From Minority to Majority: Collective Action Strategies Promoting a Fair Business Environment in South Korea


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The opinion expressed within this paper is solely that of the author and does not necessarily reflect that of the Basel Institute on Governance or the University of Basel.

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Executive Summary

This paper is a field case study based on direct and indirect experiences of the author regarding efforts of change agents for anti-corruption in South Korea. The author proposes four collective action strategies aiming to transform a minority prone to anti-corruption into a majority, so that it can become a critical mass in a way that helps promote a fair and clean business environment in South Korea.

Through the SLEPT (Social, Legal, Economic, Political, and Technological) and the SWOT (Strength, Weakness, Opportunity, and Threat) methods, this paper identifies: anti-corruption trends of the South Korean business market as well as key actors as change agents, suggesting four collective action strategies - focusing (SO strategy), sampling (WO strategy), grouping (ST strategy), and bridging (WT strategy); pilot project examples including two South Korean collective action initiatives under the Siemens Integrity Initiative – Northeast Asia Business Integrity School (NABIS) and Fair Player Club; challenges and outlook.

The author also describes four important niches as inputs for change that change agents can leverage into strategies and test pilot project examples - new technologies, new incentives, a new workforce, and new regulations.

In order to take anti-corruption practices into the mainstream, the author suggests to focus on one specific area such as an e-procurement system by utilizing new technologies; to make a good sample of one industry such as construction by making the best use of new incentives that reduce penalty days to the construction companies when they receive compliance training; to nurture a new workforce, through bringing together value-driven university students who could become catalysts for influencing corporate culture together with the help of compliance managers; and to disseminate the importance of new regulations such as the Improper Solicitation and Graft Act by bridging the public and private sectors in preventing corruption.
# Table of Contents

1 Introduction ................................................. 3

2 Analysis ..................................................... 4
   2.1 Social environment actors and trends .............. 5
   2.2 Legal environment actors and trends .............. 6
   2.3 Economic environment actors and trends .......... 7
   2.4 Political environment actors and trends .......... 9
   2.5 Technological environment actors and trends .... 11

3 Strategy .................................................... 12
   3.1 SO Strategy (Max.-Max.) ............................ 14
   3.2 WO Strategy (Min.-Max.) ............................ 16
   3.3 ST Strategy (Max.-Min.) ............................ 18
      3.3.1 Northeast Asia Business Integrity School (NABIS) ............................ 18
   3.4 WT Strategy (Min.-Min.) ............................ 22
      3.4.1 Fair Player Club ................................ 22

4 Conclusion .................................................. 27
1 Introduction

Whether in a business environment or in ordinary life, people know that corruption is bad. However, there are some people who always put private gains ahead of anti-corruption principles and engage in corruption or commit crimes. They may be a minority prone to corruption, but the impact of their crimes could be huge. On the opposite end of the spectrum, there are people who are always following anti-corruption principles. Unfortunately, they could be also a minority prone to anti-corruption, since there are many people who could change their mindsets and behaviors depending on circumstances.

How many people could say “No” to a terrorist threatening your life and asking for a bribe to release? In a business environment, sales managers under financial performance pressures may easily fall to the temptation of bribery to win sales contracts; however, if they work in other departments, they might act differently.

As the Figure 1 shows below, there could be three groups, a minority prone to corruption, a majority depending on circumstances, and a minority prone to anti-corruption.

![Figure 1: A Bell Curve of Mindsets and Behaviors of Three Groups Regarding Corruption](image)

Let’s imagine a situation where a company is trying to improve the integrity of its corporate culture. Most of its compliance and audit efforts may focus on detecting a minority prone to corruption and correcting their mindsets and behaviors to protect corporate reputation. Other efforts may be also devoted to a majority depending on circumstances to prevent potential corruption.
Let’s take a look at another situation. In a public procurement environment of a single country, there is a minority prone to corruption: they commit corrupt crimes for private gains. The corruption involves public officials as public project owners and private participants as public tender participants, either at company level or at an individual level. This minority gets punishment once detected, while incentives are usually targeted for a majority changing their mindsets and behaviors depending on circumstances.

This paper is a field case study based on direct and indirect experiences of the author regarding South Korea’s efforts to move the bell curve to the right direction, by transforming a minority prone to anti-corruption into a majority, so that it can become a critical mass in a way that helps promote a fair and clean business environment in South Korea.

Whether its public-public or private-private or public-private or public-private-civil society collective actions, there should be change agents to transform people’s mindsets and behaviors. They find a niche, leverage it into a strategy, try a pilot project, and replicate it, so that collective action for anti-corruption can become a mainstream trend.

In the Analysis section, we will analyze who are the key actors, what niches they find as change agents and the anti-corruption trends of the South Korean business environment that they make, by using the SLEPT (Social, Legal, Economic, Political, and Technological) analysis.

In the Strategy section, we will explore four collective action strategies – focusing, sampling, grouping, and bridging – to promote a fair and clean business environment in South Korea, which are drawn from the SWOT (Strength, Weakness, Opportunity, and Threat) analysis. Each strategy will be explained with its pilot project or activity with challenge and outlook.

2 Analysis

Though there are differences in the extent of mindsets and behaviors regarding anti-corruption, there are many actors in various types in the South Korean business market with customized anti-corruption policies and related activities.

Let’s look into social, legal, economic, political, and technological actors and trends by analyzing their policies and activities with the SLEPT (Social, Legal, Economic, Political, and Technological) analysis.
2.1 Social environment actors and trends

South Korea is a member of the G20, OECD, and UN. While the country ranks 11th in GDP in 2016, its ranking on the Corruption Perceptions Index by Transparency International was 37th among 168 countries in 2015.

According to a survey by Survey Research Center of Sung Kyun Kwan University in 2011, medical hospitals are most trusted by the South Korean public with its preference at 82.3%. Trailing behind are academia with 77.7%, financial institutions with 73.4%, military with 72.4%, TV media with 72.0%, Supreme Court with 71.9%, and civil society with 71.3%. Though civil society ranked 7th, it is still among the upper ranks out of 16 groups of the survey. Compared with the National Assembly whose rate was 29.7%, its trust level from the South Korean public is high.

Civil society played a major role in the democratization of South Korea by promoting social justice. In upholding economic justice, it also has driven a movement for change in the business environment, where public money is mostly spent by public tenders. Civil society is active in evaluating good companies, monitoring spending of public money, and mobilizing collective actions for anti-corruption.

Citizens’ Coalition for Economic Justice has been a leader in evaluating good companies. Its affiliated research institute, Citizens’ Coalition for Economic Justice Institute has awarded good companies with excellence in soundness, fairness, and other socio-environmental areas for 24 years.

Heung Sa Dahn (‘Young Korean Academy’ in English) is the country’s oldest civil society organization, founded in 1913. It has established a good public-civil society collective action model for monitoring public money spending by cooperating with Seoul Metropolitan Facilities Management Corporation from January 2015. Heung Sa Dahn assists Seoul Metropolitan government’s audits through 280 times of monitoring of all the project sites, plays a role as its ombudsman, advises its anti-corruption polices, and offers anti-corruption trainings to related public officials.

