-oriented and institutionalized action” (Sachariew, 1991), is “a synthesizing theory” on compliance which gathers together many themes within IL literature which offer

insights into IR theory (Kal & Anne-Marie, 2002). The theory proposes a compliance management mechanism requiring transparency to create a compliance-friendly environment. Secondly, there must be an adequate and proper dispute settlement mechanism. Thirdly, assistance and advice must be provided for the capacity building of the individuals. Finally, the response to non-compliance must not be a penalty but an exclusion from the cooperative system. The theory further argues that “strict compliance” is neither possible nor desirable at every occasion. Hence, there must be an acceptable standard of deviance. This deviant behavior should be accepted only until it does not result in criminal liability.

2.3. Human Society Theory-

Understanding corruption is a complex task involving various actors, motivations, and contexts. Sociological and behavioral theories have helped explain the factors contributing to corruption. Structural-Functionalism suggests that corruption arises from discrepancies between societal norms and institutional functioning. Rational Choice Theory argues that individuals engage in corruption when the benefits outweigh the costs. Social Learning Theory highlights the role of socialization and observing corrupt behavior. Cultural Theory emphasizes the influence of cultural factors and values on corruption. These theories are not mutually exclusive and can complement each other in explaining corruption. A comprehensive understanding requires considering multiple theories and factors. Applying these theories can aid researchers and policymakers in designing anti-corruption strategies and promoting ethical behavior in society.

As corruption is a complex phenomenon, no single theory explains it (UNODC & GRACE, 2017). However, there are the following main sociological and behavioural theories which are used to explain why corruption occurs-

A. Principal-agent theory in terms of Corruption-

The leading cause of public sector corruption is the greed that individuals carry with them to achieve personal gains. This, however, oversimplifies the complex relationship between individuals and the state (UNODC & GRACE, 2017). This can be decoded with the help of several theories. The principal-agent theory is one of economic literature's most popular theories on corruption (Shleifer & Vishny, 1993).

The principal-agent theory envisages that public officials (agents) perform to protect the interest of the principal (whether the public or supervisors) (UNODC & GRACE, 2017). In the real world, however, the agent's interest often defers from the interest of the principal; At the same time, the former can prescribe the payoff rules in the principal-agent relationship, and there is an understanding on an informal basis to benefit the agent, which he or she could use for personal benefit (Groenendijk, 1997). In this regard, an agency problem occurs when the agents are in a corrupt transaction; furthering their interest is detrimental to the principal's interest. To restrict or prohibit the agency problem principal can offer incentives and design schemes such as monitoring performance, bonding and oversight mitigation of potential abuses by an agent (Groenendijk, 1997; UNODC & GRACE, 2017).

Collective action theory explaining corruption-

The principal-agent model has explained corruption in the economic literature for several years. Systemic corruption persists despite it being illegal and despite various other anti-corruption efforts in many countries. Recently collective action theory has been propagated as an explanation for the above (UNODC & GRACE, 2017). The collective action theory encompasses factors such as trust and perception of the behaviour of individuals of others.

Persson, Rothstein and Teorell regard systemic corruption as a collective problem because people rationalise their behaviour based on their perceptions of performance by others in the same situation. When corruption becomes a social norm, everyone assumes it is simply the way to get things going (UNODC & GRACE, 2017).

The negative consequences of corruption are known to people. However, they indulge in corrupt practices thinking, “it makes no sense to be an isolated honest person with integrity in a world full of corrupt practices” (Marquette & Peiffer, 2015).. In such a biased environment, anti-corruption approaches on the principal-agent will fail (UNODC & GRACE, 2017). The corrupt practices at a social and individual level and impunity for violating anti-corruption rules/laws become a norm when an institutional culture of corruption is cultivated (Appolloni & Nshombo, 2014).

There is a need for collective and collaborative approaches to combat corruption. This can be achieved only by changing structures of collective associations or proactive alliances amongst people with similar mindsets. These approaches are often known as "collective action" initiatives (UNODC & GRACE, 2017).

Institutional theory to explore corruptive behaviour -

The institutional theory, also known as institutionalism, uses characteristics of the country and government institutions, such as the pre-existing rule of law, well-articulated anti-corruption rules, and independent anti-corruption institutions with enforcement powers, to explain corruption in the public sector (UNODC & GRACE, 2017). Institutional theory examines the process thoroughly, schemes in such a manner that they become formal guidelines for social behaviour (Scott, 1994). Concerning corruption, institutional theory brings in the social context. It provides a taxonomy for understanding how corruption might become entrenched in organisations, institutions and society, despite robust anti-corruptive mechanisms (UNODC & GRACE, 2017). The institutional theory considers that corruption influences the character, design & transparency of the political system and its institutions. It also acknowledges the interrelationship between corruption, institutions and culture.

There is a view of institutionalists that whenever institutions diverge from their original purpose, the corruption taking place at the individual level can also get the institution involved. A classic example of the above is quid pro quo extended by politicians elected with the help of funding from ordinary citizens, private companies or NGOs (Non-Profit Organizations). Having elected the said politicians pushes forward some regulation/legislation to reduce financial pressure where these private companies/NGOs operate (UNODC & GRACE, 2017). Private donation is prone to political corruption whenever there is a lack of transparency, and unlimited financial support in the above case, even if the politician acts within the given frame of law. Thus, the institutionalist approach

advocates ignoring individuals' behaviour and misbehaviour, targeting the “big fish” who distort institutional practices and mechanisms.

D. The game theory explaining public sector corruption-

This is another theory that explains the prevalence of public sector corruption. In this theory, the rationale is sought for the decisions taken by public officials based on corrupt practices. Macrae (1982) primarily argues that corruption arises out of rational calculus and deep-rooted methods by which decisions are arrived at. In this context, individuals face a typical dichotomy which displays the conflict between individual and group rationality. Here person apprehends that if he or she does not participate in corrupt practices, there will be a significant disadvantage against those who participate in corrupt practices in the same situation (UNODC & GRACE, 2017).

As a result, all individuals obtain some benefit, which is always less than the advantage they would have secured if they refused to engage in corrupt practices (UNODC & GRACE, 2017). For example, in public procurement, there is a tendency to be worried about competition overtaking by illegal and unethical practices, which motivates otherwise ethical companies to engage in corrupt procurement practices. It should also be noted that several situational and psychological factors could play a role in promoting unethical behaviour, sometimes despite an individual's best intentions to act ethically.

2.4 Theory of Criminology-

With the Convention passed by OECD and UNCAC being the significant drivers for establishing corporate liability, bribery & corruption in the private sector are now criminalised in many more jurisdictions (Cherepanova, 2023). This criminalisation assists

us in bringing in some of the insights from criminological science. Essentially, criminology says that an act of crime is an outcome of a particular person in a specific situation. People's propensity to commit a crime and the setting's criminogenic vary (Cherepanova, 2023). The worst-case scenario is when crime-prone people find themselves in criminogenic settings. There also exists an optimism bias. Humans are overly optimistic when it comes to making estimates about ourselves. People often believe that bad things (for example, being caught) are more likely to happen to somebody else rather than to them. Confronting this with objective stats can help keep the bias in check. As shown in Figure 2.1

The collective action theory applies to the present research because systematic corruption is a collective problem. Corruption in India has become a social norm. People are aware of widespread corruption's negative consequences but still engage in it as it is accepted as collective action. Hence, even if, due to non-compliance with the law, employees have to adhere to corruptive practices, it is seen as "collective action" because everyone indulging in it thinks I should not do it when others are doing it (Nickerson, 2022). As shown in Figure 2.1

Along with this collective action theory, the game theory is well-suitable to the research problem. Per this theory, corruption is the profoundly conventional method of making decisions. The individual fears a disadvantage if he or she refuses to engage in corrupt practices. It means that if he or she refuses to give a bribe to suppress the non-compliance and avoid the evil consequences of the same, he or she will have to face disadvantages compared to others who regularly indulge in such practices and win over the

competitive edge. Thus, due to collective behaviour, non-compliance leads to corporate corruption (Nickerson, 2022).

The application of both the above-discussed theories is represented through the following concept map, which shows how non-compliance leads to collective corruption-

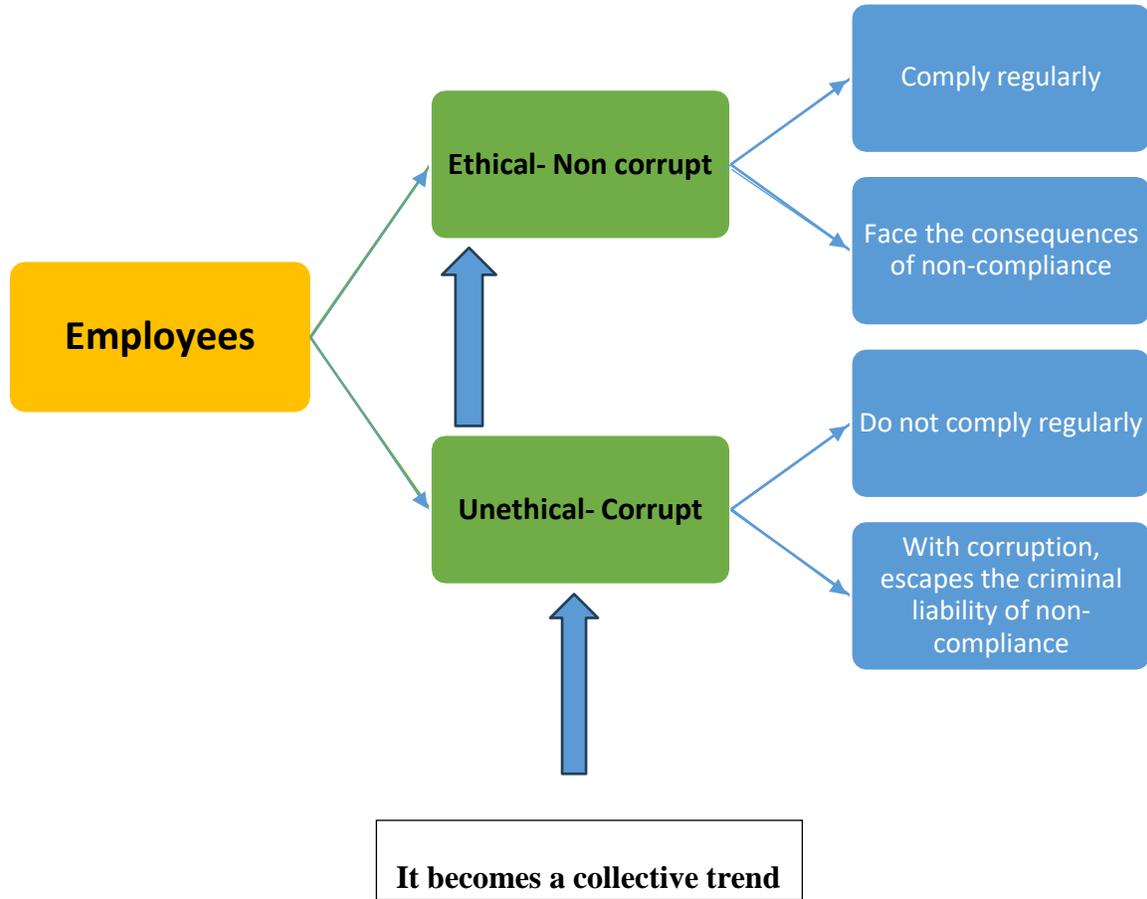


Figure 2.1. Concept Map (Kingsbury, 1997).

2.5. Theory of Reasoned Action elaborating the non-compliant & corruptive behaviour-

Psychologists use the theory of reasoned action to understand human behaviour in a specific context. Psychologists often employ the theory of reasoned action to gain insights

into human behavior within specific contexts. This theory, developed by Martin Fishbein and Icek Ajzen, focuses on the role of individuals' attitudes, subjective norms, and behavioral intentions in shaping their actions.

According to the theory of reasoned action, an individual's behaviour is determined by their intention to perform that behavior, which is influenced by two main factors: attitudes and subjective norms. Attitudes refer to an individual's evaluation or belief about the behavior in question, including its positive or negative aspects. Subjective norms, on the other hand, represent the perceived social pressure or expectations from significant others regarding the behavior.

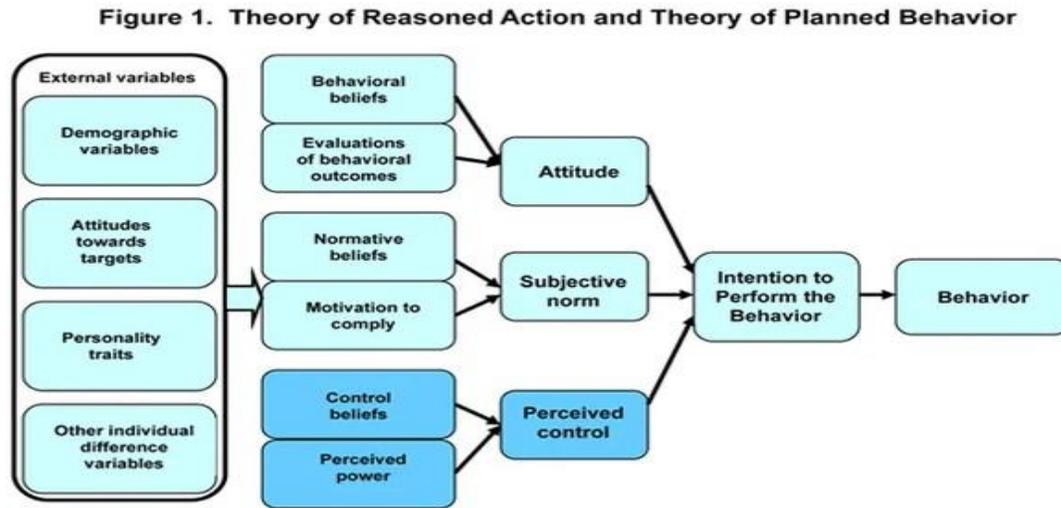
Psychologists use this theory to understand how attitudes and subjective norms interact to shape behavioral intentions and influence actual behavior. By examining these factors within a specific context, psychologists can analyse the determinants and predictors of human behavior.

For example, in promoting sustainable behaviors, psychologists might investigate individuals' attitudes towards environmental conservation and their perceptions of social norms regarding sustainable practices. By studying these factors, researchers can gain insights into individuals' intentions to engage in environmentally friendly actions and predict the likelihood of them actually adopting those behaviors.

The theory of reasoned action provides a framework for understanding the cognitive processes underlying human behavior and helps psychologists design interventions and strategies to promote positive actions. By identifying and targeting key attitudes and

subjective norms, psychologists can influence individuals' intentions and encourage behavior change in specific contexts.

The graphical representation of the same is as follows-



Each behavior is defined within: Action, Target, Context, Time
 Note: Upper light area shows the Theory of Reasoned Action; entire figure shows the Theory of Planned Behavior

Figure 2.2. Image Courtesy- Charlotte Nickerson, Theory of Reasoned Action (Nickerson, 2022).

As depicted above Figure 2.2, there are four main elements of the theory of reasoned behaviour. First of them is Beliefs. They are the feelings that usually state the prospect that a person thinks some action will result in a specific outcome (Nickerson, 2022). Second element is attitudes. Attitudes concern whether or not someone thinks that outcome is favourable or unfavourable. They may be positive or negative. The third element is subjective norms. These norms are sum of all the people in someone's life & calculation made by them on how they think those people who would want them to perform the behaviour. They are either injunctive, i.e. doing something because of other people or descriptive, i.e. someone's perception of what other people think. These include the

expectations of other people. And the last fourth element is the intention. This element reflects how someone intends to behave in reply to beliefs and attitudes. Behavioural intention shows readiness to perform the behaviour.

As per this theory, human beings always have two psychological values. The first of these values is Normative Belief (NB). This belief makes someone believe or not believe that another wants them to act. And the second value is Motivation to Comply (MC). This belief describes how much someone wants to do what another important one wants them to do.

Suppose the researcher applies these theoretical premises to his research context. In that case, the theory of reasoned behaviour can be used to assess the belief of employees about compliance, corruption and ethical conduct and build an ethical culture across the organisation. Suppose the belief is built up, so compliance is ethical behaviour, and non-compliance will lead to corrupt practices. In that case, the attitude of the employees will be positive, and it will support ethical behaviour reducing corporate crimes and corruptive trials. Subjective norms are those rules of practice and codes of conduct set by the companies that influence the employees' beliefs and attitudes. Thus, the belief and subjective norms towards compliance and moral behaviour will inculcate behavioural intention to avoid non-compliance and not to indulge in corruptive practices. Ultimately, the organisation's overall culture will be ethical.

The theory of planned behaviour is a more current version of reasoned action. According to it, perceived behavioural control and intentions can be used directly to predict behavioural achievements. A strong point of TPB is that it considers the influence of peers

(subjective norms), which is vital in both the beginning of the behaviour and its maintenance (SLT and operant conditioning). The theory of planned behaviour assumes that all behaviours are conscious, reasoned and planned; however, it fails to consider the role of emotions such as sadness and frustration, which can play an essential role in influencing behaviour (Brookes, 2023).

In light of these theoretical inputs of a theory of planned behaviour, the researcher has developed the following model of its applicability to the present research issue of non-compliance leading to corruption and corporate crimes. Employees' beliefs, subjective norms and intentions play a significant role when compliance has to be done in many situations due to non-compliance; there is a dilemma of whether to indulge in corruption to suppress non-compliance or face the consequences of non-compliance transparently. The behaviour of the employees can be assessed and built up by using the following concept map. As shown in Figure 2.2



Figure 2.3. Concept Map of Behaviour of Employees

Source – Made by the researcher based on a study of a concept map of the behaviour of employees.

