

# Ethical business practice can flourish in nations with serious corruption problems

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Ethical business practice can flourish even in countries with widespread corporate corruption problems, research shows.

Investors and the public are more willing to support and pay for ethical goods and [business](#) trading in places where it is scarce, according to a new study of companies in India, Egypt and Zimbabwe. Companies operating in this way can stand out if they reject and make a stand against unethical behaviour, and consumers will support them.

The study shows entrepreneurs wanting to operate ethically need to make use of the media, independent judiciary and the public, civic, religious and trade organisations to help fight their cause.

The research, by experts at the University of Exeter Business School, China Europe International Business School and Darden Graduate School of Business Administration, University of Virginia, shows operating ethically in a corrupt environment can be an opportunity for businesses to build a unique reputation and encourage people who have not fought against [corruption](#) to be supporters of ethical business. The academics carried out almost 120 interviews covering five firms in India, Egypt and Zimbabwe. Their findings based on two of the firms are published in the *Harvard Business Review* and *Journal of Management Studies*.

Professor William Harvey, from the University of Exeter Business School, said: "It isn't enough just to behave ethically. Companies also

need to get the support of the public and investors for their actions to gain a good reputation.

"Understanding how to do this is very important to new firms, especially from emerging economies such as China, India, Brazil, South Africa, and Nigeria, where weak institutional regimes and growing business opportunities combine to create opportunities for corruption. As globalization gathers steam, more and more companies will come across the challenge of how to deal effectively with corruption."

The experts studied the experiences of two [firms](#) who had tried to resist corruption in India and Zimbabwe and had been successful - Econet and Alacrity. They carried out interviews, including with the founders of both companies, and with managers, former managers, employees, customers, suppliers, members of the press, and other informed external sources. They also examined [company](#) documents such as annual reports, internal circulars, market reports and press coverage of the business.

Provided by University of Exeter

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