Transparency International Korea has been an icon of anti-corruption in South Korea and pioneered a new trend of mobilizing collective actions for anti-corruption by playing a major role in initiating the Korean Pact on Anti-corruption and Transparency (K-PACT), a political-public-private-civil society alliance combating corruption and enhancing transparency of South Korea in 2005, during the administration of Roh Moo-hyun, the late liberal President.

UN Global Compact Network Korea, a local network in South Korea of UN Global Compact, has actively disseminated anti-corruption values and raised the awareness about its principles in the business

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1 Other groups include the Presidential House, central governments, municipal governments, Chaebol (South Korean business conglomerates), printed media, religious organizations, education institutions, and labor unions.

Business Ethics and Sustainability management for Top performance (BEST Forum), organized by the Institute for Industrial Policy Studies, is also active in engaging with the business community for anti-corruption. Established in 2003, it has successfully invited CEOs of public and private enterprises to its annual anti-corruption pledges.

Global Competitiveness Empowerment Forum (GCEF) is a non-profit organization promoting corporate social responsibility, sustainability, and business integrity of public, private, and social enterprises through knowledge sharing and strategic alliance building, registered under the Ministry of Trade, Industry & Energy. The later part of this paper includes some of GCEF’s activities2 pursuing to promote a fair and clean business environment in South Korea.

2.2 Legal environment actors and trends

The day of September 28, 2016 will be remembered as the biggest turning point in anti-corruption history of South Korea, as the Improper Solicitation and Graft Act punishing public officials, journalists, and private school faculty for accepting expensive gifts and benefits was enacted.

Under the law, it is illegal to accept meals exceeding about USD 27 (KRW 30,000), gifts over USD 44 (KRW 50,000), and money for congratulations or condolences more than USD 89 (KRW 100,000). Also, those who accept bribes in cash or valuables more than USD 888 (KRW 1 million) in one lump sum or USD2,666 (KRW 3 million) in total annually, will face a penalty of up to three years in prison or a fine of five times the amount they accepted. Especially, under the Act, penalty is given to bribery givers and receivers as well as an employer and an employee of a single company.

Grudgingly agreeing to the need for clean business practices, but with absence of official lobbying acts such as U.S. Federal Regulation of Lobbying Act or Lobby Disclosure Act, the South Korean business community is busy reinforcing self-regulation and internal control.

In order to strengthen compliance, the role of Legal Compliance Officer will become more important. In 2012, the revised Commercial Act was enacted, requiring all listed companies with assets worth USD 888 million (KRW 1 trillion) or more to employ Legal Compliance Officer. In 2014, its criteria were changed to all listed companies with assets worth USD 444 million (KRW 500 billion) or more.

However, according to the status report by Financial Supervisory Service to the National Assembly, only 40%, or 123 companies out of the total target 304 companies, appointed a Legal Compliance Officer.

2 For more information, please visit GCEF’s English website, www.g-cef.org.
The Ministry of Justice, responsible for implementing the revised Commercial Act, has been considering reinforcement of penalty measures, mandatory disclosure, and incentives.

While the South Korean business environment will be influenced by the Improper Solicitation and Graft Act and the revised Commercial Act, sector specific regulation reforms are also under way to follow these trends.

In order to revamp the tainted corruption image of the construction industry, the Ministry of Land, Infrastructure and Transport introduced two major regulatory reforms aimed at decreasing the possibility of bribery and corruption in 2015.

According to the revised Article 9-3 of the Framework Act on the Construction Industry, any newly registered construction company should receive mandatory business ethics and technical trainings and any company under suspension can reduce penalty days if it receives the training.

Also, by collaborating with the Ministry of Strategy and Finance, the Ministry of Land, Infrastructure and Transport introduced the new regulation that any infrastructure public procurement over USD 27 million (KRW 30 billion) will be changed from the lowest cost tendering to the best value based tendering in a bid to prevent collusions.

### 2.3 Economic environment actors and trends

The size of public procurement of South Korea in 2015 was estimated at USD 99 billion (KRW 112 trillion), about 34% of the 2016 government budget and 7.5% of the 2015 GDP.

In order to promote a fair and clean business environment of public procurement, the Ministry of Strategy and Finance introduced some regulation reinforcements regarding public procurement in December 2015. Best value based tendering was one of them. Others included grade disclosure of public tender evaluators, liability penalty of collusion exposure, pre-disclosure of purchasing standards, and the introduction of the evaluation system regarding special appointment contacts.

Considering the significance of public procurement, the role of State Owned Enterprises (SOEs) and quasi government agencies implementing public tenders with integrity and transparency is very important for promoting a fair and clean business environment.

The Ministry of Strategy and Finance evaluates financial and non-financial performances of more than 100 SOEs and quasi government agencies of the central government annually, by inviting about 150 external experts consisting of professors and experts under the supervision of the Committee for Management of Public Institutions, commissioned by the Ministry of Strategy and Finance, based on the Act on the Management of Public Institutions.
One of the evaluation indicators is responsible management, including business ethics, audit, compliance, fair public tender management, and the responsibility of board of directors. Since the results of grades will decide monetary incentives based on a monthly wage of all members of SOEs and agencies, and CEOs at low-rated institutions can be dismissed, the roles and influences of this evaluation are critical to improve a fair and clean business environment in South Korea.

Financial and non-financial performances of public enterprises owned by municipal governments nationwide are also evaluated annually by over 100 external experts consisting of professors and experts invited by the Ministry of Interior. Responsible management is also a part of evaluation indicators including business ethics, audit, compliance, fair public tender management, and responsibility of board of directors. Since the results of grades will decide monetary incentives and disadvantages, anti-corruption is regarded as an important management practice.

Though there are varying degrees of differences depending on main business models of business-to-business (B2B), business-to-government (B2G), and business-to-consumer (B2C) enterprises, anti-corruption is regarded as an important element of management practices.

According to the survey of 160 companies by the Ministry of Trade, Industry and Energy and the Institute for Industrial Policy Studies in 2015, 82% of respondents have a separate team dedicated to promoting business ethics and sustainability, with an average of 12 hours for compliance training per year per staff member. In the survey, 56% of respondents include compliance as an evaluation indicator in selecting its suppliers in order to disseminate anti-corruption in its supply chain. Due to the enactment of a new law, the Improper Solicitation and Graft Act, the compliance for specific functions such as government relations or public tender departments will be reinforced for anti-bribery risk management.

Korean business associations also embraced the imperative for improving integrity and transparency. All five major business associations of South Korea – Federation of Korean Industries (FKI), Korea Chamber of Commerce & Industry, Korea Federation of Small and Medium Businesses, Korea Employers Association, and Korean International Trade Association – joined the K-PACT campaign in 2005.

FKI in particular has continued to raise awareness for anti-corruption and the importance of compliance through the Business Ethics Executive Committee, a regular roundtable meeting, consisting of

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3 Based on the 2016 results evaluating 2015 performances, there are six grades, S, A, B, C, D, and E. S can receive 60-300% of monetary incentives of a monthly wage, 48-240% for A, 36-180% for B, 24-120% for C, and zero % for D and E, with different percentage for CEO, executives, and employees.

4 Based on the 2016 results evaluating 2015 performances, there are five grades, Ga, Na, Da, Ra, and Ma. Ga can receive 180-400% of monetary incentives of a monthly wage, 80-300% for Na, 30-200% for Da, 10-20% for Ra, and zero % with 5-10% cut in the following year for Ma, with different percentage for CEO, executives, and employees.
compliance executives of major South Korean companies and Korean subsidiaries of global multinational companies.