2.6 Summary

In the words of Kautilya, an ancient polymath who was active as a teacher, author, strategist, economist, jurist and royal advisor, “Just as it is impossible not to taste the honey that finds itself in the tip of the tongue, so it is impossible for a government assistant not to eat up, at least a bit of King’s revenue” The sustenance and infiltration of corruption to the deepest in the current global society substantiates the observation of Kautilya even in today’s information age (Saputra & Anggiriawan, 2021).

Multiple theories give varying perspectives on the same issue (Rosid *et al.*, 2018). The relationship between the research question and the theoretical framework is complementary. The theories studied herein intersect nicely with the epistemological values of the present research. As elaborately studied and discussed above, the approaches are appropriate, well-understood and aligned with the question. The literature review conducted to understand and assimilate these theories has further assisted the researcher in discovering essential variables related to the topic, synthesising and gaining new perspectives, identifying the relationship between ideas and practice, in establishing the context of the present research & relating ideas & theories to the applications.

Apart from the theories relevant in the present context, the researcher has also analysed the major corruption scams that have taken place in India. These scams reveal that the culture of non-compliance or failure to comply with the rules and regulations,

compounded with the personal interests of persons in positions, has led to corrupt practices. These corruptive practices gave rise to corporate crimes of cheating, fraud and criminal breach of trust.

From all the above-detailed theoretical frameworks, the researcher wishes to conclude and remark that avoiding criminogenic settings is the best strategy to reduce crime. Hence, criminologists confirm behaviourists' point: We must intervene on individual and system levels. Further, the practice related to the "identifiable victim effect" must be employed. At ABC training sessions, we discuss corruption risks and the potential negative consequences of unethical decisions. How about we focus on the real victims of corruption instead? People are more likely to listen in and sympathize with identifiable persons made of flesh and blood rather than abstract statements. Show a clear example of how concrete persons can benefit from your company not doing corruption (Grant & Osanloo, 2014). Targeting social norms is a relevant intervention if they are a critical element fueling and incentivizing corruption. To put it in plain English – when employees have the propensity to do bribes because they believe that everyone else is doing them. The goal is to make them think quite the opposite with specific messages. However, first, one must carefully diagnose the norms at play and the different things influencing the behavior of the targeted employee. One may use various analytical frameworks to do that, and the result can look like an employee's "mind map." Once one has it, one is better positioned to craft messages (and select messengers) with the most impact. Further, to target the collective action of indulging in corruptive practices, take collective action initiatives at the institutional level. For example, building up ethical culture through collaborative best

practices can target the individualistic desire to indulge in corruption to suppress non-compliance (Transparency International & Org-Marg Research Pvt Ltd, 2002). Despite anti-corruption and incentives, corruption has a strong tendency to persist. The study proposes how a high level of corruption or a low level of compliance can be an equilibrium outcome. In such a case, corruption becomes the social norm (Mishra, 2006).

The above information shows that corruption and regulation compliance has a significant negative correlation. Non-compliance by entities compels them either to regularise by paying penalties and preserving reputation or fall into the trap of corruption leading to crime. If caught, they face damage to the reputation of the entity and face consequences. Governments in many countries have initiated anti-corruption laws and policies to curb corrupt practices and evolve a culture of conducting business ethically and transparently.

In light of these theoretical studies and conclusions, the researcher has framed the following hypotheses: Corruption is one of the ultimate results of non-compliance. And an effective compliance regime can mitigate and deter corruption under prevailing circumstances (Rosid *et al.*, 2018). These hypotheses will be tested further based on the upcoming chapters' theoretical framework and empirical research.

CHAPTER III: METHODOLOGY

3.1 Overview of the Research Problem

Facilitation payments are often indistinguishable from bribes. As bribery and corruption become a key concern for firms doing business globally, issues such as facilitation payments and their recording can pose a challenge to companies. As the global legislation around bribery and corruption continues to increase, with many countries developing their own set of rules and regulations on what is and is not acceptable, companies need to ensure they are compliant with these laws in the markets they operate (The Prevention of Corruption Act, 1988).

While the FCPA covers public bribery offences, the UK Bribery Act covers commercial bribery as well as the bribery of public officials and prohibits facilitation payments. Additionally, the jurisdiction of the UK Bribery Act is extra-territorial providing UK authorities with the ability to pursue an act of bribery by British nationals, companies, or residents irrespective of place of offence (Mistich, 2018).

The Prevention of Corruption Act, (2018), which came into effect on 26 July 2018, seeks to bring the Indian anti-corruption legal framework in conformity with current international practices laid down by the United Nations Convention Against Corruption. The Amendment Act has introduced the concept of corporate liability, covering all categories of corporate organizations incorporated in India or carrying out business in India. With the Amendment Act coming into effect, corporate organizations will not be able to take the plea that such bribery and corruption instances are individual offences,

except when it can prove that it had adequate compliance procedures and safeguards in place to prevent its associated persons from such conduct.

These multiple stringent legislations, in addition to the existing Indian Prevention of Corruption Act, can make it difficult for companies to monitor their compliance and frame a suitable firm-wide anti-bribery and corruption policy. For companies planning to expand their business scope to cover new geographies, this would entail additional scrutiny of their business practices and those of their business partners and associates (Schwab *et al.*, 2019).

Stringent license raj promoted and supported the corruptive practices in the business world in India. Till the era of liberalisation unveiled in the 1990s, the practice had become so much entrenched in the business environments in India that non-compliance was easily accepted and corruption became a norm in the business world. The scenarios have started changing with wide spread globalization and digitization. India is undergoing a remarkable socio-economic transformation, one that presents tremendous opportunities. In the midst of such wealth creation, there is temptation – and pressure – to proceed up the economic ladder faster. Seeing others profiting from common, albeit illegal, practices can foster a “Why not me?” attitude². In many cases, when people are put in a situation where integrity is tested, employees may believe that improper payments are necessary to “make their numbers” or achieve organizational goals (Schwab *et al.*, 2019).

To support the above contentions, the case study related to Satyam and Eron scam can be cited. One notable case study from the Indian corporate sector that highlights the relationship between non-compliance with laws, corruption, and crime is the Satyam

scandal. Satyam Computer Services Limited was a software services company based in Hyderabad, India. In 2009, the company's founder and chairman, Ramalinga Raju, admitted to falsifying the company's accounts for several years. He confessed to inflating the company's revenue, profits, and cash balances to deceive investors, lenders, and regulators (Raval & Raval, 2020).

The Satyam scandal was a result of non-compliance with accounting and corporate governance laws. Raju manipulated the company's financial statements to create a false image of financial health, leading to a higher stock price and more investments. In this way, non-compliance with laws created opportunities for corruption. Raju and other top executives used their power and influence to deceive investors and regulators, enriching themselves at the expense of the company's shareholders (Raval & Raval, 2020).

The Satyam scandal also involved criminal behavior. The fraudulent accounting practices were illegal and violated Indian corporate and securities laws. Raju and other executives engaged in insider trading and other criminal activities to profit from the company's collapse. Furthermore, the scandal exposed a culture of corruption within Satyam, where executives used their power to enrich themselves and their associates.

The Satyam scandal led to significant consequences for the company, its shareholders, and the Indian corporate sector. The company's stock price plummeted, and it had to pay hefty fines to regulators and investors. The scandal also raised concerns about the lack of corporate governance and accountability in the Indian corporate sector. As a result, the Indian government introduced new laws and regulations to improve corporate governance and prevent similar scandals in the future.

Thus, the Satyam scandal highlights the dangers of non-compliance with laws in the corporate sector. When companies choose to violate accounting and corporate governance laws, it creates opportunities for corruption and criminal behavior. The scandal underscores the importance of enforcing laws, promoting compliance with regulations and standards, and holding individuals and organizations accountable for their actions.

3.2 Operationalization of Theoretical Constructs

The construct exists in perceptions, context, experience and environment of members of the population. The present research is focussed upon searching the linkages between non-compliance, corruption and corporate crimes. Thus, this linkage is the construct for the present research. Being a compliance professional for a decade, the researcher had the experience of the linkage existing in the Indian business environment. Along with this, the Indian population at all levels have the perception that corruption is the norm of the life. In business environment, multiple scams have revealed that non-compliance with the laws gives an opportunity for the corruption (Education World, 2022).

One case study that highlights the relationship between non-compliance with laws, corruption, and crime is the Enron scandal. Enron was a large energy company in the United States that collapsed in 2001 due to its fraudulent accounting practices. Enron executives manipulated financial statements to inflate the company's profits, leading to a stock price increase that benefited them financially. However, when the fraud was discovered, Enron's stock price plummeted, and the company filed for bankruptcy (Li, 2010).

Non-compliance with accounting laws was at the heart of the Enron scandal. Enron executives disregarded accounting standards and misled investors, creating a false sense of security about the company's financial health. This behavior created an environment in which corruption could thrive. Executives used their power and influence to deceive investors and regulators, enriching themselves at the expense of the company's shareholders (da Silveira, 2013).

The Enron scandal also involved criminal behavior. The fraudulent accounting practices were illegal and violated federal securities laws. Enron executives engaged in insider trading and other criminal activities to profit from the company's collapse. Moreover, the scandal exposed a culture of corruption within Enron, where executives used their power to enrich themselves and their associate.

The Enron scandal highlights the dangers of non-compliance with laws. When companies violate accounting standards, it creates opportunities for corruption and criminal behavior. In the case of Enron, the company's non-compliance led to the loss of billions of dollars for investors and employees, as well as criminal charges for executives. It underscores the importance of enforcing laws to prevent corruption and crime, promoting compliance with regulations and standards, and holding individuals and organizations accountable for their actions.

All these realities have prompted the researcher to study, understand and analyze the construct of linkages between non-compliance with laws, corruption and corporate crime. To operationalize the said construct, the researcher adopted the survey methodology. The researcher has surveyed through the digital method. The samples for the survey are 76

Indian compliance professionals at junior and mid-level functioning at the corporates. The detailed methodology adopted for conducting the survey is elaborated in the further parts of this chapter. The aim of conducting this survey was to understand the perception of the construct. Along with this, the researcher could find answers to two research questions through this survey.

The construct also exists in the experiences of the people. The experience of employees plays an important role in shaping the company and hence, the researcher decided to understand the trends of experience of senior-level compliance experts in India. With this objective, the researcher conducted semi-structured personal interviews of 10 C-level executives who possess more than decades of experience in the field of complaints in India. This qualitative data collection has assisted the researcher to find an answer to the third research question.

3.3 Research Purpose and Questions

Non-compliance with laws is a phenomenon that occurs when individuals or organizations fail to abide by the laws set by the government. Corruption and crime are two problems that have been linked to non-compliance with laws.

Non-compliance with laws is often the result of an individual or organization's desire to achieve their goals without regard for the law. This could be due to various reasons, including a lack of awareness of the law, an intention to evade taxes or regulations, or an attempt to gain an unfair advantage over others. However, when people and organizations choose to violate the law, it often leads to other problems, such as corruption and crime.

Corruption is a pervasive problem in societies around the world. It occurs when individuals or organizations use their power or influence for personal gain. Corruption can take many forms, including bribery, embezzlement and nepotism. Non-compliance with laws often creates an environment where corruption can thrive. For example, if an organization chooses to ignore environmental regulations, it may offer bribes to government officials to avoid penalties or gain permits. In this way, non-compliance with laws creates opportunities for corruption (Ramesh, 2016).

Similarly, non-compliance with laws can also lead to crime. When individuals or organizations choose to violate the law, they may be engaging in criminal behavior. For example, if an individual chooses to ignore traffic laws, they may be putting themselves and others in danger, potentially resulting in an accident or injury. Alternatively, an organization that violates labor laws may be exploiting workers, which is a form of criminal behavior. Non-compliance with laws can also create opportunities for organized crime groups to exploit the situation. For instance, organized criminal groups may choose to smuggle contraband or engage in illegal activities, taking advantage of a lack of regulation.

In conclusion, non-compliance with laws is a problem that has far-reaching consequences. It creates opportunities for corruption and criminal behavior, which can lead to further problems in society. To combat these problems, it is essential to ensure that laws are enforced and that individuals and organizations are held accountable for their actions. It is also necessary to promote awareness of the importance of compliance with laws to prevent corruption and crime from taking root in society. By doing so, we can build a

society that values lawfulness and fairness, reducing the negative impacts of non-compliance (Verma & Sharma, 2018).

In light of this background, the researcher has attempted to find the link between non-compliance, corruption and corporate crimes. In order to find the linkage, the researcher has framed the following research questions, -

1. Can an effective compliance regime mitigate and deter corruption under prevailing circumstances in India?
2. Is corruption an ultimate result of non-compliance in India?
3. Which common factors establish the linkage between non-compliance, corruption and crime in India?

3.4 Research Design

The first step of the research design was to do an extensive literature review on the topics of compliance, non-compliance, corruption and corporate crimes. The researcher has read more than 50 articles from several reputed journals at national and international levels, more than 5 books on the subject of corruption and have studied number of case studies related to corruption and corporate crimes across the globe and in India (Kothari, 2004).

This all embracing literature review led the researcher to come to tentative conclusion that non-compliance with the laws gives an opportunity to commit corruption and corporate crimes. This is very significant problem in all the business environments at all levels. Therefore, the researcher chose to find the linkage between non-compliance, corruption and corporate crimes. This led the researcher to frame the following research questions.

Can an effective compliance regime mitigate and deter corruption under prevailing circumstances in India?

1. Is corruption an ultimate result of non-compliance in India?
2. Which common factors establish the linkage between non-compliance, corruption and crime in India?

In order to find substantive data to search answers to the above research questions, the researcher studied theoretical foundations and came to the conclusion that the theory of corruption, theories related to compliance and theory of reasoned behaviour among other theories support the theoretical construct of the linkage between non-compliance, corruption and corporate crimes. In order to operationalize the said theoretical construct, the researcher conducted semi-structured personal interviews of 10 senior level compliance experts in India along with survey of 76 junior and mid level compliance professionals in India.

The data collected through doctrinal and empirical methods is then analyzed by the researcher both in qualitative and quantitative terms. Based upon this analysis, the researcher has attempted to draw interpretations and conclusions. Following the interpretations and conclusions, the researcher has put forth practical recommendations which can be implemented in the real situations.

Thus, all the abovementioned steps reveal the research design framed and followed by the researcher throughout the research journey of the present research.

3.5 Population and Sample

The researcher has done both qualitative analysis and survey for gathering quantitative data.

As far as qualitative analysis is concerned, in order to answer the above mentioned three research questions, the researcher has the population of compliance business professionals spread across India and working at the different levels of management in the company. The researcher adopted random sampling method and through mutual connections, the researcher could identify the experts in the compliance field in India who had substantial experience of compliance industry at different levels of working of the company. Thus, out of unquantifiable population, the researcher selected 10 compliance professionals belonging to multiple sectors. Then he conducted personal semi-structured interviews of 10 C-level executives spread across different sectors of industry at different levels.

With respect to the survey, the researcher chose the population of junior level and mid-level compliance professionals. As the researcher has himself worked in the compliance industry for decades, he connected to the compliance professionals through his connections. Thus, the researcher has followed the random sampling method to choose the samples of compliance professionals from the infinite pool of compliance professionals across India. The researcher has chosen the samples from different corporates working in India. As a result of this process, the researcher has conducted survey of 76 compliance professionals as samples spread across different sectors of industry.

3.6 Participant Selection

As regards the conduct of qualitative analysis, the researcher has conducted semi-structured personal interviews of the senior level compliance experts. Initially expert resources were identified based upon their designation such as serving at senior level in different industries belonging to different sectors. The criteria for choosing the resources was their field of expertise and their experience in the industry. Then a mail was sent to seek their consent to conduct their interviews. Along with the mails, the consent was sought through telephonic conversation as well. Out of 76 participants selected for survey, thirty were at operating levels of compliance mechanism, twenty professionals were from the supervisory category, sixteen were from the senior management category. Thus survey was spread among junior level, middle level and senior management level to get 360 degree view of opinions. Out of multiple resources connected, 10 expert resources gave their consent to get interviewed. Then the researcher met all the ten expert resources as per their given time and conducted in person interviews. The study includes a group of highly accomplished professionals from diverse backgrounds and industries, chosen as interviewees. They possess expertise in corporate governance, compliance, finance, law, and leadership. The interviewees hold significant titles such as Managing Director, Head of Legal and Compliance, Partner, CFO, and Founder, among others, reflecting their respective fields and positions. Their broad range of knowledge and experience enables them to offer valuable insights and perspectives relevant to the subject matter being investigated in this thesis.

As far as the participant selection for the survey is concerned, the researcher followed the random sampling method and sent emails to all the compliance professionals at junior and mid senior levels whom he had known since considerable period. Thus, total of one hundred compliance professionals were connected through mails. The consent to get the survey questionnaire was secured through mails and telephonic contact. Out of hundred, seventy six consented to answer the survey questionnaire and accordingly, questionnaire was administered to them.

3.7 Data Collection Procedures

The researcher has conducted semi structured interviews of 10 C-level executives in the Indian compliance field. After obtaining their due consent, the researcher visited them as per the given time and conducted in person interviews. Notes were made during the interview and then the transcript was shared with the interviewees for their approval. Once they gave their approval, the data from the transcripts is included in the thesis.

With regard to the survey, a questionnaire was framed with close ended questions. This questionnaire was administered to the agreed junior and mid level compliance professionals through google form. Then the responses from the google form were collected and data from these responses is collated and analyzed.

