



Can your company's reputation be redeemed post-scandal?

Oct 17, 2019

The destructive power of a corruption incident cannot be understated. The Steinhoff scandal of 2019 and the ongoing state capture enquiry are cautionary tales of how costly unethical behaviour can be.

When an organisation's trustworthiness comes under intense scrutiny, its integrity is called into question, the competence of the board is debated, and consumers distance themselves from a troubled company, recovery is an uneasy road. In the wake of faltering public trust and loss of shareholder confidence, it begs the question: can a company recover post-corruption?

Alex Roberts, CURA Software's regional director of sales and operations, believes that the implementation of cleaner governance and rigorous compliance practices paves the way to recovery post-corruption.

"After a corruption event, time and resources must be applied to an anti-corruption programme, and structural, procedural and cultural interventions should be adopted concurrently. Measures must be taken to prioritise and maintain compliance, which entails conducting a vigorous risk assessment, tailoring a programme to the company's area of operation, clearly educating staff and then monitoring and enforcing its provisions."

Combating corruption requires more than meticulous compliance; it requires leaders to demonstrate a visible and active commitment to dealing with the threat and to champion their organisation's anti-corruption processes.

According to Ntokozo Mahlangu, a risk management professional at Investec: "Leaders must be the principal figures who set the tone in the organisation for what may be considered ethical conduct. "It is up to strong leaders to construct a company culture that simply does not engage in illicit and potentially harmful situations.

"Further to this, it's important for leadership to establish clear whistleblowing channels and policies that not only raise awareness of reporting mechanisms but encourage employees to report misconduct.

"Having detailed policies and procedures in place for whistleblowing in a manner that is easily accessible and confidential is imperative to maintaining an anti-corruption ethos within your organisation."

In order to mitigate fraud, bribery and corruption, companies must ensure that their workforce is educated and aware when it comes to compliance. Companies must make anti-corruption part of their culture and operations to show employees, customers and suppliers that the organisation has a zero-tolerance policy on bribery and corruption.

Mahlangu states: "The placing of these policies is pertinent in monitoring employee behaviour and offering guidelines to staff to ensure they are well equipped to deal with risks whether it is derived from and internal or external influence. Companies should educate staff on legislation surrounding the onboarding of clients and the relationships with suppliers as they play a part in maintaining a culture of anti-corruption in the office."

Mahlangu says companies need to strongly focus on how they remedy cases of corruption by confidently taking legal action where the need arises to see palpable reparations. "Depending on the gravity of the case, whether it is the breaching of the company's code of conduct or the case needs to be brought to book under the criminal justice system, perpetrators need to be dealt with accordingly," he says.

In the wake of a scandal, communicating with transparency, integrity and accountability is essential to brand rehabilitation. A reputation-damaging event is an opportunity for an organisation to rise to the occasion and control the narrative by approaching the crisis with compassion. Premature dismissals of developing scandals and failure to address the situation could irreparably damage a brand's reputation.

Roberts says: "The trustworthy course of action is to acknowledge the accusations, communicate in a compassionate and transparent manner, share any known facts, and to initiate a full, urgent and independent enquiry."

Roberts offers a final word of caution: you have to win trust to breach trust. "Your most trusted long-term employees often have the greatest opportunity to commit fraud. There is often less direct supervision, and this, combined with an intimate knowledge of the internal control environment and a lack of segregation of duties, places them in the perfect position to commit fraud undetected.

"Therefore, it is necessary to undertake a comprehensive risk assessment to identify potential risk areas and the likelihood of fraud occurrences, and to assess the internal controls relied on to mitigate subsequent risks."

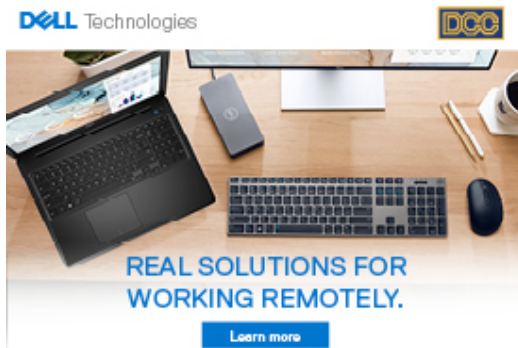
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