According to research by FKI in 2013 involving 254 private enterprises which disclose their compliance code of conducts on their websites, all the companies involved have customized codes of conduct and relative guidelines reflecting their main business industry characteristics. Key words are different by sector, such as ‘competitors’ for manufacturing companies, ‘internal control’ for financial companies, ‘suppliers’ for retailing companies, and ‘government officials’ as well as ‘bribery’ for construction companies.

The construction industry is a frontrunner in making sector specific anti-corruption efforts. In order to implement the revised Article 9-3 of the Framework Act on the Construction Industry, construction industry associations including Contractors’ Association of Korea and Korea Specialty Contractors Association established education centers to train construction companies about industry specific regulations, business ethics, and fair competition.

Another sector making endeavors to adopt anti-corruption practices is the defense industry. Since South Korean defense companies belong to the research pool of Defense Companies Anti-Corruption Index by Transparency International UK, Defense Acquisition Program Administration and Korea Defense Industry Association have been collaborating with Anti-Corruption & Civil Rights Commission (ACRC) for anti-corruption training of defense companies.

2.4 Political environment actors and trends

As a presidential representative of a democratic republic, the South Korean President is the head of state elected by a national election for a five-year term with no possibility of re-election. South Korea has a multiple political party system. The National Assembly has 300 members, elected for a four-year term with the possibility of multiple re-elections. The conservative Saenuri Party and the liberal Minjoo Party are the major parties of South Korean politics.

South Korea’s Gini’s Coefficient after tax was 0.307 in 2015, an average level among OECD member countries, but South Korean people believe there is more inequality than the official figure suggests. That’s why proposals to enact laws designed to promote transparency in public procurement and capital market are on the increase. Out of 1,300 law proposals submitted after the 20th National Assembly started in 2016, more than 10% aim to address inequality issues, aiming what is known as

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5 It was established on February 29, 2008 by merging the Ombudsman of Korea, the Korea Independent Commission against Corruption, and the Administrative Appeals Commission. Please refer to the official website of Anti-Corruption & Civil Rights Commission (ACRC): [http://www.acrc.go.kr/eng/index.do](http://www.acrc.go.kr/eng/index.do).
‘economic democratization’, such as South Korean conglomerate regulation, monopoly, fair trade, and disclosure of compliance, social, environmental, and governance information of listed companies.

Despite differences in details, anti-corruption has been an important national agenda in various administrations of the South Korean government. During the administration of Kim Dae-jung, the Act on the Prevention of Corruption was enacted in 2002. K-PACT, a political-public-private-civil society alliance for anti-corruption was mobilized in 2005 during the administration of Roh Moo-hyun. The fair society was a major national agenda of the administration of Lee Myung-bak, the former conservative President, in 2010. One of the top national agendas of the administration of Park Geun-hye, the current conservative President, in 2013 is to eradicate unreasonable practices, known as ‘normalizing the abnormal,’ by reinforcing the rule of law.

The Office for Government Policy Coordination under the Prime Minister’s Office has been a core body pushing anti-corruption agenda by coordinating cross-ministerial collaboration such as the Ministry of Justice, the Ministry of Interior, the Ministry of Land, Infrastructure and Transport, and the Ministry of Public Safety and Security etc. For example, in January 2016, the Prime Minister’s Office launched a new anti-corruption initiative, ‘Corruption Vaccination’ by reinforcing monitoring on public systems, assuming that preventing corruption is more important than punishing.

ACRC is the main administrative institution of South Korea dedicated to battling corruption. ACRC conducts the annual evaluation to assess integrity level and corruption impact of all public entities including all central and municipal governments as well as their affiliated public enterprises and organizations. Since its results are disclosed to the public and reflected in their annual performance evaluation of SOEs and government agencies, ACRC’s evaluation is influential, affecting anti-corruption behaviors of government officials. ACRC has also been collaborating with FKI for educating private enterprises about business ethics and compliance from 2013.

The Fair Trade Commission (FTC) is the main institution of South Korea administering competition policies and investigating anti-trust cases. Resolving polarization between large conglomerates and

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6 Corruption Vaccination targets sixteen vulnerable areas in terms of corruption that manage USD 198 billion (KRW 240 trillion won). It consists of four directions; 1) Establishing real-time monitoring systems on large-scale public infrastructure projects, including the 2018 Pyeong Chang Winter Olympics and high-speed subway construction in Seoul as well as defense procurement projects. 2) Beefing up risk management systems of public institutions that manage large-scale funds such as Korea Post. 3) Building an information sharing system covering all government offices by 2017 to prevent fraud in distributing state subsidies, welfare assistance, R&D subsidies, and unemployment benefits. 4) Strengthening internal control regarding powerful government agencies such as Fair Trade Commission.

7 The evaluation consists of three measurements, the integrity level of public services evaluated by public, the integrity level of workplace and organizational culture evaluated by employees, and the integrity level of corruption awareness, control, and experiences evaluated by external stakeholders. The total number of organizations evaluated in 2015 was 617.

8 It was established in 1981 under the Economic Planning Board based on the Monopoly Regulation and Fair Trade Act. Please refer to the official website of Fair Trade Commission (FTC): http://eng.ftc.go.kr/index.jsp.
small and medium enterprises based on the Fair Transactions in Subcontracting Act is also its responsibility. Korea Fair Trade Mediation Agency, FTC’s affiliated organization, evaluates and grades Compliance Program (CP), a self-regulated compliance program, of private enterprises annually. Companies with good grades are eligible for incentives such as deduction in penalty fines. Fair Competition Federation, a private association, supports companies for CP capacity building.

2.5 Technological environment actors and trends

In 2015, 89.9% of the South Korean population uses the internet.9 South Korea’s highly digitalized population can provide a good environment to decrease corruption risks. Technology and digitalization of business process can combine to limit human factors10 which are vulnerable to corruption due to their discretionary power.

In 2013, the total public procurement of South Korea was USD 95.8 billion and 64.3% of procurement, USD 61.6 billion, was transacted through KONEPS (The Korean ON-line E-Procurement System), the e-procurement system of South Korea, operating by Korean Public Procurement Service (PPS). KONEPS covers the whole procurement cycle, including procurement requests from public buyers, publication of tender notices, communication with private suppliers, collection of e-bid submissions, bid opening, contract award, inspection, and e-payment.

According to PPS and OECD, the adoption of standardized forms and interconnection with other electronics system generate administrative savings of approximately USD 8 billion per year, with more than 80% of the saving coming from private sector participants.11 Especially, between the launch of KONEPS in 2002 and 2005, Integrity Index of PPS by the National Integrity Commission of Korea rose by 27.2%. OECD acknowledged and showcased South Korea’s e-procurement through KONEPS as an innovative example with high efficiency and effectiveness in its OECD Public Governance Reviews.12

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11 OECD (2016), The Korean Public Procurement Service: Innovating for Effectiveness, OECD Public Governance Reviews, Paris: OECD Publishing, p16 and p19. It is mandatory for public procurement of goods, services, and construction works by central governmental agencies to use PPS, when they exceed certain threshold amounts such as any construction project valued more than USD 2.54 million and electronic or communication projects more than USD 254,300. The total number of public entities registered with PPS as user entities is 48,681 in 2014. This number includes 5,430 central government agencies, 6,944 local governments, 11,368 boards of education, 1,005 public enterprises, 1,333 quasi-governmental entities, 461 other public entities, 206 local government owned enterprises, and 22,934 miscellaneous organizations.
12 Ibid, p43.
3 Strategy

In order to promote a fair and clean business environment in South Korea, mindsets and behaviors of people, especially, lawmakers, policymakers and business actors should be changed. They should become change agents, with a belief that business and ethics are not mutually exclusive, and try to move the bell curve, described in Figure 1, to the right direction - transforming a minority prone to anti-corruption into a majority.