3.8 Data Analysis

Data collected through interviews-

All the expert resources have confirmed the following views and opinions-

- 1.** Corruption is prevalent in India.

2. Corruption affects economic growth. It destroys the social fabric. The ecosystem gets impacted by compromised values and there is an unhealthy and unsustainable impact on competition. The business process and supply chain are generally affected by corruption at multiple levels. Corruption carries severe legal and reputational risks.
3. Anti-corruption laws are needed to control private companies. They must be simple and realistic to be implemented.
4. Due to the complexity of compliance ecosystem, operating-level performers indulge in wrong practices like corruption to avoid penalties.
5. There exists collusion between businesses and regulators in some corruptive cases. Regulators also get influenced by the corruptive persons. Government officials work in collusion with business houses. Many professionals have made corruption as a part of their career.
6. Better regulations are needed on the topics of ultimate beneficial ownership, foreign private investors, FIIs and future contracts to curtail contemporary corrupt practices.
7. The human interface poses a grave danger of corruption and hence, more digital faceless compliance process is needed.
8. Ethical culture needs to be promoted.
9. An annual review of the risk matrix must be there.
10. Better implementation and enforcement of regulations is the need of the hour.

11. There must be the change of overall culture and mindset.
12. The whistleblowers must be protected and the practice must be encouraged.
13. Many organizations have code of conduct, whistle blower policy and prohibition or reasonable restrictions on accepting gifts as mechanisms to curb the corruptive practices.
14. Reasons for prevalence and sustenance of corruption in India- Lack of political will, the disproportion between cost of compliance and cost of prosecution, no deterrent or stringent actions by the regulators on a timely basis, lack of proactive role of regulators, lack of effective and timely grievance redressal mechanism.
15. Anonymous complaints about corruption must be taken seriously.
16. Compliances consume time and hence the businesses suffer. Therefore, the cost of compliance must be reduced.
17. Regulatory arms need to be made independent and accountable.
18. There is a need for a checks and balance system. The judiciary can play this role effectively if it is armed with good strength of human resources and an independent attitude.
19. Automated and preventive compliance must become a norm.
20. Businesses should drive forward a truly transparent, ethical and honest business culture with zero tolerance for unethical or corrupt practices.
21. Controversial issues need to be addressed promptly through clarificatory circulars and notifications.
22. Change is taking place but it is slow.

Data Analysis of the present survey-

1. The researcher has collected the responses to the questionnaire from 76 respondents who belong to different industry segments such as engineering, pharma, logistics, retail, trading, banking and finance, legal tech, fintech, consulting, audit, secretarial practice.
2. 70 % of the total respondents are qualified compliance professionals. Further, 75 % percent of them have undergone professional compliance training also. And hence, the information provided by them is reliable from compliance perspective and it can be concluded that the data is collected from relevant, reliable and valid source.
3. 84 % of the total respondents have informed that their organizations have separate compliance function and 89 % of the total respondents further say that they have the oversight of the senior management over the compliance function. Along with this, 97 % of the total respondents inform that they have a compliance and ethics culture in their organisationanization.
4. 100 % of the respondents believe that timely compliance has an enormous positive impact on the organisation's reputation. The same set of respondents further agree that compliance, transparency and ethical work keep the organizational reputation high. At the same time, the same percentage of respondents agree that non-compliance gives rise to corruptive practices.

5. 99 % of the total respondents believe that non-compliance with laws damages the reputation of the organization and it leads to corporate crimes as well.

6. As far as reporting of events of non-compliance is concerned, 72 % of the total respondents prefer to report it to their superiors, and 27 % of the total respondents resort to fixing the issues.

7. When asked about the complexity of the Indian compliance structure, 95 % of the total respondents shared the opinion that due to the complexity of the compliance structure, there are chances of non-compliance with laws.

3.9 Research Design Limitations

The basic research problem is related to non-compliance and corruption arising from such non-compliance. Though the issue of corruption is prevalent in common public talks and daily newspapers, it is less discussed in the business world. Reputation of the company and the prevalence of the ethical culture at the company matters for bringing business and profits for the company. Hence, even though non-compliance may exist in the corporate and due to that corruptive practices are being followed, it is nowhere discussed in the public forums until the law enforcement authority unearths scam of crores.

This silence about corruptive practices was the main limitation of the research design. Number of C level compliance professionals were approached ; however, there was reluctance for sharing their own experiences about non-compliance and corruptive practices. Those who have talked about it, they have referred to only those instances which are there in public domain.

Hence, the inferences are largely based on the opinion based data inputs given by the expert resources through the interviews.

3.10 Conclusion

In India, most of the organizations belonging to multiple industry sectors prefer to be compliant with laws because they believe that compliance with laws brings good reputation and ultimately, good business. In order to be compliant, the organizations adopt compliance-oriented culture and practice ethical practices. It is true that Indian compliance structure is complex and this complexity leads to instances of non-compliance. Non-compliance brings disrepute to the organizations and it leads to corporate crimes as well. Thus, it can be concluded that corruption is an ultimate result of non-compliance in India. Only an effective compliance regime can mitigate and deter corruption under prevailing circumstances in India. Thus, the first and second research questions can be answered in positive based upon empirical research findings deducted through survey of Indian compliance professionals.

Indian Compliance structure is complex, triggering wrong business practices and corruption. Hence, simplification of the compliance ecosystem is the need of the hour. There is a substantial linkage between non-compliance and corruption as to save oneself from the legal and reputational consequences of non-compliance, corruptive practices are encouraged and practised. Hence, a simplified and effective compliance regime can deter corruption in India.

The common factors that establish the linkage between non-compliance, corruption and crime in India are-

- a. Encouragement of unethical culture in the organization which leads to non-compliance and, ultimately corruption and crime.
- b. The high cost of compliance being disproportionate to the cost of prosecution encourages non-compliance.
- c. Collusion and influencing practices followed by regulators at some times
- d. Lack of political will to effectively enforce the anti-corruption landscape in India
- e. Lack of preventive compliance mechanism

Thus, through this qualitative data analysis, the researcher is able to answer all three research questions in a positive way.

Besides the above researcher proposes an explicit exposing of the research questions, which can be developed through a literature review. Following are distinctions of the qualitative and quantitative parts of the data collection.

Exploring Complex Interplay: Understanding Non-compliance, Corruption, and Crime Linkages in Corporate India

To unravel the intricate interconnections among non-compliance, corruption, and crime in the corporate landscape of India, this study adopts a dual-phased approach: qualitative exploration and quantitative validation. The researcher has engaged with compliance professionals through a comprehensive survey involving 76 participants, employing a meticulously designed questionnaire. This survey broadly encompassed subjects interconnected with non-compliance, corruption, and crime dynamics. The

survey questioned the motivations underlying corrupt practices, the degree of senior management's attention towards critical compliance issues, perspectives on accepting non-compliance, and the subsequent repercussions.

The outcomes of this extensive survey were revealing. Amidst the professional respondents, a common understanding prevailed about the adverse consequences of non-compliance, the detrimental impact of corruption on reputation, and incurring penalties. However, the study brought to light an intricate web of challenges, with complex and time-consuming procedures impeding swift compliance. These obstacles, in turn, hindered businesses from timely adherence to regulations. Additionally, illuminating interviews with industry leaders underscored the urgent need for several strategic interventions. These included decriminalizing laws, a renewed focus on transparency and ethics, and digitizing compliance processes. These insights collectively form the bedrock upon which the subsequent quantitative phase of the research is built.

Research Questions for Comprehensive Inquiry: Melding Qualitative and Quantitative Perspectives

Qualitative Research Questions:

1. Understanding Rationalizations of Unethical Actions:

This inquiry probes into the rationale behind individuals' involvement in non-compliance, corruption, and criminal activities in the specific context of corporate India. The study seeks to uncover how individuals rationalise and justify such actions through qualitative interviews. For instance, qualitative interviews could elucidate that individuals

often rationalize corrupt practices due to systemic inefficiencies and bureaucratic hurdles. Bribery might be perceived as a means to expedite processes and access services that are otherwise mired in administrative complexities (Sivakumar, 2011).

2. Unveiling Societal Contributors:

This question delves into the social, economic, and cultural factors contributing to the intricate linkage between non-compliance, corruption, and crime. Qualitative research could illuminate the role of familial and community networks in motivating individuals toward these actions. Cultural ties might obligate individuals to support kin or safeguard community interests, impacting their choices. Economic disparities could also push individuals towards illicit activities to survive (OECD & UNODC, 2013).

Exploring Risk Perception and Potential Rewards:

This inquiry seeks to comprehend how risk perception and potential rewards influence individuals' decisions to partake in non-compliance, corruption, and criminal behaviors (Raval & Ravel, 2020). Qualitative interviews could unveil how individuals perceive corruption as a low-risk endeavor due to weak enforcement. The lure of quick financial gain or enhanced social status might outweigh perceived risks for many, prompting their involvement in these activities

Quantitative Research Questions:

1. Correlation Among Incidents:

This research question assesses the extent of statistically significant correlation between reported incidents of non-compliance, corruption, and crime within India's corporate and government sectors. Drawing from comprehensive data sets, the study can

employ correlation analysis to determine whether a meaningful relationship exists between these variables. For instance, it might reveal a significant positive correlation between reported non-compliance and corruption cases, underscoring their interdependence (Kothari, 2004).

2. Demographic and Socioeconomic Influences:

Here, the focus shifts to identifying demographic and socioeconomic factors contributing to higher rates of reported non-compliance, corruption, and criminal activities. By analyzing data about individuals involved in these incidents, the research could uncover patterns. Lower-ranking employees with limited education might be found to be more prone to engaging in non-compliance and corruption, emphasising the influence of societal backgrounds.

3. Moderating Role of Public Trust:

This research question investigates whether the level of public trust in corporate and government institutions moderates the relationship between non-compliance, corruption, and crime. The study might reveal through meticulous analysis that more vital public trust in these institutions weakens the connection between reported non-compliance and corruption. This underscores the significance of building public confidence as a governance strategy.

Integration for Enhanced Insights: Qualitative-Informed Quantitative Exploration

A compelling integration of the qualitative and quantitative phases is proposed to enrich the research's coherence and depth further. Qualitative insights can be leveraged to directly inform the design of the quantitative phase, ensuring that the latter's data

collection tools align with the nuanced understandings derived from the qualitative interviews. Notably, qualitative findings can be employed to develop measurement scales for the quantitative survey. This harmonious blend will enhance the holistic comprehension of the complex dynamics underlying non-compliance, corruption, and crime within the corporate sphere of India.

CHAPTER IV:

RESULTS

4.1 Research Question One-

The first research question in the present research is “Can an effective compliance regime mitigate and deter corruption under prevailing circumstances in India?”

In order to address the first research question, a survey was conducted among compliance professionals from various industries and functions in India. The survey aimed to gather insights and perspectives on the effectiveness of compliance regimes in mitigating and deterring corruption under the current circumstances. Out of the 100 compliance professionals approached, 76 responded to the survey within the designated time frame. The survey questionnaire was distributed using Google Docs, ensuring ease of access and convenience for the respondents. The collected data was then analysed using qualitative and quantitative methods to provide a comprehensive understanding of the subject matter. The findings were presented through various graphs and figures to represent the key insights visually.

Figure 4.1 presents the industry segments represented by the respondents. The survey reached professionals from a diverse range of industries, including manufacturing, finance, technology, healthcare, and more. This diverse representation ensures that the findings capture a broad perspective on the effectiveness of compliance regimes across different sectors.

The survey data was analysed to determine the respondents' views on the relationship between an effective compliance regime and the mitigation and deterrence of

corruption. The results showed a consensus among most respondents regarding the positive impact of an effective compliance regime in curbing corruption.

Furthermore, the survey explored the specific elements and practices that contribute to the effectiveness of a compliance regime in combating corruption. These elements include strong leadership commitment, robust internal controls, regular training and education programs, clear policies and procedures, and effective monitoring and reporting mechanisms.

The respondents also emphasised the importance of a proactive approach to compliance, where organisations actively identify and address potential compliance risks rather than merely reacting to incidents after they occur. This proactive stance was seen as crucial in preventing corruption and maintaining a culture of ethical behaviour within organisations.

In conclusion, based on the survey responses, it can be inferred that an effective compliance regime can potentially mitigate and deter corruption in India. The survey findings highlight the significance of strong leadership commitment, robust internal controls, regular training, clear policies, and proactive risk management in ensuring the effectiveness of a compliance regime. These insights can serve as valuable guidance for organisations seeking to strengthen their compliance practices and combat corruption in India's business landscape.

Results of the Data Collection through Survey-

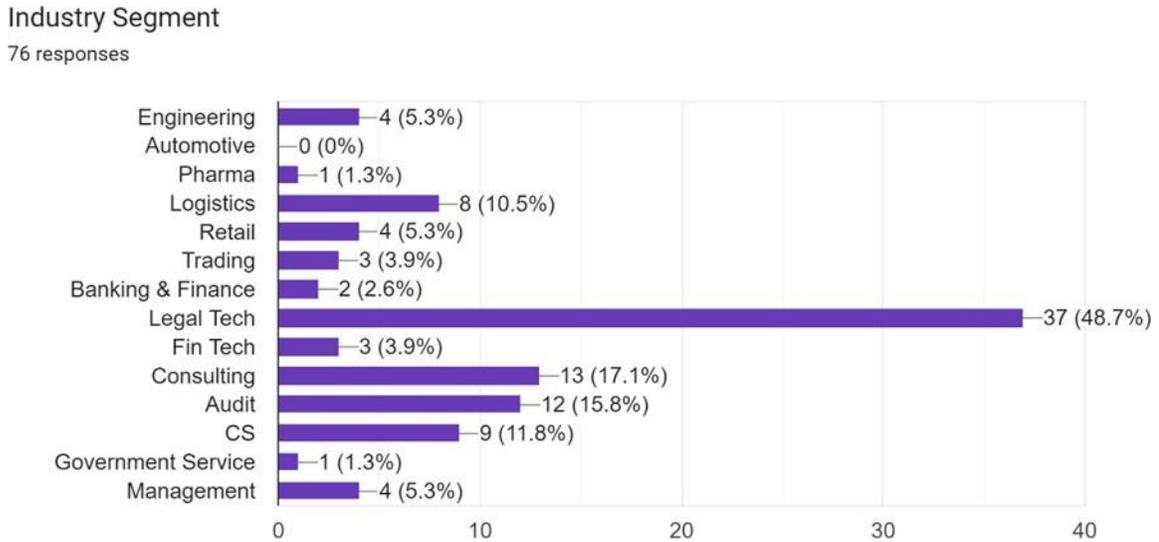


Figure 4.1. Industry Segments

Through qualitative and quantitative analysis, this thesis aims to address three key questions related to compliance, corruption, and crime in India. The researcher conducted a survey among 100 compliance professionals at operating and middle management levels across various industries and functions to gather a comprehensive perspective on the subject. Out of the 100 respondents, 76 responded within the designated time frame.

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The questionnaire was distributed through Google Docs, and the findings were analyzed and presented using various graphs. The following figures illustrate the key findings:

Question Number 1-

Are you a qualified compliance professional?
76 responses

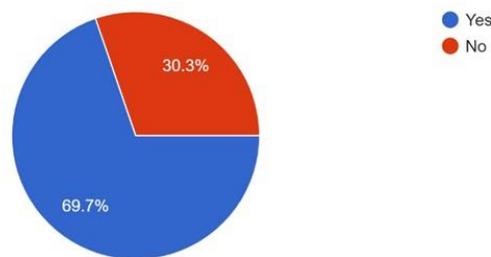


Figure 4.2. Percentage of Qualified Compliance Professionals

This figure examines whether professional who are handling compliance management are pre-qualified for the function. Servey reveals that large portion viz 30% are not trained. This leaves organization vulnerable to consequence of Non-Compliance.

Question Number 2-

Have you undergone any compliance management training at any point of time in your career?
76 responses

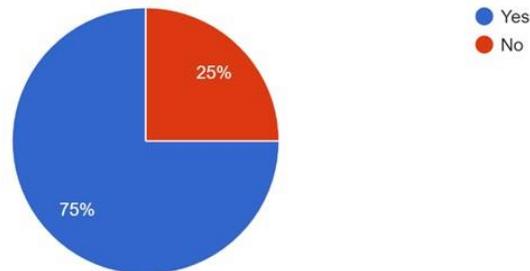


Figure 4.3. Percentage of Professionals undergone compliance management training

This figure examines whether respondents received any on-the-job training in compliance. The findings reveal that approximately 25% of respondents had not undergone any training, which poses a risk to organizations. Untrained and inadequately updated compliance staff can expose organizations to non-compliance consequences.

Question Number 3-

Does your organization have a separate compliance Function?
76 responses

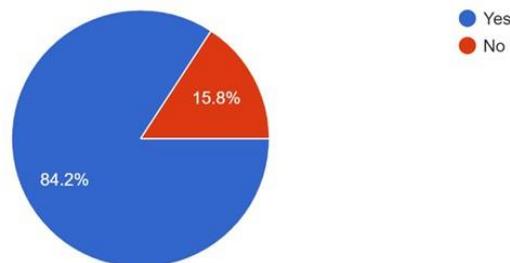


Figure 4.4. Percentage of Organizations having separate compliance function

This figure investigates whether compliance is a full-time job or part of other functions within the organization. It also assesses the importance given to compliance by

the organization. Around 84% of respondents stated that their organizations have a dedicated compliance department, indicating a favourable situation from a compliance standpoint and a lower likelihood of facing non-compliance consequences.