In the Analysis section, we have explored who could be key actors as change agents driving social, legal, economic, political, and technological environment trends by using the SLEPT (Social, Legal, Economic, Political, and Technological) analysis. These trends can be regarded as niches, the leveraging points that can be turned into the elements of collective action strategies for promoting anti-corruption in the South Korean business environment.

In order to extract key collective action strategies, we have to revisit key social, legal, economic, political, and technological environment trends, but this time, with the SWOT (Strength, Weakness, Opportunity, and Threat) analysis. Some may be the trends that were described in the Analysis section. Some may not, specific to the South Korean culture or context only, and others may be the global trends beyond the South Korean context. Some could be just general business environment characteristics which might weaken or strengthen the leveraging points.

Roles of change agents would be to transform disadvantages and threats into strengths and opportunities. What kind of collective action strategies could change agents adopt and deploy to minimize disadvantages and threats and maximize strengths and opportunities?

Through SWOT analysis and S, W, O, and T element mix, four collective action strategies – focusing, sampling, grouping, and bridging – can be generated, like the Figure 2 below.

Notice how each strategy is identified and plays a role in promoting a fair and clean business environment in South Korea with its pilot project, activity, challenge, and outlook.
Figure 2: Four Collective Action Strategies Promoting a Fair Business Environment in South Korea

<table>
<thead>
<tr>
<th>SWOT Analysis</th>
<th>Opportunity (O)</th>
<th>Threat (T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Strategy]</td>
<td>[Legal] International laws of Foreign Corrupt Practices Act and UK Bribery Act as well as new laws for anti-corruption in South Korea</td>
<td>[Economic] Business dilemma by putting ends ahead of means</td>
</tr>
<tr>
<td>[Direction]</td>
<td>[Political] Strong drive of public policies for anti-corruption and fair business</td>
<td>[Economic] Economic downturns that make companies return to the business-as-usual mode</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strength (S)</th>
<th>SO Strategy (Max.-Max.)</th>
<th>ST Strategy (Max.-Min.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Technological] An innovative e-procurement system of public procurement</td>
<td>[Direction] Focusing on one area (ex. public procurement) and scaling up</td>
<td>[Direction] Education and training of future business leaders (ex. Northeast Asia Business Integrity School’s training of technology-savvy university students majoring in business administration and economics)</td>
</tr>
<tr>
<td>[Social] High interests and dedication for education of South Koreans</td>
<td>[Goal] Improving transparency in public procurement through innovative technology</td>
<td>[Goal] Nurturing principles based business leadership</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weakness (W)</th>
<th>WO Strategy (Min.-Max.)</th>
<th>WT Strategy (Min.-Min.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Economic] prisoner’s dilemma in business environment</td>
<td>[Direction] Selecting one sector (ex. construction) and replicating to other sectors</td>
<td>[Direction] Bridging public-private collective action (ex. An anti-corruption public-private platform, Fair Player Club)</td>
</tr>
<tr>
<td></td>
<td>[Goal] Improving corporate responsibility culture in construction industry</td>
<td>[Goal] Improving understanding of public-private interconnectivity</td>
</tr>
</tbody>
</table>
3.1 SO Strategy (Max.-Max.)

SO Strategy aims to maximize opportunities by making the most of strengths. First of all, let’s examine what kinds of the opportunities are available to promote a fair and clean business environment of South Korea, the ways to maximize such opportunities and strengths that the South Korean context entails.

The first opportunity of legal environment trends is ‘international laws and new laws of South Korea for anti-corruption’. Globally, bribery has captured special attention as demonstrated by anti-corruption related laws such as the Foreign Corrupt Practices Act and UK Bribery Act. In South Korea, the Improper Solicitation and Graft Act punishing public officials for accepting gifts and benefits went into effect on September 28, 2016. The new act is expected to draw strong attention toward anti-corruption in South Korea and the degree of attention is likely to increase further.

The second opportunity of political environment trends is ‘strong drive of public policies for anti-corruption and fair business.’ Globally, the importance of anti-corruption in public procurement and investment has increasingly captured the attention of public leaders. According to the OECD Foreign Bribery Report, 57% of cases involved bribes that are paid in order to obtain public procurement contracts. G20 leaders adopted G20 Principles for Promoting Integrity in Public Procurement in G20 Turkey 2015. One of the principles is reducing the risk stemming from corruption by streamlining public procurement processes by using information technology such as e-procurement solution.

As a SO strategy, ‘Focusing’ can be derived from these two aspects of opportunities, namely, selecting one area such as public procurement, focusing anti-bribery efforts on it, scaling up outputs, outcomes, and impacts, and replicating them in other areas to disseminate the importance of anti-bribery. This SO strategy’s goal is ‘improving transparency in public procurement through innovative technology’.

South Korea has three strengths it can use to maximize opportunities in order to promote a fair and clean business environment in public procurement.

The first strength of economic environment analysis is ‘high importance of procurement in B2B and B2G business.’ The size of public procurement of South Korea in 2015 was USD 99 billion (KRW 112 trillion), about 34% of the 2016 government budget and 7.5% of the 2015 GDP. Due to the enactment of the new law, the Improper Solicitation and Graft Act, both public and private sectors increased self regulation and vigilance controls for anti-bribery risk management by preventing supply and demand sides of bribery as well as public tender management and participation.

The second strength of technological environment analysis is ‘an innovative e-procurement system of public procurement,’ KONEPS. Considering that more than 60% of total public procurement projects are transacted through KONEPS, e-procurement is a good niche that can be transformed into a good leveraging point to disseminate the importance of anti-corruption in public procurement. Its advantages are well known: increasing efficiency of public procurement processes, increasing participation and competition in public tender processes, improving the use of public funds, delivering better value for public money, advancing the selection of appropriate service providers, rewarding qualified contractors, and improving the reliability of government procurement records.\textsuperscript{14}

The third strength of social environment analysis that can be utilized is ‘high interests of the South Korean society in education.’ Education and training are important elements in raising the awareness for anti-corruption. Korean Public Procurement Service (PPS) operates a training facility that provides training for more than 5,000 people annually from central, local, and public entities including PPS as well as private sector participants. It is also responsible for the certification process for procurement officials.\textsuperscript{15}

Digitization increases integrity since face-to-face interactions and other possibilities for potential corruption can be minimized. In order to eliminate further concerns about illegal practices and collusive acts, PPS introduced a Fingerprint Recognition e-Bidding process in 2010.\textsuperscript{16}

Despite the effective reduction in some risks of corruption, challenges still remain. One recommendation of the OECD is collaboration between audit results of PPS and its training facility by integrating those audit results into the training curriculum of procurement officers.\textsuperscript{17} Its internal audit is done by the PPS Audit Team or a third party commissioned by PPS where certain risks are expected. External audits are done by the Board of Audit and Inspection of Korea and the Fair Trade Commission (FTC). PPS training facility has already cooperated with FTC and developed a separate training course on collusion. More collaborative activities of two change agents, PPS and FTC, are expected to promote integrity and transparency in public procurement by engaging more public procurement officers of central, local, and public entities as well as private participants, in order to mobilize them as a majority prone to anti-corruption.

\textsuperscript{16} Ibid, p49.
\textsuperscript{17} Ibid, p32.
3.2 WO Strategy (Min.-Max.)

WO strategy aims to minimize weaknesses and maximize opportunities. First of all, let’s examine what kinds of weaknesses exist in order to find ways to tackle them by maximizing opportunities.

The first weakness identified in social environment analysis is ‘cultural barriers based on paternalism.’ This is a pervasive symptom of South Korean culture, which bends rules based on emotional bonding and for private gains. South Korea has a high-context culture which considers background and seniority of people strongly and emphasizes trust in business transaction. This may be a negative characteristic for compliance and business ethics, compared with the countries with the low-context culture which consider documentation and messages strongly and emphasize legal contract in business transaction.18

The second weakness, identified in economic environment analysis, is ‘prisoner’s dilemma in business environment’. When it comes to anti-corruption, not only South Korea but also other countries may face the same issue. In the South Korean business environment, the construction industry is considered as the most corrupt sector in the Perception Index by the South Korean public, according to the survey by the Korea Institute of Public Administration. The number of employees and their families involved in the construction industry and its related industries such as construction materials, electricity, facilities, real estates, and interiors, is estimated at about 10 million, one-fifth of the South Korean population. Considering its symbolic importance, the South Korean government has been endeavoring to improve its integrity and transparency for leveling the playing field for all participants. As a WO strategy, ‘Sampling’ can be derived from these two aspects of weaknesses, namely, selecting one area such as the construction industry, intensifying anti-corruption efforts, scaling up outputs, outcomes, and impacts, and replicating them in other industries to disseminate the importance of anti-corruption. This WO strategy’s goal is ‘improving corporate responsibility culture in construction industry’.

The Ministry of Land, Infrastructure and Transport (MOLIT) of the South Korean government paved the way for promoting a fair and clean business environment of the construction industry. There are two opportunities that can turn the construction industry into a good sample of anti-corruption efforts.

The first opportunity among legal environment trends is ‘international laws and new laws of South Korea for anti-corruption.’ Globally, new trends for improving quality, cost efficiency, and innovation in line with effectiveness and transparency are emerging: performance based or output-based contracts and best-value tendering as opposed to lowest-cost tendering.19 In South Korea, the Ministry of Strategy

18 Kim, Ki-Chan, Song, Chang-Seok, and Park, Eun-kyu (2014), Business Ethics in South Korea, Seoul: Free Economy Books, p 15. This booklet was published at the end of NABIS by consolidating outputs, outcomes, and impact of NABIS including seven compliance case studies of the companies which participated in NABIS.

and Finance (MOSF) and MOLIT introduced a new regulation under which any infrastructure public procurement over USD27 million (KRW 30 billion) will be changed from lowest cost tendering to best value based tendering.

The second opportunity identified among political environment trends is ‘strong drive of public policies for anti-corruption and fair business.’ Locally, in order to revamp the tainted corruption image of the construction industry, MOLIT introduced a new regulatory reform to decrease the possibility of bribery and corruption in 2015. According to the revised Article 9-3 of the Framework Act on the Construction Industry, any newly registered construction company should receive mandatory business ethics and technical trainings and any company under suspension can reduce penalty days, if it receives the training.

Two change agents, MOSF and MOLIT, already teamed up with other change agents such as sector specific business associations, to utilize the two opportunities, namely, the two niches, as the leveraging points for promoting a fair and clean business environment in the construction industry. MOLIT commissioned those trainings to Contractors’ Association of Korea with 9,000 company members nationwide, Korea Specialty Contractors Association with 38,000 company members nationwide, Korea Energy Management Engineering Association, Construction Guarantee, Education Institute Construction, and Korea Institute of Construction Technology Education. Their training curricula consisting of eight modules cover responsible business conduct in the construction industry’s supply chain including business ethics, compliance, fair competition, ethical subcontracting, and safety.

There are some challenges in these efforts for mobilizing them into an anti-corruption majority. A majority of companies are still in the business-as-usual mode and are keener to hear about ways to be competitive in winning contracts rather than business ethics and compliance. Still only a minority pays attention on narrowing the gap between principles and the reality. There might be some ways to increase attention, such as sharing sector specific useful information from the Partnering Against Corruption Initiative (PACI)\(^\text{20}\) of World Economic Forum, CoST (Construction Sector Transparency Initiative), and Global Infrastructure Anti-Corruption Centre, providing scenario-based cases regarding the Improper Solicitation and Graft Act, which bans bribery on both supply and demand sides, and emphasizing failure stories\(^\text{21}\) rather than success stories which could give strong alerts.


\(^{21}\) From the author’s actual experiences as one of four lecturers of the Korea Specialty Contractors Association’s responsible construction and anti-corruption training centre, commissioned by Ministry of Land, Infrastructure, and Transport. In the case of failure stories, recent actual investigation and punishment stories of construction companies in 2016 by joint efforts among the Office for Government Policy Coordination Center under the Prime Minister’s Office, Audit Office of the Ministry of Interior, Construction Safety Department of the Ministry of Land, Infrastructure, and Transport, and Firefighting Department of the Ministry of Public Safety and Security are very effective to capture attention of trainees from construction companies.
It would be meaningful that at least one sector has to build its anti-corruption eco system based on regulated mandatory trainings for compliance and business ethics, led by the ministry which oversees a construction industry and operated by all construction industry associations to nationwide construction company members. It would be also desirable for South Korean change agents to meet with like-minded change agents in other G20/B20 and OECD countries, in order to mobilize a majority, the critical mass, promoting anti-corruption initiatives in global construction and infrastructure industries to create synergistic effects.

3.3 ST Strategy (Max.-Min.)

ST strategy aims to minimize threats by maximizing strengths. Let’s look into threats first in order to find ways to tackle them by maximizing strengths.

The first threat of economic environment trends is ‘business dilemma by putting ends ahead of means.’ This is a common symptom of corporate culture, which puts high sales volume and short term profits as top priority, taking whatever means available. Since they govern vertical and horizontal organizational structure within a company, it is hard for compliance and business ethics, the means used to pursue fair business, to penetrate into corporate values and actions, unless a company is shaken off with a big corruption scandal.

The second threat among economic environment trends is ‘economic downturns that make companies return to the business-as-usual mode.’ Even though compliance and business ethics are deemed as important means for sustainable sales and profits, turbulences in the external business environment such as economic downturns will easily change emphasis from compliance back to the business-as-usual mode. Though it may be a temporary return, once it combines with the belief that compliance is a barrier to short term sales and profits, it no longer returns to the compliance mode anymore.

Then, what should be done to change these deep-rooted corporate mindsets and behaviors?