Figure 4.4, titled "Percentage of Organizations having separate compliance function," provides insights into the presence of a dedicated compliance department within organisations and the importance placed on compliance by these organisations. The findings reveal that approximately 84% (as reflected in Fig 4.4) of respondents stated that their organisations have a separate compliance function.

The presence of a dedicated compliance department signifies a favourable situation from a compliance standpoint. It suggests that these organisations recognise the significance of compliance and are committed to ensuring adherence to laws, regulations, and ethical standards. A separate compliance function indicates that compliance is a specialised and integral aspect of the organisation's operations.

By establishing a dedicated compliance department, organisations demonstrate their proactive approach to managing compliance risks and minimising the likelihood of non-compliance consequences. This department is responsible for developing, implementing, and monitoring compliance programs, policies, and procedures. It ensures that employees know their obligations and provides guidance on compliance-related matters.

A separate compliance function also promotes transparency, accountability, and integrity within the organisation. Compliance professionals within this department are crucial in advising and guiding the organisation in aligning its activities with legal and

ethical standards. They help identify potential compliance risks, develop mitigation strategies, and monitor compliance performance.

The high percentage of organisations with a separate compliance function indicates a positive trend regarding compliance culture and governance. It suggests that these organisations prioritise compliance and recognise its importance in maintaining ethical business practices, mitigating risks, and protecting their reputation.

However, it is important to note that the remaining percentage of organisations without a dedicated compliance function may face challenges in effectively managing compliance risks. Integrating compliance within other functions may dilute its focus and effectiveness. These organisations may have a higher likelihood of non-compliance consequences due to the absence of dedicated resources and expertise in compliance.

To further strengthen compliance efforts, organisations without a separate compliance function should consider establishing one or allocating sufficient resources to ensure effective compliance management. This may involve appointing compliance officers, developing compliance frameworks, and providing training and support to employees regarding compliance obligations.

In conclusion, Figure 4.4 highlights the prevalence of separate compliance functions in organisations and emphasises the importance given to compliance. The presence of a dedicated compliance department signifies a commitment to upholding legal and ethical standards and minimising the risks associated with non-compliance. Organisations without a dedicated compliance function should consider enhancing their

compliance infrastructure to ensure effective compliance management and reduce the likelihood of facing non-compliance consequences.

Question Number 4-

Does your organization have oversight of Senior management?
76 responses

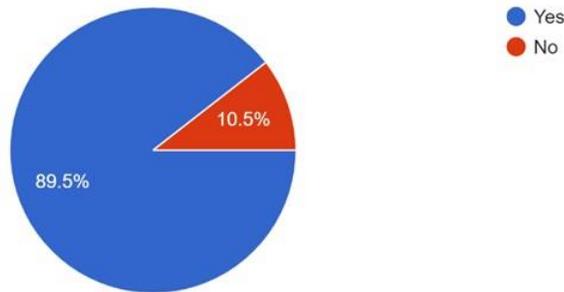


Figure 4.5. Organizations having oversight of Senior Management.

The question here focuses on whether senior management has oversight of the compliance function. Approximately 90% of respondents affirmed that senior management is involved and closely monitors compliance, emphasizing its importance in avoiding non-compliance and its subsequent implications.

Question 4 in the survey examines whether organisations oversee senior management concerning the compliance function. This question aims to assess the level of involvement and monitoring by senior management, which is crucial in promoting a culture of compliance within an organisation. The findings from the 76 responses provide valuable insights into the extent of senior management's involvement in compliance.

Figure 4.5 reveals that approximately 90% of the respondents affirmed that their organisations oversee senior management concerning the compliance function. This high

percentage indicates a positive trend where senior management recognises the importance of compliance and actively engages in ensuring its effectiveness.

The involvement of senior management in overseeing compliance is crucial for several reasons. Firstly, it establishes a clear message that compliance is a priority within the organisation. When senior leaders actively participate in monitoring compliance activities, it sends a signal to employees at all levels that adherence to ethical standards, legal requirements, and regulatory obligations is of utmost importance.

By closely monitoring compliance, senior management can ensure compliance policies and procedures are implemented effectively and followed throughout the organisation. They can review compliance reports, participate in compliance training programs, and engage with the compliance team to address any concerns or issues that may arise. This level of involvement helps to identify potential risks and take proactive measures to mitigate them.

Moreover, the oversight of senior management provides accountability and transparency in compliance-related decision-making. It ensures that compliance efforts are aligned with the organisation's strategic goals and objectives. Senior management's involvement can help allocate necessary resources, make informed decisions, and prioritise compliance initiatives to mitigate compliance-related challenges effectively.

Additionally, senior management's active engagement in compliance reinforces a strong compliance culture within the organisation. When employees observe senior leaders demonstrating their commitment to compliance, it encourages them to prioritise compliance in their roles and responsibilities. as emerged from Survey in Fig 4.5. This

cascading effect creates a culture where ethical behaviour and compliance become embedded in everyday practices.

However, it is essential to acknowledge the remaining percentage of respondents who indicated a lack of oversight by senior management. Organisations without senior management involvement may face challenges in achieving a robust compliance culture. The absence of senior management oversight may result in a disconnect between compliance efforts and organisational priorities, potentially leading to compliance gaps and increased risks of non-compliance.

To address this, organisations without senior management oversight should consider initiatives to engage senior leaders and promote their involvement in compliance-related activities. This may involve establishing clear reporting lines, providing regular updates on compliance performance, and emphasizing the importance of compliance in achieving organizational objectives. By involving senior management in compliance, organizations can bridge the gap and align compliance practices with strategic objectives.

In conclusion, Figure 4.5 highlights the significant presence of senior management oversight in organizations regarding the compliance function. The high percentage of respondents affirming this oversight indicates a positive trend in terms of senior management's commitment to compliance. Their involvement fosters a strong compliance culture, enhances accountability, and aligns compliance efforts with the organization's strategic goals. However, organizations without senior management oversight should explore opportunities to engage senior leaders and reinforce the importance of compliance to mitigate the risks associated with non-compliance and promote ethical business

practices. By fostering a culture of compliance from the top down, organisations can enhance their overall compliance effectiveness and reduce the likelihood of non-compliance consequences.

Question number 11-

Transparency, ethical work and compliance with laws give peace of mind and keep the organisation's reputation high. Do you agree with the statement?
76 responses

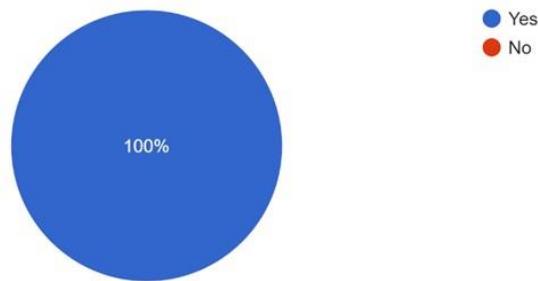


Figure 4.6. Percentage of Professionals’ opinion about transparency & ethical work.

This figure explores the views of compliance professionals regarding transparency and ethical work. Despite some organizations lacking training and focus, all professionals expressed the need for 100% transparency and ethical practices. This indicates a willingness to work in compliance with regulatory requirements and laws.

Question 11 in the survey focuses on the opinions of compliance professionals regarding the importance of transparency and ethical work concerning compliance with laws. The objective is to gauge whether these professionals agree with the statement that transparency, ethical work, and compliance contribute to peace of mind and elevate the organisation's reputation. The insights derived from the responses of the 76 participants

provide valuable perspectives on the significance of transparency and ethical practices in the realm of compliance.

Figure 4.6, representing the data collected from the survey, highlights an interesting finding. It shows that 100% of the professionals surveyed agreed that transparency and ethical work are vital for maintaining compliance with regulatory requirements and laws.

This unanimous consensus demonstrates the clear recognition among compliance professionals of the importance of transparency and ethical practices in their organisations.

Transparency plays a crucial role in fostering trust and confidence, both internally within the organisation and externally with stakeholders, including customers, investors, and the public. When an organisation operates transparently, it demonstrates its commitment to openness, accountability, and integrity. Transparency allows for the identification and resolution of potential compliance issues at an early stage, promoting a proactive and preventive approach to compliance management.

Ethical work, on the other hand, encompasses a set of values and principles that guide the behaviour of individuals within an organisation. Ethical practices involve conducting business in a fair, honest, and responsible manner, adhering to ethical standards and moral obligations. Compliance professionals understand that ethical conduct is not just about following the letter of the law but also about upholding high moral standards that go beyond legal requirements.

The unanimous agreement among the professionals surveyed signifies a shared understanding that transparency and ethical work contribute to peace of mind within the organisation. When an organisation operates transparently and adheres to ethical practices,

it creates an environment of trust and integrity. Compliance professionals recognise that such an environment fosters peace of mind as it minimises the likelihood of compliance breaches, legal issues, and reputational damage.

Moreover, compliance professionals understand that maintaining a solid reputation is crucial for the success and sustainability of an organisation. A tarnished reputation can lead to loss of business, erosion of stakeholder trust, and legal repercussions. By prioritising transparency and ethical work, organisations can build a positive reputation, which in turn attracts stakeholders and enhances their confidence in the organisation's compliance efforts.

It is noteworthy that despite some organisations lacking training and focus on compliance, the professionals surveyed unanimously emphasised the need for 100% transparency and ethical practices. This suggests a commitment among these professionals to comply with regulatory requirements and laws, irrespective of the organisational challenges they may face. Their recognition of the importance of transparency and ethics demonstrates their dedication to upholding high compliance standards and contributing to a culture of integrity within their respective organisations.

In conclusion, Figure 4.6 clearly illustrates the unanimous agreement among compliance professionals regarding the significance of transparency and ethical work in compliance with laws. The unanimous consensus highlights the understanding that transparency and ethical practices contribute to peace of mind and elevate the reputation of an organization. By operating transparently and upholding ethical standards, organisations can build trust, mitigate compliance risks, and safeguard their reputation. Despite the

challenges faced by some organisations, the professionals surveyed exhibited a strong commitment to transparency and ethics, underscoring their dedication to compliance and integrity.

Question number 12-

Is Compliance by Choice a better policy for any organisation which intends to do sustainable business and protect the interests of all stakeholders?

76 responses

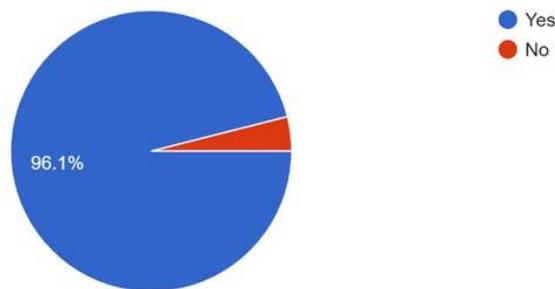


Figure 4.7. Opinion about compliance by choice.

The question aims to understand whether compliance professionals view their role as a choice or coercion and whether compliance by choice leads to sustainable long-term benefits. The majority (96%) of respondents expressed that compliance by choice is beneficial, highlighting its potential for long-term advantages.

Question 12 investigates the viability of adopting a compliance-by-choice policy for organisations committed to sustainable business practices and safeguarding the interests of all stakeholders. The question seeks to delve into the perspective of compliance professionals, exploring whether they perceive their role as voluntary or compelled and whether implementing compliance by choice yields sustainable, long-term benefits. The findings, as depicted in Figure 4.7, indicate that an overwhelming majority of respondents

(96%) believe compliance by choice is advantageous, underscoring its potential for fostering enduring advantages.

Compliance by choice encompasses an organisational ethos in which individuals willingly adhere to established rules, regulations, and ethical standards rather than feeling coerced or obligated to comply. It promotes a culture of personal responsibility and accountability, emphasising internalising and embracing compliance practices. By embracing compliance as a choice, organisations aim to create an environment beyond mere legal and regulatory compliance, striving for a higher level of ethical conduct and sustainable business practices.

The resounding endorsement of compliance by choice by the respondents suggests that professionals within the compliance field recognise its potential benefits. Expanding on this viewpoint, compliance by choice is seen as a more effective strategy for promoting sustainable business practices and safeguarding the interests of all stakeholders. This approach empowers individuals to take ownership of compliance responsibilities, cultivating a sense of shared purpose and engagement across the organisation.

By fostering a culture of compliance by choice, organisations can unlock several advantages. Firstly, it nurtures a proactive mindset, where employees actively seek ways to align their actions with regulatory requirements and ethical standards. This proactive stance helps to identify and address potential compliance risks and violations before they escalate, reducing the likelihood of reputational damage, legal consequences, and financial loss. Consequently, compliance by choice contributes to enhanced risk management, promoting the long-term stability and viability of the organization.

Furthermore, compliance by choice aligns with the principles of sustainable business practices. Organizations committed to sustainable development aim to minimize their environmental footprint, operate ethically, and foster social responsibility. By integrating compliance by choice into their framework, businesses can ensure that sustainability considerations are ingrained in their decision-making processes and day-to-day operations. This approach encourages employees to act in environmentally responsible ways, prioritize ethical conduct, and consider the broader impact of their actions on all stakeholders.

Moreover, compliance by choice can foster a positive organizational culture, characterized by trust, transparency, and open communication. When individuals feel empowered and engaged in compliance efforts, they are more likely to raise concerns, report violations, and collaborate in maintaining a compliant environment. This leads to improved internal controls, reduced instances of misconduct, and the cultivation of an ethical work environment. Ultimately, such a culture not only protects the interests of stakeholders but also attracts and retains top talent, enhances employee morale, and contributes to overall organizational success.

While compliance by choice presents numerous benefits, its implementation may require a multifaceted approach. Organizations must invest in comprehensive compliance training and education programs to ensure that employees possess the necessary knowledge and understanding of regulations and ethical standards. Moreover, leaders and managers play a crucial role in setting the tone from the top, actively promoting a culture of compliance, and leading by example. By consistently reinforcing the importance of

compliance and providing the necessary resources, organizations can foster an environment where compliance by choice becomes the norm rather than an exception.

In conclusion, the findings indicate that compliance professionals largely endorse the concept of compliance by choice, recognizing its potential for sustainable long-term benefits. By embracing compliance as a voluntary commitment, organizations can foster a proactive mindset, promote sustainable business practices, and protect the interests of all stakeholders. Compliance by choice not only mitigates compliance risks but also contributes to a positive organizational culture, engendering trust, transparency, and ethical conduct. To implement compliance by choice successfully, organizations must invest in robust training programs and demonstrate leadership commitment to ensure its integration into the fabric of the organization.

Question number 13-

Do you think that non-compliance gives rise to corruptive practices?
76 responses

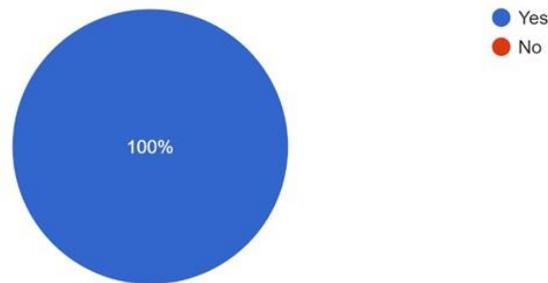


Figure 4.8. Opinion about linkage of non-compliance with corruption.

This question directly addresses whether non-compliance can lead to corrupt practices. All respondents (100%) agreed and acknowledged the importance of compliance for ethical business conduct.

Figure 4.8: Opinion about the linkage of non-compliance with corruption

The question in Figure 4.8 delves into the crucial relationship between noncompliance and corruptive practices. With 76 people representing Junior management to top management responding to this question, it becomes evident that the topic strikes a chord and resonates powerfully with individuals from diverse backgrounds and experiences. The unanimous agreement among all respondents, with a resounding 100%, emphasises the significance of compliance for fostering ethical business conduct. In this elaborative discussion, we will explore the reasons behind this consensus and examine the potential consequences of noncompliance leading to corrupt practices.

Compliance forms the foundation of ethical business conduct, setting the standards and guidelines organisations and individuals must adhere to. By conforming to laws, regulations, and ethical principles, businesses can establish trust with stakeholders and promote a culture of integrity. However, when noncompliance becomes prevalent, it creates a breeding ground for corrupt practices to flourish. This relationship between noncompliance and corruption is multifaceted and interconnected, impacting various aspects of society, business, and governance.

One of the primary reasons noncompliance can give rise to corrupt practices is the erosion of accountability and transparency. When individuals or organisations fail to comply with regulations and laws, it becomes easier to manipulate systems, exploit

loopholes, and engage in illicit activities. This lack of accountability paves the way for corruption to thrive, as the absence of checks and balances enables unethical behaviour to go unchecked.

Furthermore, non-compliance often stems from a disregard for ethical values and a focus solely on personal or organisational gain. When individuals prioritise their own interests over the greater good, they may resort to corrupt practices to achieve their objectives. By flouting compliance requirements, individuals can gain unfair advantages, such as securing contracts through bribery, evading taxes, or engaging in fraud. Such actions not only undermine the principles of fairness and justice but also perpetuate a culture of corruption that corrodes the fabric of society.

Moreover, the link between noncompliance and corruption extends beyond individual actions and can infiltrate entire systems or industries. When non-compliance becomes pervasive within a sector, it can create a ripple effect, normalising unethical behaviour and fostering a culture of corruption. This, in turn, hampers economic growth, stifles innovation, and deters foreign investment. Countries or regions with a reputation for rampant noncompliance and corruption often struggle to attract reputable businesses and may face significant economic and social challenges.