As a ST strategy, ‘Grouping’ can be helpful in overcoming two aspects of threats, though it may take time, by grouping like-minded people with not only current business leaders but also future business leaders, such as university students who want to work in companies. This ST strategy’s goal is ‘nurturing principle based business leadership’ by grouping change agents who share the same values for compliance and business ethics to promote a fair and clean business environment.

3.3.1 Northeast Asia Business Integrity School (NABIS)

In order to nurture and group change agents for anti-corruption through education and training, Global Competitiveness Empowerment Forum (GCEF) played the role of a project architect and implemented
Northeast Asia Business Integrity School (NABIS), the South Korean project of the 1st round of Siemens Integrity Initiative, as the partner organization of the South Korean integrity partner, Federation of Korean Industries-International Management Institute (FKHMI) from 2011 to 2014. NABIS is an anti-corruption education and training project for university students as future business leaders, taught by compliance managers and current business leaders. FKHMI and GCEF selectively and strategically mobilized 24 participating companies across various industries to join in NABIS for its collective action efforts.

NABIS leveraged three strengths of the South Korean context to group current and future business leaders as catalysts for positive changes in promoting anti-corruption practices and to foster a clean and transparent business environment in South Korea.

The first strength of economic environment analysis that NABIS emphasized was ‘high importance of procurement in B2B and B2G business.’ University students are relatively familiar with B2C brands but not with B2B and B2G business. It is important to educate and train them that B2B and B2G business are mostly done through procurement and especially, public procurement is an area vulnerable to corruption, due to the higher risk of bribes. Among 24 participating companies in NABIS, 79% were B2B and B2G business. By sector, the proportion of energy was 21%, infrastructure 21%, engineering 17%, consumer and retail 13%, chemical 8%, finance 8%, ICT 8%, and semiconductor 4%. The testimonial of a NABIS student illustrated its impact: “I learned that business ethics has commonalities but there are different and customized approaches addressing compliance depending upon each company’s internal and external business environment.”

The second strength of technical environment analysis that NABIS intended to leverage was ‘an innovative e-procurement system of public procurement.’ According to the Statistics Korea, internet usage rate of teens of South Korea in 2007 was 99.8%. Educating technology-savvy university students

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22 For further information about Northeast Asia Business Integrity School (NABIS), please refer to its English website, www.nabis.kr.

23 Federation of Korean Industries-International Management Institute (FKHMI) is an affiliated non-for-profit organization of FKI representing the South Korean business community with more than 420 members including South Korean conglomerates. FKI-IMI nurtures current and future business leaders with diverse education and training programs: Global Advanced Management Program for CEOs and intensive education courses for CMO, CTO, CSO and HR etc. For more information, please visit www.imi.or.kr.

24 The 24 participating companies in NABIS, 8 companies per annual cycle, are 15 private enterprises (Doosan Heavy Industries & Construction, Doosan Infracore, GS E&C, KB Kookmin Bank, Kyobo Life Insurance, Korea Telecom, LG Chemical, LSIS Co., Ltd., POSCO, POSCO E&C, POSCO Energy, Samsung C&T, Shinsegae, SK C&C, and SK Hynix), 5 state owned enterprises (Incheon International Airport Corporation, Korea Electric Power Corporation, Korea Hydro & Nuclear Power Co., Ltd., Korea Rail Network Authority, and Korea Southern Power Co., Ltd.), 3 foreign invested companies (Du Pont Korea, Samsung Tesco, and Siemens Ltd. Seoul), and 1 social enterprise (SK Happynarace).

about the importance of digitalization of the business environment that can reduce potential corruption is a meaningful investment. One training module was the Compliance Solution Contest, a group work to prepare an anti-corruption project proposal to an assigned NABIS company. All research and presentation tasks were done via computer software, social network services, and other web based methods.

The third strength of social environment analysis on which NABIS focused was ‘high interests of the South Korean society in education,’ which is rooted in Confucianism emphasizing that hard work and persistence can help people succeed in school and life. South Korea spends 7.6% of GDP on public and private education, more than the OECD average set at 5.9% in 2011. South Korea is one of the top performing countries in the Programme for International Student Assessment (PISA) survey by OECD. South Korea ranked no. 1 among OECD countries in 2014 in the percentage of adults aged 25-34 who have attained bachelor or equivalent degree. South Korea’s rate stood at 45%, whereas the OECD average is 21%.

NABIS stressed that workforce education and training for anti-corruption should start as early as possible. For this strategic purpose, NABIS focused on nurturing a small number of change agents for anti-corruption rather than mass scale education and training. A total of 96 university students were carefully selected through application screening and in-person interviews out of up to 1,600 students from 235 universities nationwide. Of the total, 61% majored in business administration, trade and economics.

The testimonial of a corporate trainer, compliance auditor of Korea Electric Power Corporation (KEPCO), confirms a strategic purpose of NABIS: “I have been thinking that there is a limitation in compliance training after employees start to work within a company. It is essential to raise sensitivity towards business ethics from university days. Participating in NABIS gave me a rewarding experience because I was able to meet and teach them in person.”

Though NABIS achieved its planned outputs, outcomes, and impacts, there were many challenges.

The first challenge was difficulty in obtaining consent from companies to join NABIS. Compared with corporate philanthropy teams which love external exposure, compliance teams seldom accept the chance to introduce their company cases, because they are cautious about potential corruption.

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28 66% comes from Seoul and 34% from local cities. 57% of males and 43% of females. 38% of senior, 35% of junior, 23% of sophomore, and 4% of freshman.
scandals. Also, since NABIS avoided putting competitors together or grouping different subsidiaries of the same Korean conglomerate per annual cycle, it was hard to find a strategic match with good composition in each cycle. However, collective efforts among Siemens Ltd. Seoul, FKHM, and GCEF overcame difficulties and achieved targeted outputs.

The second challenge was difficulty in maintaining the NABIS community as change agents between compliance managers and university students, namely, NABIS trainers and NABIS students as mentors and mentees. Due to high youth unemployment rate of South Korea, relationship between corporate employees and university students became unsustainable; compliance managers were also challenged by the fact that they did not have the power to recruit students as interns or staff. Nonetheless, NABIS students were able to include their NABIS experiences in their resumes for their job search. Also, it was possible to form a NABIS trainer community through train-the-trainer meetings, case sharing sessions, and field visit workshops, since NABIS trainers all came from compliance teams with similar challenges within a company.

Most of all, NABIS was not a mere education project in which 96 university students were taught by 24 corporate trainers from compliance departments. They are strategically selected change agents for anti-corruption. Though these final numbers were like a tip of the iceberg, the outreach range was far more comprehensive, impacting up to 1,600 students from 235 universities nationwide and 28 other private enterprises and foreign invested companies in South Korea. NABIS efforts were similar to those of the iceberg under water: its impact was largely unseen yet powerful, by disseminating the philosophy of doing the right thing; the values of ethics and integrity; leadership to generate ethical and practical solutions; motivation for capacity building; and adaptation for ethical culture, not only for NABIS participants but also the wider business community and university students who have learned about and applied for participation in NABIS.30

NABIS borrowed the spirit of “Les Nabis”, the movement against the works of impressionist realism in the 1890s.31 Young and experimental artists in the name of “Les Nabis” saw themselves as the founders of new wave and new arts history. Initially, they were a minority but they eventually became a majority.

New funding and renewed spirits will be needed to rejuvenate the efforts of NABIS to nurture more change agents with principle-based business leadership, so that they can become an anti-corruption majority and play a part in promoting a fair and clean business environment.

30 The acceptance rate for participation in NABIS was one in three, with the selection process consisting of a review of the resume and statement of purpose behind why the applicant would like to join NABIS, as well as an in-person interview.
3.4 WT Strategy (Min.-Min.)

WT strategy aims to minimize weaknesses by minimizing threats, which would be the most difficult task among four collective action strategies promoting a fair and clean business environment in South Korea or any other country. The following is an examination of weaknesses.

The first weakness of social environment analysis is ‘cultural barriers based on paternalism.’ South Korea has an attachment, compassion, and hospitality based culture, such as treating evening meals with drinks and providing gifts for traditional holidays and special occasions to government officials and business partners. Due to these collective spirit oriented traditional customs, splitting a bill in group meals is not widely accepted for South Koreans. These characteristics are negative for anti-bribery campaigns, since they can easily fall into traps of supplying and demanding bribes between public officials and business actors. This likely contributed to the fact that it took more than five years to enact the Improper Solicitation and Graft Act, which punishes both demand and supply sides, after several revisions and adjudication on a constitutional complaint.

The second weakness of economic environment analysis is ‘prisoner’s dilemma in business environment.’ The majority of the South Korean business market consists of public enterprises and governmental organizations as public procurement project owners and private enterprises as public procurement tender participants. Among private enterprises, there are South Korean companies and Korean subsidiaries of foreign multinational companies. Small and medium sized companies could be either public procurement tender participants or subcontractors of private enterprises. Though there are sector specific differences, Korean subsidiaries of foreign multinational companies and a small number of South Korean companies advanced in compliance are interested in leveling the playing field for all participants in order to overcome the prisoner’s dilemma. Amplifying their interests and needs by bridging like-minded public and private sector participants to build an anti-corruption eco-system would be one way of promoting a fair business environment in South Korea.

As a WT strategy, ‘Bridging’ can be derived from these two aspects of weaknesses, namely, bridging public-private collective action for anti-corruption. This WT strategy’s goal is to gather change agents from both sides and ‘improving the understanding of public-private interconnectivity,’ when it comes to solving corruption problems.

3.4.1 Fair Player Club

In order to gather change agents from public and private sectors, bridge them, and improve understanding of interconnectivity as an anti-corruption eco-system, Global Competitiveness
Empowerment Forum (GCEF) initiated as the project architect and has been implementing Fair Player Club, the South Korean project of the 2nd round of Siemens Integrity Initiative, as the partner organization of the South Korean integrity partner, UN Global Compact Network Korea (GCNK) since 2015.

Fair Player Club is a collective action project for anti-corruption which aims to promote fair and clean market conditions in South Korea by creating a public-private sector platform for an anti-corruption eco-system. In sports, all players should abide by rules with a ‘Fair Play’ spirit for fair competition. Likewise, in business, Fair Player Club pursues a ‘Fair Play’ spirit in business that all market players comply with the rule of law. It aims to nurture collaboration among public sector entities, business associations, and companies from various industry, region, and home countries, capacity building for raising awareness about compliance rules, guidelines, and cases through seminars, and consensus building for anti-corruption through a Fair Play Pledge.

Fair Player Club tried to overcome two weaknesses mentioned above by building an anti-corruption eco-system consisting of public and private change agents.

The first weakness of social environment analysis, ‘cultural barriers based on paternalism,’ needs a bridged pair between public officials and business actors, in order to raise the awareness about detrimental reciprocity when it comes to corruption.

In the Year 1 of the project in 2015, Fair Player Club focused on industry-specific groups. It successfully obtained endorsement from the Ministry of Trade, Industry and Energy, which oversees key industry policies with strong influence on business associations like Korean Association of Machinery Industry, Korea Automobile Manufacturers Association, and Korea Electronics Association and their member companies. Although International Contractors Association of Korea and Korea Railway Association are more related to the policies governed by the Ministry of Land, Infrastructure and Transport, they also joined Fair Player Club.

32 For further information about Fair Player Club, please refer to its English website, http://www.fairplayerclub.org.
33 UN Global Compact Network Korea (GCNK) is a local network of the UN Global Compact, a strategic policy initiative for business that are committed to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption. Also, it adopts an established and globally recognized policy framework for the development, implementation, and disclosure of environmental, social, and governance policies and practices. It has more than 13,000 signatory members in 165 countries and 8,902 members are companies as of September 2016. GCNK was established in 2007 and has been implementing various activities for diffusion of ten principles in South Korea. As of September 2016, 294 companies and organizations in South Korea joined its efforts as signatory members. For more information, please visit www.unglobalcompact.kr.
34 Fair Play Pledge is a non-binding declaration for anti-corruption by a company when it joins to the cost-free Fair Player Club as its public commitment.
In Year 2 in 2016, Fair Player Club has been focusing on municipalities in seven major metropolitan cities including Seoul, local chambers of commerce & industries, and local companies. Since the Improper Solicitation and Graft Act went into effect on September 28, 2016, it is timely to disseminate risks of supply and demand sides of bribery to local government officials and business actors.

For the third year of the project in 2017, Fair Player Club will focus on foreign embassies, foreign chambers of commerce and industries, and Korean subsidiaries of foreign multinational companies.

The second weakness of economic environment analysis, ‘prisoner’s dilemma in business environment,’ requires a form of Fair Play Pledge. Considering Fair Player Club’s campaign style activities, it is hard to obtain binding pledges or integrity pacts.

However, in 2015, its sector-specific approach resulted in introducing compliance rules, guidelines, and cases in automobile, electronics, international construction, machinery, and railway sectors that exist globally to sector-based business participants through Fair Player Club’s seminars. In one instance, Fair Player Club held an introduction session for the Ethical Committee member companies of Korea Medical Industry Association, with the help of Siemens Ltd. Seoul. As a result, four South Korean and foreign medical device companies from the Ethical Committee joined the Fair Play Pledge.

In Year 2 in 2016, business participants showed greater interest in the Fair Player Club following the enactment of the Improper Solicitation and Graft Act, and municipal governments and their government agencies implementing local public procurement projects introduced their compliance policies and actions, which heavily affect business companies in those cities. Furthermore, Fair Player Club has collaborated with Korea In-House Counsel Association and its registered membership of 1,600 Legal Compliance Officers nationwide to develop more targeted approaches, starting from co-hosting a compliance and business ethics seminar focusing on the Act to in-house counsels in Seoul on October 11, 2016.

For Year 3 in 2017, a plan has been prepared to recruit not only South Korean companies but also Korean subsidiaries of foreign multinational companies interested in leveling the playing field in South Korea. Fair Player Club has been already engaging with in-house counsels of Korean subsidiaries of foreign multinational companies currently.

How has Fair Player Club been tackling challenges, namely, threats?

The first threat of economic environment trends was ‘business dilemma by putting ends ahead of means.’ The goal of each year of Fair Player Club is to gather companies for Fair Play Pledge, consisting
of five principles\textsuperscript{35} to promote anti-corruption practices in the South Korean business environment. The target of Year 1 was 70 but instead 56 companies\textsuperscript{36} (80% achievement rate) pledged at the Fair Play Pledge ceremony on February 18, 2016.