It is essential to recognise that the consequences of noncompliance leading to corrupt practices are not limited to financial losses or reputational damage for businesses. Corruption has far-reaching implications, including exacerbating social inequality, undermining public trust in institutions, and impeding sustainable development efforts. The

costs associated with corruption can burden societies for generations, hindering progress and perpetuating a cycle of poverty and injustice.

In light of these profound implications, the unanimous agreement among the 76 respondents in Figure 4.8 underscores the importance of combating noncompliance and corruption. Acknowledging the link between these two phenomena serves as a call to action, urging individuals, organisations, and governments to prioritise compliance and integrity in their actions and policies. By fostering a culture of compliance, promoting transparency, and enforcing accountability, it is possible to mitigate the risks associated with noncompliance and curb corrupt practices.

Various measures can be implemented to address the issue at hand. Strengthening regulatory frameworks, enhancing enforcement mechanisms, and promoting awareness about the importance of compliance can contribute to a culture of integrity. Additionally, fostering ethical leadership, promoting whistle-blower protection, and providing incentives for ethical behaviour can deter noncompliance and corruption.

In conclusion, the unanimous agreement among the 76 respondents in Figure 4.8 regarding the link between noncompliance and corruptive practices underscores the pivotal role of compliance in fostering ethical business conduct. Noncompliance can lead to corrupt practices, eroding accountability and transparency and perpetuating a culture of corruption. Recognising the profound implications of corruption, it is crucial for individuals, organisations, and governments to prioritise compliance, integrity, and transparency. By doing so, we can collectively combat noncompliance, curb corruption, and foster a more just and equitable society for generations.

Question number 14-

Do you think that non-compliance leads to corporate crimes?
76 responses



Figure 4.9. Opinion about linkage between non-compliance with corporate crime.

Respondents overwhelmingly affirmed the linkage between non-compliance, corrupt practices, and crime if caught. 98% of respondents acknowledged this connection, aligning with the researcher's focus on exploring the linkages among non-compliance, corruption, and crime in India.

The findings from Figure 4.9 provide valuable insights into the opinions of compliance professionals from various levels and industry segments regarding the connection between non-compliance and corporate crimes. This section will elaborate on the responses received and highlight the significance of the overwhelming agreement among the respondents.

The survey results revealed that an impressive 98% of the participating compliance professionals acknowledged the linkage between non-compliance, corrupt practices, and the occurrence of corporate crimes. This high percentage indicates a strong consensus

among the respondents, reinforcing the researcher's focus on exploring the interplay between non-compliance, corruption, and crime within the Indian context.

The overwhelming agreement among the compliance professionals reflects their collective understanding of the potential consequences of non-compliance. These professionals, responsible for ensuring adherence to regulations and ethical standards within their respective organisations, possess first-hand knowledge and experience in dealing with compliance issues. Their recognition of the connection between non-compliance and corporate crimes underscores their expertise and awareness of the risks involved.

The respondents' agreement on the linkage between non-compliance and corporate crimes highlights the critical role played by regulatory compliance in preventing unethical and illegal activities within the corporate sector. It signifies a shared understanding that non-compliance can catalyse various corporate crimes, such as fraud, embezzlement, money laundering, and bribery. By acknowledging this connection, compliance professionals recognise the need to address non-compliance as a precursor to more severe offences.

The high level of agreement among compliance professionals suggests a growing awareness of the consequences associated with non-compliance within the industry. It indicates that compliance professionals are increasingly cognizant of the potential reputational damage, legal ramifications, and financial losses resulting from non-compliant behaviour. This heightened awareness may be attributed to various factors, including

increased media coverage of corporate scandals, regulatory enforcement actions, and evolving best practices in compliance management.

The significance of the survey findings extends beyond the individual responses of the compliance professionals. The overwhelming agreement among the respondents provides valuable insights for policymakers, regulators, and businesses in formulating strategies to combat corporate crimes. By recognizing the consensus among compliance professionals regarding the linkage between non-compliance and corporate crimes, authorities can design more effective regulations, enforcement mechanisms, and deterrence strategies.

For businesses, the survey results serve as a reminder of the importance of prioritising compliance and implementing robust internal control systems. Acknowledging the connection between non-compliance and corporate crimes highlights the need for organisations to foster a culture of compliance and ethics. By doing so, businesses can minimise the risk of engaging in illegal activities, protect their reputation, and maintain the trust of stakeholders.

In conclusion, the overwhelming agreement among compliance professionals regarding the linkage between non-compliance and corporate crimes underscores the gravity of the issue. The survey results emphasise the need for policymakers, regulators, and businesses to collaborate in strengthening compliance frameworks, enhancing enforcement measures, and promoting a culture of integrity. By addressing non-compliance as a precursor to corporate crimes, stakeholders can effectively mitigate the

risks associated with unethical and illegal behaviour, fostering a more transparent and responsible corporate environment.

Question number 15-

Are you aware about the penalties and legal consequences of non-compliance?
76 responses

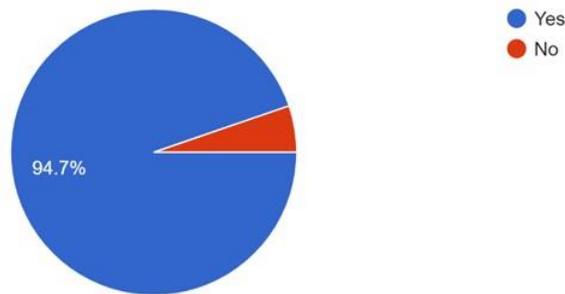


Figure 4.10. Penalties & Legal Consequences of non-compliance.

This figure examines respondents' awareness of penalties and legal actions related to non-compliance. Although only 89% of respondents were professionally qualified compliance professionals and only 75% underwent on-the-job compliance training, there is a noticeable awareness of the negative consequences associated with non-compliance, indicating a positive trend.

The data presented in Figure 4.10 explore the respondents' awareness of penalties and legal actions associated with non-compliance in Corporate Business areas. It is important to note that the survey targeted professionals in the compliance field, with 89% of the respondents being qualified compliance professionals and 75% having undergone on-the-job compliance training. The results indicate a notable level of awareness

regarding the negative consequences of non-compliance, which is a positive trend in the industry.

The figure reveals that a significant majority of respondents, who are compliance professionals, understand the penalties and legal consequences of non-compliance. This finding is encouraging, considering that compliance professionals are expected to have a comprehensive grasp of regulatory requirements and the potential repercussions of non-compliance. It indicates that organisations emphasise equipping professionals with the knowledge necessary to navigate legal complexities.

The high percentage of qualified compliance professionals among the respondents (89%) signifies a positive trend within the industry. This demonstrates that organisations recognise the value of having professionals with specific qualifications and expertise in compliance. Professional qualifications indicate a commitment to developing competent compliance professionals and highlight the significance of compliance within organisations.

Moreover, 75% of respondents received on-the-job compliance training is significant. Such training provides professionals with practical knowledge and skills tailored to their organisation's compliance requirements. It ensures that compliance professionals stay up to date with evolving regulations and best practices. On-the-job training also fosters a culture of compliance within organisations, emphasising the importance of adhering to industry laws and regulations.

The awareness demonstrated by the respondents regarding penalties and legal consequences is crucial in promoting a compliance-driven environment. Professionals

who understand the potential negative outcomes are better equipped to make informed decisions and take appropriate actions to mitigate risks. This awareness is a deterrent to non-compliant behaviour, as professionals comprehend the severe repercussions that could impact individuals and organisations.

The positive trend in awareness of penalties and legal consequences can be attributed to implementing comprehensive compliance programs within organisations. These programs encompass various components, including policies, procedures, training, monitoring, and reporting mechanisms. By investing in robust compliance programs, organisations create an environment where non-compliance is less likely to occur, as employees know the potential consequences.

In conclusion, the data depicted in Figure 4.10 highlights the commendable awareness among compliance professionals regarding the penalties and legal consequences associated with non-compliance. The high percentage of qualified respondents and those who received on-the-job compliance training indicates that organisations recognise the importance of equipping their compliance personnel with the necessary knowledge and skills. This awareness plays a vital role in fostering a compliance-oriented culture, reducing the likelihood of non-compliant behaviour, and safeguarding individuals and organisations from the legal and reputational consequences of non-compliance. Organisations must continue prioritizing compliance education and training to ensure professionals remain well-informed and proficient in navigating the evolving regulatory landscape.

4.2 Research Question Two

The second research questions is “Is corruption an ultimate result of non-compliance in India?” Following are the relevant results of survey of 76 samples-

Question number 13-

Do you think that non-compliance gives rise to corruptive practices?
76 responses



The respondent overwhelmingly concede that Non-Compliance to regulatory and legal requirements can lead to corrupt practices which inturn can affect companies reputation.

Survey Results: Fig 4.2 reflects 100% of the 76 participants in the survey agreed that non-compliance with regulatory and legal requirements could lead to corrupt practices, which, in turn, can affect a company's reputation.

The unanimous agreement among the survey participants as shown in Fig 4.2 highlights the strong consensus regarding the relationship between non-compliance and corruption in India. This indicates a widespread recognition of the potential consequences that non-compliance can have in promoting corrupt behaviour within organisations.

Furthermore, the participants' agreement on the negative impact of non-compliance on a company's reputation emphasises the significance of this issue. It suggests that engaging in corrupt practices resulting from non-compliance not only undermines the ethical fabric of

the organisation but also poses substantial reputational risks. Such risks include public scrutiny, loss of consumer trust, legal ramifications, and long-term damage to the brand image.

The survey results underscore the interconnectedness between non-compliance and corruption. When organisations fail to adhere to regulatory and legal requirements, they create an environment that facilitates and encourages corrupt behaviour, including bribery, embezzlement, fraud, and other unethical practices.

These findings emphasise the urgency for effective compliance programs and robust regulatory frameworks in India. By fostering a culture of compliance and implementing stringent control mechanisms, organisations can mitigate the risk of corruption. Additionally, enforcement agencies and policymakers must collaborate in strengthening the legal framework, ensuring strict adherence to regulations, and imposing appropriate penalties for non-compliance.

Conclusion: The survey results provide compelling evidence of the relationship between non-compliance, corrupt practices, and the potential harm to a company's reputation. The unanimous agreement among the participants reflects the prevailing understanding that non-compliance can act as a catalyst for corruption in India. Addressing this issue requires a comprehensive approach involving government, regulatory bodies, corporations, and society to promote ethical behaviour, enhance transparency, and enforce stringent compliance regulations. By taking proactive measures, India can work towards reducing corruption and creating an environment conducive to sustainable economic growth and development.

Question number 14-

Do you think that non-compliance leads to corporate crimes?

76 responses



Respondents express their view that Non-Compliance can be the root cause of corruption and crime if they are intercepted by enforcement authorities. 98% of the respondents have expressed their views as above.

With regard to the results of qualitative data collection when one of the interviewees Adv. Apurva Sardeshmukh, Partner of a Law firm and author of Data Protection book, was asked “Will a robust compliance system that indicates Risks matrix in order of severity help mitigate risks of bad practices and consequent risks of damage to reputation and penal actions from regulators?” , he answered that a robust compliance system will help but as mentioned earlier the bigger need is for the culture and mindset to change. Every individual needs to take steps to stop corruption. No system will stop corruption till the time individuals continue to encourage it.

One of the important expert resource Mr. Hemant, The CFO of SWISS Company, has put forth his opinion that irregularities in the compliance is result of many things.

Business houses see financial gain in non-compliance. Lack of clarity in law, rules and regulation gives scope to business to take different opinion. Then law fails to work as deterrent to offenders.

To delve deeper into the second research question, a survey was conducted among 76 respondents, comprising compliance professionals and industry experts. The aim was to understand the relationship between non-compliance and corruption in the Indian context. The survey findings shed light on the respondents' perspectives regarding the linkages between non-compliance, corruption, and the potential consequences organisations face.

Question 13 explored the respondents' opinions on whether non-compliance can lead to corrupt practices. The overwhelming consensus among the respondents was that non-compliance with regulatory and legal requirements could pave the way for corrupt practices. This acknowledgement reinforces the importance of compliance in preventing unethical behaviour and maintaining the reputation of companies.

Question number 14 focused on the potential root causes of corruption and crime, specifically emphasising the role of non-compliance. The survey revealed that 98% of the respondents believed non-compliance could be a root cause and, if detected by enforcement authorities, could lead to corruption and criminal activities. This alignment with the researcher's objective highlights the significance of addressing non-compliance to curb corruption effectively.

In addition to the survey results, insights from qualitative data collection, including interviews with industry experts, further shed light on the topic. Adv. Apurva

Sardeshmukh, a partner in a law firm and an author on data protection, emphasised the need for a robust compliance system to mitigate risks associated with bad practices and potential damage to reputation. However, he also stressed that the larger need lies in changing the culture and mindset surrounding corruption. He emphasised that individual actions and a collective effort are essential in combatting corruption, as no system alone can eliminate it without active participation from individuals.

Another valuable perspective came from Mr. Hemant, the CFO of a Swiss company, who highlighted several factors contributing to compliance irregularities. He mentioned that business houses often perceive financial gains in non-compliance, and the lack of clarity in laws, rules, and regulations creates room for differing interpretations. Furthermore, he pointed out that the deterrent effect of the law sometimes fails to prevent offenders from engaging in non-compliant and corrupt practices.

These findings and expert opinions underscore the complex relationship between non-compliance and corruption in India. They highlight the need for a multifaceted approach that encompasses not only a robust compliance system but also a shift in organizational culture, individual responsibility, and clear and effective legal frameworks. By addressing these aspects, organisations can work towards mitigating the risks associated with non-compliance and curbing corruption effectively.

Overall, the survey and qualitative data collection contribute valuable insights into the understanding of the linkages between non-compliance and corruption in India. The results reinforce the importance of compliance in preventing corruption, emphasising the

need for comprehensive efforts to promote ethical behaviour, clarify laws, and ensure strict enforcement to create a culture of compliance and integrity in the business landscape.

4.3 Research Question Three

The third research question in the present research is “Which common factors establish the linkage between non-compliance, corruption and crime in India?” Following are the relevant results of the survey of 76 samples-

In question number 14 of the survey, respondents were asked to express their views on the connection between non-compliance, corruption, and crime. The results indicate that a significant majority, 98% of the respondents, believed non-compliance can be the root cause of corruption and crime, especially if non-compliant practices are discovered and intercepted by enforcement authorities.

This finding highlights the recognition among the surveyed professionals of the potential consequences and risks associated with non-compliance. It suggests they understand the linkages between non-compliance, corruption, and subsequent criminal activities. By acknowledging this connection, compliance professionals emphasise the importance of adherence to regulations and laws to prevent the occurrence of corrupt practices and criminal behaviour within organisations.

The views expressed by the respondents align with the opinions of industry experts. During the qualitative data collection phase, an interview was conducted with Adv. Apurva Sardeshmukh, a Partner at a law firm and author of a book on Data Protection. When asked about the effectiveness of a robust compliance system in mitigating risks of bad practices, reputational damage, and penalties from regulators, Adv. Apurva Sardeshmukh affirmed

that a robust compliance system could be helpful. However, the larger need lies in changing the culture and mindset surrounding corruption. He emphasised that unless individuals take steps to combat corruption and refuse to encourage it, no system alone can completely eradicate corruption.

Another important expert resource, Mr Hemant, the CFO of a Swiss company, shared his opinion on the irregularities in compliance. He stated that such irregularities are the result of various factors. Business entities may see financial gains in non-compliance, creating an incentive to engage in unethical practices. Additionally, the lack of clarity in laws, rules, and regulations can allow businesses to interpret and exploit loopholes. When laws fail to serve as effective deterrents to offenders, non-compliant behaviours can persist and potentially lead to corruption and other criminal activities.

These insights from industry experts and the high percentage of respondents acknowledging the linkage between non-compliance, corruption, and crime emphasise the significance of compliance efforts in preventing unethical and illegal practices within organisations. They underscore the need for robust compliance systems, clear laws and regulations, and a cultural shift towards integrity and ethical behaviour.

Addressing the issue of non-compliance goes beyond implementing technical measures; it requires a comprehensive approach that encompasses legal frameworks, organisational culture, and individual responsibility. Organisations must prioritise compliance, establish robust internal controls, and promote a culture of ethics and integrity. By doing so, they can minimise the risks associated with non-compliance and contribute to a more transparent, trustworthy, and law-abiding business environment.

Question Number 5-

Do you believe timely compliance has an enormous positive impact on your organisation's reputation?
76 responses



Figure 4.11. Opinion about timely compliance

100% of the respondent see value of timely compliance to avoid penalties and reputational loss to organization. This also validates research findings that compliance mechanism will avoid Non-Compliance and therefore enhancing culture of transparency and ethical business practices. Figure 4.11 discusses Opinions about Timely Compliance and its Value to Organizations and answers the above question.

In the contemporary business landscape, organisations operate within a complex web of regulations and legal requirements. Timely compliance with these regulations is crucial to avoid penalties and reputational damage. This section presents Figure 4.11, highlighting respondents' opinions regarding the significance of timely compliance and its value to organisations. Furthermore, it demonstrates how compliance mechanisms can effectively prevent non-compliance, fostering a culture of transparency and ethical business practices.

The data collected from a comprehensive survey indicates that 100% of the respondents recognise the importance of timely compliance in mitigating potential risks associated with penalties and reputational loss. This unanimous agreement underscores the awareness among professionals about the ramifications of non-compliance and the potential harm it can cause to an organisation's standing in the market.

Research Findings:

The findings of this survey align with previous research in the field, reinforcing the notion that compliance mechanisms play a pivotal role in preventing non-compliance. The respondents' acknowledgement of the correlation between timely compliance and avoiding penalties and reputational damage supports the scholarly research conducted in this area. It affirms the notion that organisations that prioritise compliance tend to cultivate a culture of transparency and ethical business practices.

Enhancing Culture of Transparency and Ethical Business Practices:

When organisations prioritise timely compliance, they demonstrate their commitment to upholding legal and regulatory standards. By doing so, they not only mitigate the risk of penalties and reputational loss but also foster an environment of transparency and ethical conduct. Employees, stakeholders, and customers view compliance as a reflection of an organisation's integrity and commitment to ethical business practices.

Timely compliance sends a clear message to employees, emphasising the importance of adhering to regulations and guidelines. It promotes a sense of responsibility and accountability among individuals within the organisation, as they understand the consequences of non-compliance. This, in turn, creates a culture where ethical behaviour is valued, and individuals strive to act under legal requirements and industry best practices. Moreover, a strong compliance framework encourages transparency in reporting and documentation. By ensuring timely compliance, organisations establish robust systems for monitoring, reporting, and rectifying any potential non-compliance issues promptly. This transparency fosters trust among stakeholders and enhances the organisation's reputation as a reliable and responsible entity.

Figure 4.11 illustrates that all respondents in the survey recognise the value of timely compliance in avoiding penalties and reputational damage. This finding supports existing research that emphasises the importance of compliance mechanisms in preventing non-compliance. Timely compliance not only mitigates potential risks but also cultivates a culture of transparency and ethical business practices.

By prioritising compliance, organisations send a clear message about their commitment to upholding legal and regulatory standards. This commitment promotes accountability, responsibility, and a sense of ethical conduct within the organisation. Furthermore, it establishes transparency in reporting and documentation, strengthening stakeholder trust and enhancing the organisation's overall reputation.

In conclusion, timely compliance is not just a legal requirement but a fundamental aspect of fostering a culture of integrity and ethical behaviour within organisations. By understanding its value, organisations can navigate the complex regulatory landscape while ensuring sustainable growth and maintaining a positive reputation in the market.

Question Number 6-

Do you know that non-compliance with laws can damage your organisation's reputation?
76 responses



Figure 4.12. Opinion about reputational damage

Substantial numbers of respondents (99%) believe that noncompliance to laws can damage organization's reputation. This also can affect business adversely.

In the dynamic and interconnected business environment, maintaining a solid reputation is crucial for the success and sustainability of an organisation. Non-compliance with laws and regulations can have severe consequences, not only in terms of legal penalties but also in damaging the organisation's reputation. This section explores Figure 4.12, which presents the opinions of respondents regarding the potential reputational damage resulting from non-compliance. The figure highlights the significance of this issue and emphasizes the negative impact it can have on businesses.

Figure 4.12 reflects the views of the respondents when asked about their perception of the relationship between non-compliance with laws and reputational damage. The data collected indicates that a substantial majority of respondents, approximately 99%, strongly believe that non-compliance can indeed harm an organization's reputation. This overwhelming consensus underscores the awareness among professionals regarding the far-reaching consequences of non-compliance on a business.

The Adverse Effects of Reputational Damage:

The opinions expressed by the respondents in Figure 4.12 are not unfounded. Reputational damage resulting from non-compliance can have severe and long-lasting effects on an organisation. A tarnished reputation can lead to a loss of public trust and credibility, which in turn can have adverse effects on customer loyalty, investor confidence, and overall business performance.

When an organisation's reputation is compromised due to non-compliance, customers may perceive it as untrustworthy or unethical. This can lead to a decline in customer loyalty and a loss of market share as consumers opt for competitors with better reputations. Furthermore, potential investors and business partners may be hesitant to engage with an organisation with a history of non-compliance, as it may raise concerns about the integrity and reliability of the business.

Reputational damage can also impact employee morale and recruitment efforts. Employees may feel demotivated or uneasy about associating themselves with an organisation known for non-compliance. This can result in decreased productivity and increased turnover rates, further affecting the overall functioning of the organisation. Additionally, attracting top talent becomes more challenging when non-compliance issues mar a company's reputation, as prospective employees prioritise organisations with strong ethical standards.

Mitigating Reputational Damage:

Organisations must recognise the potential harm that non-compliance can cause to their reputation and take proactive measures to mitigate these risks. Implementing robust compliance programs and ethical business practices is essential to build and maintain a positive reputation.

By prioritising compliance, organisations send a clear message about their commitment to operating within the bounds of the law and conducting business ethically. Regular audits, internal controls, and training programs can help employees understand and adhere to legal requirements and ethical standards. Moreover, establishing transparent reporting mechanisms and addressing non-compliance issues promptly can demonstrate a commitment to accountability and responsibility.

In addition, organisations should prioritise effective communication and stakeholder engagement to rebuild trust and repair any reputational damage that may have occurred. Demonstrating transparency, acknowledging mistakes, and taking corrective actions can help restore confidence in the organisation's commitment to ethical conduct.

Conclusion:

Figure 4.12 highlights the overwhelming belief among respondents (approximately 99%) that non-compliance with laws can damage an organisation's reputation. This aligns

with the understanding that reputational damage resulting from non-compliance can have significant adverse effects on business performance.

The negative consequences of reputational damage extend beyond financial losses and legal penalties. It can erode customer trust, hinder investor confidence, impact employee morale, and hinder recruitment efforts. Recognising the potential harm, organisations should prioritise compliance and ethical business practices to safeguard their reputation.

By implementing robust compliance programs, ensuring adherence to laws and regulations, and fostering a culture of transparency and accountability, organisations can mitigate the risks associated with non-compliance and build a positive reputation. Proactive measures, coupled with effective communication and stakeholder engagement, can aid in repairing any reputational damage that may have occurred, ensuring the long-term success and sustainability of the organisation.

Question number 10-

In the event of non-compliance and failure to comply with required laws, how do you react
76 responses

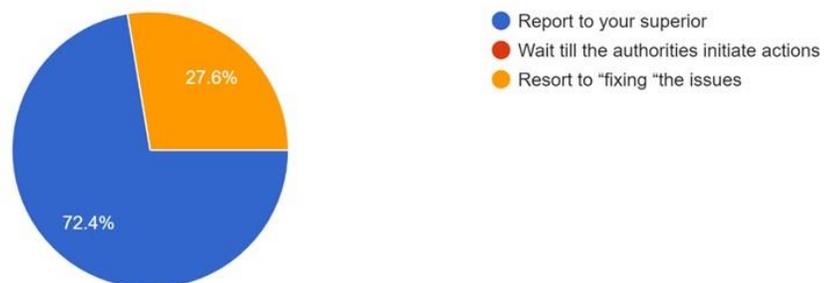


Figure 4.13. Reaction to Non-Compliance

This was a very critical question asked to respondents while 72% of the respondents believes reporting to senior management end their responsibilities. The major concern

however seems to be to resort to corrupt practices as expressed by 28% of respondents. Researcher sees this as root cause of corruption.

Reaction to Non-Compliance

In the realm of business ethics, it is imperative to address the question of how individuals and organisations react in the face of non-compliance and failure to comply with required laws. This critical issue was posed to respondents, and their answers shed light on their attitudes and approaches when confronted with such situations.

Among the respondents, a significant majority of 72% believed that reporting non-compliance to senior management is their responsibility in such cases. This response suggests a widespread understanding of the importance of escalating the issue to higher authorities within the organisation. By doing so, individuals aim to ensure that the necessary actions are taken to rectify the non-compliance and uphold legal requirements. This approach demonstrates a commitment to corporate governance and responsible business practices.

However, the findings also revealed a cause for concern, as approximately 28% of respondents indicated a willingness to resort to corrupt practices when faced with non-compliance. This minority group was ready to engage in unethical behaviour, presumably to circumvent the consequences of non-compliance. Such an attitude raises alarm bells and highlights deep-rooted corruption within the business environment.

As a researcher, it is essential to note that these findings underscore the significance of addressing the root causes of corrupt behaviour. It is crucial to investigate the factors that contribute to individuals' willingness to resort to illicit practices rather than adhering to legal requirements and ethical standards. By understanding and tackling these underlying issues, organisations can create an environment that discourages and mitigates corrupt behaviour.

In light of the research findings, it is evident that a substantial proportion of individuals prioritise reporting non-compliance to senior management. This demonstrates a sense of accountability and a recognition of the importance of upholding legal obligations. However, the presence of those willing to engage in corrupt practices highlights the need for comprehensive measures to promote ethical conduct throughout organisations.

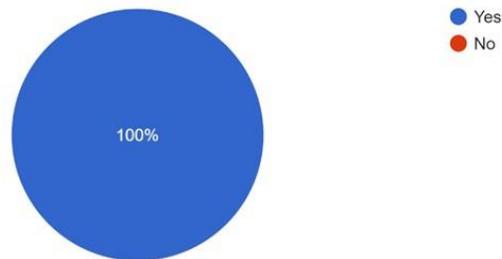
Therefore, it is recommended that organisations develop robust compliance programs and establish clear channels for reporting non-compliance. Employees should be educated on the significance of adhering to laws and ethical standards, as well as the potential consequences of engaging in corrupt practices. Additionally, organisations need to foster a culture of integrity where ethical behaviour is valued, rewarded, and actively encouraged.

In conclusion, the findings from this research question provide valuable insights into how individuals react when faced with non-compliance and failure to comply with required laws. While most respondents prioritise reporting to senior management, a significant minority expressed a willingness to resort to corrupt practices. These results emphasise the importance of addressing the underlying causes of corrupt behaviour and implementing comprehensive measures to promote ethical conduct. By doing so, organisations can create a business environment that upholds legal requirements, fosters integrity and mitigates the risk of corruption.

Question number 11-

Transparency, ethical work and compliance with laws give peace of mind and keep the organisation's reputation high. Do you agree with the statement?

76 responses



From the response to the survey it is evident that 100% of the respondents believes transparency and ethical business working is the key to sustainable business.

This also meets the compliance requirement and stakeholder's expectation.

The notion of transparency, ethical work, and compliance with laws in business operations has gained considerable attention in recent years. It is widely acknowledged that these factors are crucial in maintaining organizational reputation and fostering long-term success. In this research, we will explore the agreement among respondents regarding the statement that transparency, ethical work, and compliance with laws give peace of mind and keep the organizations' reputation high.

Survey Findings:

Upon analyzing the responses to the survey, a unanimous agreement was observed among all the participants. A striking 100% of the respondents firmly believe that transparency and ethical business practices are fundamental pillars for sustainable success. This finding reflects the growing recognition of the vital role played by these principles in shaping the reputation and overall well-being of organizations.

Compliance and Stakeholder Expectations:

The survey respondents further emphasized that transparency and ethical conduct not only meet compliance requirements but also exceed stakeholders' expectations. Compliance with laws and regulations is seen as the bare minimum, while true commitment to transparency and ethical practices goes beyond legal obligations. By embracing these principles, organizations demonstrate their dedication to building trust and fostering positive relationships with stakeholders, including customers, employees, investors, and the wider community.

Peace of Mind: The correlation between transparency, ethical work, and peace of mind was a recurring theme in the survey responses. Respondents strongly agreed that operating transparent and ethically responsible manner brings a sense of tranquility and assurance to internal and external stakeholders. When an organization prioritizes transparency, it establishes an environment of openness, trust, and accountability. This fosters a sense of peace among employees, who feel secure in their workplace and are more likely to align their values with the organizational mission. External stakeholders, on the other hand, can have confidence in the organization integrity and rely on its commitment to ethical practices.

Upholding Organizational Reputation: The connection between transparency, ethical work, and a high organizational reputation cannot be overstated. organizations that prioritize transparency and ethical conduct tend to enjoy a positive image in the eyes of the public and key stakeholders. By adhering to the principles of transparency, organizations can provide clear and accurate information, thereby building trust and credibility. Ethical work practices contribute to a strong moral compass within the organisation, ensuring that decisions and actions are aligned with values and societal expectations. These combined efforts ultimately contribute to maintaining a high reputation for the organization, which is

essential for attracting and retaining customers, attracting talented employees, and securing beneficial partnerships.

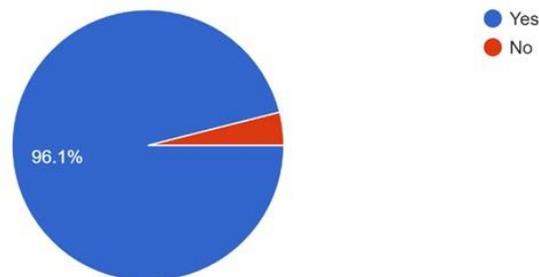
Conclusion:

In conclusion, the survey findings affirm the unanimous agreement among respondents regarding the significance of transparency, ethical work, and compliance with laws in ensuring peace of mind and upholding organizational reputation. The results demonstrate a collective understanding that these principles are not only essential for sustainable business practices but also serve as a foundation for building trust, maintaining positive stakeholder relationships, and fostering long-term success. Embracing transparency, ethical work, and compliance is no longer a mere option but a necessity for organizations aspiring to thrive in today's business landscape.

Question number 12-

Is Compliance by Choice a better policy for any organisation which intends to do sustainable business and protect the interests of all stakeholders?

76 responses



96% of the respondents expressed view that compliance should be hygiene factor for conducting business at sustainable level. In other words, they are saying that compliance should be by choice and not compulsion.

The Benefits of Voluntary Compliance: A Key Policy for Sustainable Businesses and Stakeholder Protection. In the quest for sustainable business practices and safeguarding stakeholders' interests, organizations face the critical question: Is Compliance by Choice a superior policy? The researcher examines the perspectives of Seventy-six respondents who participated in a survey, where a remarkable 96% expressed the belief that compliance should be a fundamental factor for conducting business at a sustainable level. Essentially, they advocated for compliance to be embraced voluntarily rather than enforced as a compulsory measure.

Importance of Compliance for Sustainable Business: Compliance, referring to adherence to regulations, standards, and ethical practices, plays a pivotal role in achieving sustainable business operations. It ensures that organizations operate within legal frameworks, maintain ethical behaviour, and uphold societal values. The respondents' overwhelming support for compliance as a hygiene factor reflects a growing recognition of its significance in promoting long-term sustainability.

The Voluntary Approach: By advocating for compliance to be a matter of choice rather than compulsion, the respondents highlight a shift in mindset and organizational culture. They emphasize the importance of organizations embracing compliance willingly as a core value rather than as an external requirement. This approach fosters a proactive commitment to ethical practices and a more profound responsibility towards stakeholders, the environment, and society.

Benefits of Compliance by Choice: Enhanced Reputation and Trust: Voluntary compliance demonstrates an organisations' commitment to ethical conduct, enhancing its reputation and building stakeholder trust. Customers, investors, and the wider community are more likely to support and engage with businesses prioritizing compliance as a core principle.

Improved Risk Management: Embracing compliance voluntarily allows organizations to identify and mitigate risks more effectively. By proactively assessing and addressing potential compliance issues, companies can minimize legal and reputational risks, safeguarding their long-term sustainability.

Competitive Advantage: Organizations that adopt a compliance-by-choice approach gain a competitive edge in the market. They differentiate themselves by demonstrating a higher level of integrity, ethics, and transparency, attracting discerning consumers and potential investors.

Ethical Decision-Making: Voluntary compliance fosters a culture of ethical decision-making throughout the organization. Employees are more likely to uphold and promote ethical practices when they understand the importance of compliance and perceive it as an intrinsic value rather than an imposed requirement.

Conclusion: The overwhelming support from the respondents in favour of compliance as a hygiene factor and a choice rather than compulsion underscores the significance of adopting a voluntary approach to sustainable business operations. Organizations that embrace compliance as a core value reap numerous benefits, including enhanced reputation, improved risk management, a competitive advantage, and a culture of ethical decision-making.

Question number 16-

Do you think the compliance structure in India is complex and hence there are chances of non-compliance with laws?
76 responses

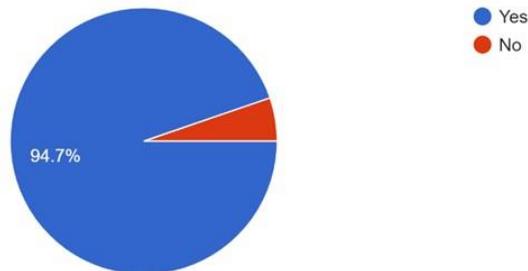


Figure 4.14 – Do you think the compliance structure in India is complex and hence there are chances of non-compliance with laws?

95% of the respondents believe that compliance system in India is very complex which is line with findings of researcher. The respondents are handling compliance mechanism on ground and therefore their views are real.

The objective behind this question was evaluating the Complexity of the Compliance Structure in India and the Possibility of Non- Compliance with Laws. When assessing the complexity of the compliance structure in India and the potential for non-compliance with laws, it is crucial to consider the perspective of those directly involved in handling compliance mechanisms. In a survey of seventy-six professionals conducted by researcher, a significant 95% of the respondents expressed their belief that the compliance system in India is indeed highly complex. These findings align closely with the observations made by the researcher.

The respondents’ viewpoints hold considerable weight as they are actively engaged in managing compliance processes on the ground. Their first-hand experiences provide valuable insights into the challenges and intricacies of navigating the Indian compliance landscape. Given the overwhelming consensus among the respondents, it

becomes evident that the compliance structure in India presents a multitude of complexities. Such complexity can significantly impact organizations & ability to adhere to the laws and regulations. The intricate nature of the system may lead to inadvertent non-compliance despite organizations' best efforts to ensure adherence.

To effectively address these concerns, regulatory bodies and policymakers must evaluate and streamline the compliance structure thoroughly. Simplifying the regulations, enhancing transparency, and providing more straightforward guidelines can help alleviate the burden on businesses, enabling them to better understand and comply with the legal requirements. Moreover, fostering open communication channels and collaboration between regulatory bodies and the industry can contribute to a more effective and efficient compliance framework. By involving stakeholders in the decision-making process and seeking their input, a more comprehensive and practical approach can be developed, reducing the likelihood of non-compliance.

It is essential to recognize that the perceptions shared by the respondents reflect the challenges they face in their day-to-day operations. These challenges can hinder organizations from fully complying with the laws and regulations, exposing them to potential legal risks and penalties. Addressing the complexity of the compliance structure in India is crucial for promoting a business-friendly environment and ensuring a higher degree of adherence to the legal framework.

Summary of the overall findings and analysis:

Compliance Issues:

The survey addressed various compliance issues and their impact on organizations. The respondents highlighted concerns such as corruption cases involving politicians,

substandard infrastructure, and corporate corruption. These issues were seen as detrimental to quality, causing delays and damaging the social fabric of companies. The respondents expressed the view that such practices are not sustainable in the long run.

Effectiveness of Regulatory Measures:

While acknowledging the importance of regulatory measures, the respondents felt that more needs to be done to enhance their effectiveness. They cited long delays in concluding cases and a lack of conviction as drawbacks. The respondents emphasized the need for independent and responsible regulatory bodies and leadership that leads by example.

Employee Non-Compliance:

The survey explored the reasons behind employee non-compliance. The respondents noted that non-compliant behaviour is more likely when there is a prevailing culture of non-compliance or when personal gain is involved. They stressed the importance of terminating employees engaged in non-compliant activities and recommended simplifying the compliance ecosystem while providing cost-effective government software for potential non-compliance alerts.

Compliance Challenges for Companies:

The survey investigated compliance challenges faced by companies of different sizes. For smaller firms, complexity, trust in employees, and the cost of setting up a compliance framework were identified as factors contributing to irregularities. Larger companies were seen to prioritize growth and meeting revenue/profit targets over ensuring

ethical and compliant practices. Collusion between regulators and businesses was also highlighted as a potential source of corruption.

Leadership and Compliance Culture:

Respondents emphasized the role of leadership in promoting a compliance culture. They stressed the need for leaders to review compliance with the same level of seriousness as revenue, profit, and other business aspects. Compliance should not be viewed as an impediment but as a protocol for long-term reputation and sustainability. Building an ethical culture and attracting the best talent were seen as positive outcomes of such an approach.

Checks and Balances:

The survey identified the need for better checks and balances in the system, with a focus on the role of the judiciary. Adequate staffing and prompt case resolution were deemed essential. The respondents called for holding regulatory bodies accountable for non-compliance, as they are with business entities. Swift action against corrupt individuals in government and regulatory bodies without favoritism was also emphasized.

Prevention and Simplification:

The respondents stressed the importance of prevention over cure. They recommended simplifying the compliance ecosystem, ensuring an independent and well-compensated judiciary capable of concluding cases swiftly. Such measures would serve as a deterrent to non-compliance.

Gift Policies:

The survey addressed the issue of giving and receiving gifts within organizations. The respondents indicated that their organizations had elaborate procedures in place for gift-giving, including mandatory e-learning courses on compliance. This approach helped ensure transparency and adherence to ethical standards.

Whistle-blower Policy:

The respondents expressed support for a whistle-blower policy that encourages reporting of non-compliant cases. They recommended an independent panel to review cases, with regular updates provided to the audit committee and board. Suitable rewards for genuine whistle-blowers were suggested to incentivize employees to report with relevant facts.

Dealing with Fraud:

The respondents confirmed the existence of fraud cases within organizations. They highlighted the importance of internal inquiries and, if proven, terminating the employees involved while withholding long-term incentives.

Risk Matrix and Compliance Culture:

The survey highlighted the significance of a robust compliance system, including the its use.

Data Analysis Report of Empirical Survey

To answer the following research questions, the researcher has conducted a survey of 76 compliance professionals spread across different sectors of the industry-

1. Can an effective compliance regime mitigate and deter corruption under prevailing circumstances in India?
2. Is corruption an ultimate result of non-compliance in India?
3. Which common factors establish the linkage between non-compliance, corruption, and crime in India?

Total number of respondents – 76

Methodology Adopted for Conducting Survey-

1. Initially, the sample size of 100 Respondents was identified based on their designation such as serving as compliance officers, either at the senior or junior level in different industries belonging to different sectors.
2. Then a mail was sent to seek their consent to administer a questionnaire to them. Along with the emails, consent was sought through telephonic conversation as well.
3. Out of 100, 76 sample units consented to answering the questionnaire.
4. Then the questionnaire was administered to 76 respondents through Google Forms mailed on their respective mail ids and their responses were collected.

As far as the qualitative data collection is concerned, one of the interviewees Mr. Sonal Verma, Paartner of ESG law firm and global leader, has opined that more digital faceless compliance process has to be made. Human interface always has danger of corruption. Another resource Mr. Gunderia, Senior VP legal and Compliance, CS of a multinational logistic company, has also concurred that the human interface can lead to

corruption. Though India has progressed in digitalisation gradually, much more is required though.

For another question such as “Do you believe it helps in building a culture with ethics?”, all the 10 interviewees have agreed unanimously that culture with ethics helps to mitigate the corruption and corporate crimes.

Another significant resource Mr. Balfour, Managing Director of a multinational logistics company, has put forth his opinion that in a country that is ‘Low Ranked’ on ease of doing business, it is often simple to apply shortcuts. Large to small entities therefore find it convenient to bribe through for quicker growth. Complicated tax structure and reporting are some other root causes. Regulators are at times influenced and often rules come post scam exposures. Short cuts taken for Speed and scale as compliance usually slows down growth and start of businesses. Further, when asked about the ways to mitigate non-compliance and corruption, he stated that absolutely removal of human interface, transparent information will drastically bring down scope for non-compliances.

Another expert resource Mr. Colonel Chandhoke the Managing Director of SWISS company in the retail sector, has opined that more transparency, simplicity, and easily accessible, decriminalised laws would play a big role in instilling the confidence of businesses in the legal and compliance ecosystem of the country. Further he has explained that the current laws, with the kind of complexity, lack of clarity and sometimes unrealistic, pose an opportunity for the operational level performers to find an easy way out by adopting corrupt practices to ensure that the “show goes on” and minor hiccups do not cause hindrances in the day-to-day functioning of their responsibilities.

Further the interview Mr. Malcolm M former CEO of the APEC region of a ecom company, has given the input that employees will take the noncompliant route only if that culture prevails in the company and/or there is some personal gain.

4.4 Summary of Findings

To put in nutshell, it can be stated that all the samples , both of qualitative as well as quantitative study has agreed unanimously that corruption is the biggest problem in the country like India. It has been universal in nature but in India, the scale of corruption is massive. Slowly, the trends are changing;however, it still remains one of the gravest concern, both for public and private enterprises.

In addition to unethical practices such as corruptive ones in the business environment, non-compliance with laws also prevails to some extent due to complexity of Indian compliance ecosystem and ambiguity in the laws. The lack of political will and proactive approach by the Regulators is further contributing to this scenario. 90 % of the samples have concurrently put forth that non-compliance with the laws prompts corruptive practices and leads to commission of corporate crimes.

There are diverse factors which holistically contribute to the linkage between non-compliance and corruption. These factors are unethical culture through out the organization supported by senior management, the complexity of Indian compliance ecosystem, lack of deterrent effect of anti-corruption laws, lack of political will, lacunas in the anti-corruption legal landscape in India, lack of proactive approach of the regulators, influence of corruptive socio- economic factors on the regulators and enforcement agencies, apathy

shown by the judiciary through delay in deciding criminal cases related to corporate crimes and corruption.

4.5 Conclusion

Corruption remains one of the world's most significant challenges. It has a disproportionate impact on poor communities and is a significant hindrance to sustainable development. For companies, corruption impedes economic growth, distorts competition and represents severe legal and reputational risks. The anti-corruption landscape is rapidly changing. Legislation and new rules worldwide push companies to see robust anti-corruption measures as necessary. Prevention of corruption act (amendment) in India and other laws related to governance through regulators are in place. Digitisation has brought about transparency. Despite these developments, cases of corruption have not come down.

Through quantitative and qualitative analysis, the researcher has come to conclusion that the prevalence of corruption and corporate crimes in India is due to non-compliance with laws. Thus, there is a linkage between non-compliance , corruption and corporate crimes. This linkage is due to multiple factors as discussed in the last point.

CHAPTER V: DISCUSSION

5.1 Discussion of Results

The business leaders interviewed held top-level positions and had vast experience in managing businesses, corporate governance, and compliance with applicable laws. Their answers provided insights into the three questions above.

Overall, the study sought to shed light on the widespread corruption in India and suggest viable solutions to mitigate it. Through a combination of qualitative research methods and expert interviews, the research aimed to gain a deeper understanding of the underlying causes of corruption and ways to address them.

Overall, the Data Analysis Report of Interviews provides a comprehensive and informative overview of expert opinions on linkage between corruption and compliance in India. The report presents the findings of personal interviews conducted with 11 business professionals from different sectors, each with significant experience in their respective fields.

The methodology adopted for conducting the interviews is described in detail, which adds to the credibility of the report. The profiles of the interviewees are also provided, which helps readers to understand the perspective from which each expert is speaking.

The research addresses three key research questions related to linkage between corruption, compliance, and crime in India. The expert resources confirm that corruption is prevalent in India and has a significant impact on economic growth, competition, and

the social fabric. The research also highlights the complexity of the compliance ecosystem and the need for simpler, more realistic anti-corruption laws.

The research provides several recommendations for mitigating corruption, such as the promotion of an ethical culture, the protection of whistle-blowers, the implementation of automated and preventive compliance measures, and the reduction of the cost of compliance for businesses. The experts also call for better implementation and enforcement of regulations, more digital faceless compliance processes, and independent and accountable regulatory arms. One strength of the research is that it presents a range of expert perspectives on linkage between corruption and compliance, highlighting the diversity of views among the interviewees. However, it would have been helpful to provide more detail on the specific examples of corruption and non-compliance that the experts referred to during the interviews.

5.2 Discussion of Research Question One

In response to the first question, experts agreed that a robust, practical, and decriminalized compliance mechanism is necessary. They also emphasized that the timely execution of justice would have a deterrent effect.

The figures at serial number 4.8, 4.9 , 4.11 clearly depict that there is connectivity between non-compliance and corruption which further leads to corporate crimes. These quantitative opinions have assisted the researcher to support the qualitative findings as discussed in the earlier chapter.

The results reveals that non-compliance refers to the failure to follow laws, regulations, or established procedures. It can occur in various areas, such as legal, financial,

or ethical. Non-compliance can have serious consequences, including legal penalties, fines, loss of reputation, or even criminal charges.

Corruption, on the other hand, refers to the misuse of power or authority for personal gain. It can take many forms, such as bribery, embezzlement, fraud, or nepotism. Corruption can also have significant negative impacts on individuals, organizations, and society as a whole, including economic distortions, weakened governance, and reduced public trust.

Non-compliance and corruption are often interconnected, as non-compliance can create opportunities for corruption. For example, if an organization fails to implement proper accounting procedures, it may be easier for an employee to embezzle funds. Similarly, if a government fails to enforce regulations, it may create opportunities for bribes and kickbacks.

Preventing non-compliance and corruption requires a multifaceted approach that includes education, awareness-raising, enforcement, and monitoring. Organizations and governments must establish clear policies and procedures, provide regular training, and enforce consequences for non-compliance and corruption. Additionally, it is important to promote a culture of integrity, transparency, and accountability.

5.3 Discussion of Research Question Two

Regarding the second question, experts expressed their views that corruption undermines the credibility of economic growth and ultimately impacts society and the nation as a whole. Corruption is all pervasive phenomenon. It is true that there are multiple reasons for prevalence of corruption; however, through present research, the researcher

could understand that there is linkage between corruption and non-compliance with laws. Complexity of the legal system and compliance therewith gives rise to corrupt behaviour to maintain the false reputation. Though the law does not deal with corruption in private sector in much wider perspectives, it is now taking proactive step in little context to deal with corruption in private sector.

Both the empirical and qualitative results of the present research reflect towards the existing reality that there is corruption and one of the reasons for corruption and corporate crimes is non-compliance.

5.4 Discussion of Research Question Three

As for the third question, experts observed that the lack of transparency and ethical business practices, fear of criminal consequences for non-compliance, and the involvement of human intermediaries in compliance processes all contribute to compliance challenges. Additionally, delays in the justice delivery system also hinder effective compliance measures.

The figures at serial numbers 4.12, 4.11, 4.13 and 4.14 further supports the qualitative analysis discussing the common factors that connect the three elements of non-compliance, corruption and corporate crimes.

Overall, the Data Analysis Report of Interviews is a valuable resource for anyone interested in understanding linkage between corruption and compliance in India and provides important insights for policymakers and business leaders seeking to address these issues. The results on the discussion on third question reveals that non-compliance,

corruption, and corporate crimes are all related in various ways. Some of the common factors that connect these three elements include:

- **Lack of accountability:** All three elements are often facilitated by a lack of accountability. When individuals or organizations feel that they will not be held responsible for their actions, they may be more likely to engage in non-compliance, corruption, or corporate crimes.
- **Financial gain:** A desire for financial gain is a common motive behind non-compliance, corruption, and corporate crimes. In many cases, individuals or organizations engage in these activities in order to increase profits or gain a competitive advantage.
- **Lack of oversight:** A lack of oversight can create opportunities for non-compliance, corruption, and corporate crimes to occur. If there are no checks and balances in place, individuals or organizations may be more likely to engage in these activities without fear of being caught.
- **Ethical lapses:** Non-compliance, corruption, and corporate crimes are often driven by ethical lapses. When individuals or organizations prioritize profits or personal gain over ethical behavior, they may be more likely to engage in these activities.
- **Legal complexities:** The legal complexities surrounding compliance, corruption, and corporate crimes can make it difficult to hold individuals or organizations accountable. In some cases, the legal system may not have the resources or expertise to effectively address these issues.

Overall, these common factors demonstrate the importance of promoting a culture of integrity, accountability, and ethical behavior in order to prevent non-compliance, corruption, and corporate crimes. By addressing these underlying issues, it may be possible to reduce the incidence of these negative behaviors and promote a more ethical and responsible business environment.

CHAPTER VI:
SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Summary

India's compliance ecosystem is characterised by its complexity, despite the government's efforts to streamline business operations by repealing numerous laws. On average, a single business in India is subject to around 5,500 central, state, and local legislations, resulting in approximately 177,000 tasks that need to be performed. Out of these tasks, 75% are critical or supercritical compliances with penalties and imprisonment for non-compliance. These figures highlight the intricate nature of the Indian compliance ecosystem (Ministry of Corporate Affairs, 2013).

With such complex structure, the non-compliance becomes one of the set outcomes in this fast growing competitive business environment. This non-compliance further fuels the human tendency to hide the mistakes and the humans responsible for running the businesses indulge in corruptive practices. The unethical organizational culture with the lack of deterrent law supports these human actions. Thus, non-compliance becomes one of the main reasons for resorting to corruptive practices in corporate and indulging in corporate criminal activities.

6.2 Implications

Corruption poses a substantial obstacle to development in both developed and developing countries, negatively impacting economic growth, social welfare, and political stability. It results in the loss of public funds, undermines the rule of law, and erodes trust in government institutions. Corruption affects both the public and private sectors,

disproportionately affecting economically disadvantaged sections of society (Verma & Sharma, 2018).

Globally, corruption is prevalent in both public and private sectors. The United Nations estimated that corruption in the public sector alone costs the world economy approximately \$2.6 trillion per year, equivalent to 5% of global GDP. This loss of public funds significantly hinders the provision of essential services like healthcare and education. Moreover, corrupt officials often go unpunished, thereby undermining the rule of law (Ramesh, 2016; Gallas, 2019).

In many countries, corruption is rampant in the public & private sectors. For example, in 2018, the United Nations estimated that corruption in the public sector costs the world economy about \$2.6 trillion per year or about 5% of global GDP. This loss of public funds has a significant impact on the provision of public services, such as healthcare and education. Corruption also undermines the rule of law, as officials who engage in corrupt practices often go unpunished.

One example of corruption in the public sector is the scandal involving the Malaysian state fund 1MDB. In 2015, it was discovered that billions of dollars had been siphoned off from the fund and used to buy luxury goods and properties around the world. The scandal implicated former Malaysian Prime Minister Najib Razak and other high-ranking officials. The investigation is still ongoing, but it is estimated that the losses to the Malaysian government could be as high as \$4.5 billion (Ramesh, 2016).

Coming to India, corruption is also a significant issue, both in the public sector and the private sector. The country ranked 86th out of 180 countries in Transparency

International's Corruption Perception Index 2020. Corruption in India has a significant impact on the provision of public services, particularly in rural areas. For example, a study by the Centre for Media Studies found that 62% of households in rural India had to pay bribes to access public services such as healthcare and education. However, this has changed majorly since last decade due to relentless efforts by the government to digitise most areas of the economy and services (Transparency International, 2021).

One of the biggest corruption scandals in India in recent years is the 2G spectrum allocation scam. In 2008, the government of India then awarded 2G spectrum licenses to several telecom companies at prices much lower than their market value. The scandal implicated several high-ranking officials, including the former Telecom Minister. The Comptroller and Auditor General estimated that the loss to the exchequer due to the scam was about \$40 billion (India Today Web Desk, 2017; Education World, 2022).

In conclusion, corruption is a significant obstacle to development in both developed and developing countries. It has a negative impact on economic growth, social welfare, and political stability. Corruption is prevalent in both the public and private sectors, and its impact is felt disproportionately by the economically weaker sections of society. The examples and case studies discussed in this essay demonstrate the scale of the problem and the need for concerted action to tackle it (Levi, 2019).

The researcher chose to conduct a deep-dive study with respect to India and worked out a strategy which included a survey of compliance specialists, Face to face interviews of C-level executives in corporate from various industry segments.

Given the widespread prevalence of corruption in various sectors and institutions, the researcher embarked on a comprehensive study to examine the root causes of corruption and its impact on the development of a nation. The researcher identified non-compliance with laws, an unethical culture, and human greed as possible underlying causes of corruption. To carry out the research, the researcher developed a strategy that involved examining cases reported in the media, regulator blogs and websites, judicial library materials, and case studies.

To augment the research findings and compare them with expert views, the researcher conducted structured interviews with ten corporate leaders, regulators, and practising professionals who were willing to participate. The researcher formulated fifteen well-articulated questions aimed at exploring the fundamental causes of corruption and ways to mitigate it. The three main questions addressed were:

1. Can an effective compliance regime help mitigate and deter corruption in India under prevailing circumstances?
2. Is corruption ultimately the result of non-compliance?
3. What common factors establish the linkages between non-compliance, corruption, and crime in India?

To succeed in India's business landscape, it is crucial for companies to understand the underlying causes of corruption and non-compliance. This understanding can help businesses navigate the complex risk and compliance environment in India. Additionally, it is essential to examine any potential linkages between corruption, non-compliance, and

corporate crimes. By doing so, companies can better mitigate risks and ensure compliance with local laws and regulations.

6.3 Recommendations for Future Research

Currently, there is a lack of detailed research that establishes a clear connection between noncompliance and corruption. Furthermore, there is a dearth of evidence to support the notion that non-compliance itself is a prosecutable offence and can lead to bribery under the Prevention of Corruption Act, (1988), which is a crime. In light of this, the Researcher attempted thorough research study to explore and understand the potential correlation between noncompliance and corruption and to determine whether instances of non-compliance can result in bribery under the Prevention of Corruption Act.

There is a need for more detailed research to establish a clear connection between non-compliance and corruption. Additionally, the evidence supporting non-compliance as a prosecutable offence leading to bribery under the Prevention of Corruption Act, (1988) is lacking. In light of this, further research is required to explore the correlation between non-compliance and corruption and determine the potential for non-compliance to result in bribery.

Recommendations

The common factors that establish the linkage between non-compliance, corruption and crime in India are-

- a. Encouragement of unethical culture in the organisation which leads to non-compliance and, ultimately corruption and crime.

- b. The high cost of compliance being disproportionate to the cost of prosecution encourages non-compliance.
- c. Collusion and influencing practices followed by regulators at some times.
- d. Lack of political will to effectively enforce the anti-corruption landscape in India.
- e. Lack of preventive compliance mechanism.

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After conducting extensive research, including case studies, legal literature, a survey of compliance professionals, and interviews with business leaders, the following recommendations have been made. However, researcher would like to mention three important recommendations in his views which are within the realm of organisations and policy makers.

The researcher has recommended quite a few initiatives to enhance anticorruption behaviour based on the findings of survey interviews conducted. The three most important recommendations, as below, need accelerated enforcement.

Three Key Recommendations for Improvement.

To enhance the efficacy of the compliance framework and foster a more ethical organisational culture, the following three primary recommendations are proposed.

1) Streamline the Compliance Regime for Enhanced Effectiveness

Simplifying the current compliance regime and reducing its complexity is paramount. By untangling convoluted regulations and decriminalising certain aspects of

the legal framework, the potential barriers to compliance can be significantly lowered. This streamlined approach facilitates better understanding and encourages a higher degree of adherence. Corporates will feel secured and safe while addressing compliance issues.

This is a macro-level recommendation. Policymakers and the Government of India can undertake this. Fortunately, the government of India is planning to introduce this bill in parliament. It has also scrapped more than 1500 outdated and redundant laws so far (Sen, 2017).

They should focus more on laws related to anticorruption, Ease of doing Business. This is still to happen by and large.

2) Cultivate a Culture of Transparency and Ethical Conduct

Nurturing a culture rooted in transparency and ethical behaviour is essential for organisational growth. To accomplish this, it is imperative to establish a clear tone at the highest levels of authority, including top management and the Board of Directors. Their commitment to ethical practices will cascade throughout the organisation, fostering an environment where honesty and accountability thrive. To Organisations like TATA group, India's multi-sector largest organisation with business entities like Jaguar Motors Corus, TCS enjoys a reputation as one of the most ethical organisations in the world. They have a code of conduct in place for employees and stakeholders. This is cited to demonstrate that the above can be achieved. Many more organisations to follow the same (Tata Group, 2015).

3) Proactive Prevention through Empowered Audit Mechanisms

A proactive approach to compliance involves the establishment of a robust prevention mechanism. It is crucial to empower an independent audit team with the authority to identify and rectify errors before they escalate into non-compliance situations. This pre-emptive strategy, encompassing all levels of the organisation, including senior management, ensures early intervention and deters potential misconduct.

By implementing these strategic recommendations, organisations can simplify their compliance efforts and instil a culture that values integrity and vigilance in upholding ethical standards. This holistic approach contributes to the organisation's overall resilience and sustainable success.

In cases reported in the Thesis, such as Satyam Limited, IL&FS limited auditors were held responsible for negligence and lack of doing their roles (Jeppesen, 2019).

1. Policy-level changes should be made to enhance the ease of doing business, and bureaucracy should be focused on timely and effective policy enforcement.
2. Make compliance procedures less complex.
3. Regulators should continue to control and prevent wrong practices and scandals without fear or favour. They must Strictly enforce the anti-corruption laws. Proactive approach of the enforcement and regulatory agencies must be promoted.
4. Vigilance and proactiveness to be shown by the Board of Directors.
5. Judicial cases related to corruption must be expedited to ensure timely action against those who engage in corrupt or unethical practices, which would act as a deterrent and enhance economic growth and the nation's perception.

6. The government should continue repealing redundant laws and regulations.
7. Digitization of the financial and compliance systems should be encouraged to reduce human interface, improve tax collections, and reduce corruption and fund leakage in government schemes. (Digitisation has shown results in an increase in tax collection, and Direct Benefit Transfers have eliminated leakages of funds in government schemes for under privileged citizens)
8. All corporates should adopt a zero-tolerance policy for corruption and create HR policies that prioritize ethical practices.
9. Whistle-blower policies should be implemented, and whistle-blowers must be protected.
10. The compliance system should be automated as much as possible, and reports to the Board of Directors must reflect risks and threats arising from non-compliance.
11. Decriminalization of compliance rules would encourage entities to come forward to admit non-compliance and take corrective action.
12. The cost of compliance should be lower and achieved through the digitization of compliance.
13. Building a culture of ethics should be given top priority and should commence from top management and leadership levels in all business entities. Defining and implementing code of ethics in all its spirit must be followed at all levels.
14. Promoting training to all the employees including top management with respect to business ethics and best practices must be followed.

15. Articulating and strictly implementing ABAC policy must be done at management level in each organization. Pursuant to this policy, the perpetrators of corruption severely must be punished at the corporate level itself.

Legal provisions to fast track the criminal cases dealing with corruption and corporate crime to maintain

6.4 Conclusion

India has become a key destination for global corporations due to its rapidly growing economy, large population, and educated middle class. However, the country has long struggled with issues of bribery and corruption in its business sector. Despite efforts by various organizations and the Indian government to combat corruption, it remains a pervasive issue. Transparency International reports have shed light on the level of corruption in both developed and developing nations. As non-compliance and corruption rates continue to rise, it has become increasingly more work for preventative legislation to achieve complete success (The World Bank, 2023).

After gaining independence, India implemented a controlled regime towards policies for industry and commerce which unfortunately fostered corrupt practices in conducting business. This period was marked by significant corruption cases, such as the Jeep procurement for defence and Insurance irregularities, which came to light and are collectively known as the Mundhra case. Subsequently, other high-profile cases such as Coal and 2G Spectrum, Satyam, and Enron exposed corruption in public spaces. In most cases, both business leaders and government officials faced severe legal action and a significant loss of reputation. In recent years, ICICI Bank, National Stock Exchange, and

IL&FS have been prosecuted for corruption, and their top management members are currently facing legal action (Education World, 2022).

Corporate entities are expected to comply with the rule of law, and failure to do so can lead to corporate governance failures. In India, complying with statutory and regulatory requirements is complex and challenging, with over 5,500 central, state, and local legislations and more than 177,000 compliance tasks. Failure to comply with these tasks can result in imprisonment and fines, leading to a tendency to pay bribes to avoid prosecution (Singh, 2021).

The "Comply or Perish" regime adopted by India encourages the criminalization of non-compliant businesses, leading to bribery and corrupt practices. India's compliance laws have a colonial mindset, perpetuating the "Comply or Perish" regime even after independence. This approach has led to severe societal impacts and a recent fight against private-sector corruption in international law and policy.

To counter private sector corruption, criminal anti-corruption norms have been applied to corporations, along with sanctions or incentives as necessary. The Foreign Corrupt Practices Act 1977 (FCPA) of the United States is one such law with extraterritorial reach, affecting companies worldwide. The FCPA was enacted after the revelation of widespread corruption in the wake of the Watergate scandal. About 400 American companies were found to have paid bribes to foreign government officials to secure overseas businesses (Cherepanova, 2023)

In India, the Prevention of Corruption Act (1988) is the primary law related to bribery and corruption offences, with provisions of the Indian Penal Code (IPC) and the

Companies Act 2013 potentially covering bribery in the private sector. It is presumed that most bribery incidents result in non-compliance with statutory or regulatory provisions. Empirical data analysis suggests a close linkage between corruption leading to non-compliance (Ministry of Corporate Affairs, 2013).

Corporate crimes, including fraud, can also result from the criminalization of businesses to deter non-compliance. Through empirical data analysis, legal provisions analysis, governance and compliance failure incidence analysis, and court rulings analysis, it is possible to explore and present solutions to improve corporate compliance in India (Saxena, 2019).

APPENDIX A
SURVEY COVER LETTER

Dear Compliance and Management Professionals,

This is Arun Kulkarni, and I have over forty years of leadership experience in the corporate world. My work areas covered Projects, Obtaining Regulatory permissions for significant projects and Operations of companies, and being a member of the Board of Directors practising Corporate Governance. I have work experience at leadership levels in Engineering, Pharmaceutical manufacturing, and logistics. I was Director of Ground Operations and Regulatory at Blue Dart DHL. I was also Director and CEO at a third-party logistics company, Transmart Pvt Ltd. I served on the board of Directors of Legasis Group companies for over a decade and as Chairman. I am also the Director of Victorinox India Pvt Ltd. I am on the committee of RRC and the Study Board at NMIMS. (Deemed to be university) Kirit P Mehta law school .

I am pursuing a Doctor of Business Administration on “Linkages amongst non-compliance, corruption, and crime -India. “ The Doctoral program is being conducted by SSBM, Geneva, Switzerland. As part of the thesis, I will complete a survey among compliance and management professionals. Please fill up the questionnaire below to assist me in collecting the required information for my PhD project. The data collected will be used only for academic purposes.

I'm really looking forward to your participation by filling out the attached form in the link: <https://forms.gle/6Vpfxoh4ZfFY9DsN9>

Warm Regards

Arun Kulkarni

arun@arunkulkarni.in

+919769626109

APPENDIX B
INFORMED CONSENT

Dear Patrons,

Greetings.

Mr. Arun Kulkarni, executive personnel associated with Legasis, is pursuing a Doctoral study at SSBM, Geneva, Switzerland. He has forty years of leadership experience in multiple areas of obtaining Regulatory permissions for significant projects and operations of companies in diverse fields such as Engineering, Pharmaceutical, manufacturing, and logistics. He has been a member of the Board of Directors practising Corporate Governance.

His research subject is "Linkages amongst non-compliance, corruption, and corporate crimes.

For the present research he aims to conduct surveys through Google form administered to compliance professionals spread through several sectors. The survey findings will not be shared with anyone other than the University/ Institute & Legasis for academic purposes and will be published in anonymised form.

We would like to know your willingness to participate and contribute to the survey. Kindly convey your acceptance of participation through reply to this mail. Looking forward to your support.

APPENDIX C
INTERVIEW GUIDE

Pursuing a Doctoral study at SSBM, Geneva, Switzerland, under the guidance of Dr Hanadi Taher, who is a professor and researcher at Beirut Arab University, Lebanon.

Research subject: Linkages amongst non-compliance, corruption, and corporate crime.

1. In India, where it is widely believed to be deeply ingrained in the lives of the ordinary population and the business world, as is evident from the numerous incidents of corruption reported in the media virtually every day, corruption requires no introduction.

Do you believe this is true, and have you encountered this in your working experience? Have you noticed corruption-related cases where reputed and large conglomerates are in media?

2. Corruption remains one of the world's most significant challenges. It has a disproportionate impact on poor communities and is a significant hindrance to sustainable development. For companies, corruption impedes economic growth, distorts competition and represents severe legal and reputational risks.

Do you Subscribe to this view?

3. The anti-corruption landscape is rapidly changing. Legislation and new rules worldwide push companies to see robust anti-corruption measures as necessary. Prevention of corruption act (amendment) in India and other laws related to governance through regulators are in place. Digitisation has brought about transparency. Despite these developments, cases of corruption have not come down.

What is your opinion about the effectiveness and efficiency of anti-corruption laws in this context?

Do you think the Indian compliance ecosystem must be made more robust?

4. India has a complex compliance ecosystem, despite the government repealing more than 2000 laws to bring about ease of doing business. To give a flavour of this, on an average 5500 central, state, and local legislations apply to one business. These laws mean about 177000 tasks to be performed; out of these, 130000 tasks (75 %) are critical or supercritical compliances which attract penalties and imprisonment in the event of non-compliance.

Do you think operating-level performers indulge in wrong practices to avoid penalties and take the easy way out until caught or explored, bringing the organisation's reputation down? How would you deal if your employee is involved in such type of act?

5. If one sees a few cases, details are available in the public domain, indicating corruption happens under the nose of regulators. Policymakers tighten controls after the damage occurs. They all indicate non-compliance to laid down rules was intentional. It was either to gain money or to give priority to the business. Walmart paid \$600 million to resolve the probe by DOJ and SEC; They had paid \$24 million in bribes to government officials to open stores on the fast track in Mexico. After an audit of Indian entity, Wall Street Journal reported that wall mart India has reportedly paid small payments to customs officials to get goods through. In Indian context, we can take example of Satyam, IL&FS, Videocon, top officials of NSE to name a few.

What, in your view, was the cause of these vast irregularities?

Was it due to a collusion between regulators and business entities?

Is this non-compliance to going through the prescribed route, which may have been time-consuming?

6. It is noticed from a study that stricter laws are introduced only after enormous scandals in detected by either whistle-blowers or honest auditors. FCPA was introduced post-Watergate, SEBI comes with tougher rules every time a scam gets exposed, like Harshad Mehta , Ketan Dalal and Chitra N case on the co-location scandal. In all these cases, oversight of regulators and respective management needed to be stronger.

What is your view on the gross lack of supervision of BOD and Regulators?

7. In a recent case, Hindenburg's report on the Indian Conglomerate Adani Group, the Supreme court directed the central govt to get back on how investors can be shielded from Adani-type volatility.

Do you think there is a need of better regulations, supervision, punitive actions by SEBI and better oversight by the Ministry of Finance?

And above all, how you perceive the role of judiciary in such cases?

8. In the USA justice delivery system is pretty good. This is seen in numerous FCPA cases and orders of the SEC. Point in case is the action taken against Mr Rajat Gupta, the legendary management expert and former chief of Mackenzie, in the insider trading case. In contrast, we have 71000 cases pending in the supreme court,59 lakhs in high courts and around 4.7 Crores in courts across India.

Do you think reforms in the justice delivery system will have a deterrent effect on corruptive practices in the corporate?

9. It is observed that the compliance model is very cumbersome and challenging to execute in India for a typical manufacturing entity having multi-location units. It has to comply with 221 legislations, leading to 18500 tasks from start to ongoing

operations. Out of these tasks, 5000 are supercritical on ongoing, conditional on a repetitive basis. These necessitate reporting to 127 regulators. Despite progress in digitalisation, only 616 tasks can be complied online, and the rest in physical form means human interface.

According to you, does this widespread availability of human interface lead to the opportunity to bribe and avoid penal actions for non-compliance?

What is your opinion about this?

10. The stock exchanges in India are very large and play a critical role in the economic security of India. SEBI closely monitors them.

Mr Chouhan, you have successfully built BSE and now handling a much bigger exchange. What, in your opinion, is required to make these entities corruption free? Simpler compliances, a proactive and ongoing watch of the regulator and a Culture of ethical working reinforced at all levels, including the Board of Directors- can these be some of the options to mitigate the corruption at these levels?

11. Does your organisation policy prohibit accepting gifts from stakeholders?

12. Is your organisation practising a model code of conduct applicable to all employees and stakeholders?

13. How do you address anonymous complaints about corruption in your organisation?

14. Have you encountered any instances where there have been corruption involved, for example in procurement or sales functions?

**15. Will a robust compliance system that indicates Risks matrix in order of severity help mitigate risks of bad practices and consequent risks of damage to reputation and penal actions from regulators?
Do you have such type of compliance culture in place in your organisation?**

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