One reason that the target was not met was a self-defensive attitude of companies, afraid of potential corruption scandals. Among non-pledge companies, many compliance departments tried, but their top management did not make a decision to join the Fair Play Pledge. In the survey from January to March 2016 of the pledged companies regarding compliance status and challenges, 53% answered that narrowing the gap between compliance policies and actual implementation within a company is the most difficult thing in integrating anti-corruption into business practices. Considering that the result came from the pledged companies, it can be assumed that the situation among non-pledged companies could be worse.

Another difficulty was that the majority of pledged companies did not come from the outreached companies of six business associations\textsuperscript{37} through Fair Player Club activities. Among 56 pledged companies, 21% were their member companies and 79% were from among GCNK’s member companies, though with some overlaps. Although Fair Player Club contacted a total of 2,926 companies through five compliance seminars, one introduction session, and on/off line communications, it could not make much headway in getting them to pledge. This shows that the companies which joined Global Compact are still early adopters. Also, since anti-corruption is not their priority for member company services, business associations were not instrumental enough in turning seminar participants into pledged companies.

The second threat of economic environment trends was ‘economic downturns that make companies return to the business-as-usual mode.’ The year 2015 was difficult for the South Korean business community due to various challenges including the outbreak of Middle East Respiratory Syndrome, the resignation of former Prime Minister Lee Wan-koo due to political corruption scandal, investigation of leading steel companies because of slush funds, struggling of ship builders and ship operators, and

\textsuperscript{35} The five principles of Fair Play Pledge are as follows:
1. To nurture a transparent corporate culture by the top management.
2. To strive for corruption risk management in business operation.
3. To enhance capacity of management and employees to combat corruption.
4. To collaborate with all stakeholders for transparent and fair business competition.
5. To create a clean and fair business environment by participating in Collective Action by engaging with government, market players, and civil society.

\textsuperscript{36} 32% from public enterprises or governmental organizations and 68% from South Korean large, medium, and small private enterprises, and a few number of Korean subsidiaries of foreign multinational corporations.

\textsuperscript{37} International Contractors Association of Korea, Korea Association of Machinery Industry, Korea Automobile Manufacturers Association, Korea Electronics Association, Korea Medical Industry Association, and Korea Railway Association.
reluctance of target business associations.\textsuperscript{38} Even though compliance and business ethics are important means for sustainable sales and profits, it was not easy for Fair Player Club to overcome turbulences in the external business environment and persuade that compliance is still important for the embattled industries.

However, there were many meaningful achievements that paved the way for promoting anti-corruption practices that would expand a minority prone to anti-corruption into a majority.

One such positive development is that Fair Player Club helped each business association to mark a new milestone. Aside from Korea Medical Industry Association, which already has an Ethics Committee, with the help of Fair Player Club this was the first time that five business associations - International Contractors Association of Korea, Korea Association of Machinery Industry, Korea Automobile Manufacturers Association, Korea Electronics Association, and Korea Railway Association - provided membership services on topics of compliance and business ethics via seminars co-hosted with Fair Player Club for their member companies.

Furthermore, since two compliance seminars with Korean Railway Association and Korea Association of Machinery Industry were held as side events of the Korea Railways & Logistics 2015 Expo (Raillog Korea 2015) and 2015 Korea Machinery Fair (KOMAF), these were also recorded as the first events that focused the topics of compliance and business ethics in those expos, drawing thousands of visitors.

Though the participation for Fair Play Pledge from member companies of six engaged business association stopped short of expectations, Fair Player Club reached out to both the minority of actors prone to corruption and to the wider majority through the initiative’s various efforts.

Another achievement of Fair Player Club has been the range of engagement with the public sector. For WT strategy, ‘Bridging’ public and private sector to improve understanding of public-private interconnectivity in terms of anti-corruption, engaging with public sector entities, especially high ranking government officials, is important. Thanks to the efforts of GCNK’s leadership, Mr. Im Hong-jae, who was a South Korean ambassador to Iran, Iraq, and Vietnam, Fair Player Club engaged with more government entities than planned, up to Minister or Vice Minister levels, such as Pan-governmental Anti-Corruption Bureau of Office for Government Policy Coordination in the Prime Minister’s Office, Anti-Corruption & Civil Rights Commission, and the Ministry of Interior.

The halfway point of the three-year Fair Player Club project period has already passed. There is still a long way to go, with daunting tasks and many other challenges to be resolved. However, if Fair Player Club can succeed in disseminating values of anti-corruption and the importance of Collective Action in

\textsuperscript{38} Fair Player Club contacted ten more business associations of banking, chemical, electricity, oil, semiconductor, ship owners, steel, textile industries etc. in addition to six successfully engaged business associations.
the South Korean business community and support an anti-corruption eco-system, it will contribute to promote a fair and clean business environment in South Korea.

4 Conclusion

In economic downturns governed by a business-as-usual mindset and putting the ends ahead of the means, it is hard for change agents to promote a fair and clean business environment. Actors prone to anti-corruption are often a minority. They have however been endeavoring to change mindsets and behaviors of people, through different strategies and directions with strong commitment and the belief that business and ethics are not mutually exclusive.

Through the SLEPT (Social, Legal, Economic, Political, and Technological) and the SWOT (Strength, Weakness, Opportunity, and Threat) methods, this paper identified key actors and trends of the South Korean business market. In order to transform a minority prone to anti-corruption into a majority, we looked into four collective action strategies - focusing, sampling, grouping, and bridging - with pilot project examples, challenges and outlook.

These four collective action strategies need initial inputs, namely niches, as leveraging points to try sampling, bridging, focusing, and grouping existing or new actors, elements, and circumstances.

It could be new regulations such as the Improper Solicitation and Graft Act which bridges public and private sectors in preventing corruption. It could be new incentives that reduce penalty days to the construction companies when they receive compliance training so that the construction industry can become a good example in terms of anti-corruption efforts. It could be new technologies that enhance integrity such as e-procurement systems focused on anti-corruption efforts on one specific area and scaling it up. Or, it could be a new workforce, the value-driven university students who could become catalysts for influencing corporate culture. If like-minded business managers like compliance managers can be grouped with them, they could become key change agents in helping a majority which acts dependent on circumstances as opposed to anti-corruption principles.

Figure 3 below explains how four collective action strategies can produce meaningful outputs, outcomes, and impacts by utilizing four types of inputs - new regulation, new incentives, new technology, and a new workforce.

Figure 3: Four Types of Inputs and Collective Action Strategies for Anti-Corruption
Anti-corruption efforts with partial elements can be meaningful, but it can be more powerful if all the elements are put together. Change agents could produce good inputs, leverage existing inputs, and utilize them with four collective action strategies, in order to make an anti-corruption eco system promoting a fair and clean business environment.

This paper focuses on the South Korean context. Depending upon the context of each country, characteristics of change agents, types of inputs, different kinds of outputs, outcomes, and impacts could be produced. Regardless of context differences, change agents will try to move the bell curve towards the right direction.

It will take time and there will be many challenges, trials, and errors. However, if they have passion, patience, and perseverance to bring in a fairer and cleaner business environment, it might not be impossible. Four collective action strategies – focusing, sampling, grouping, and bridging – will help them transform a minority prone to anti-corruption into a majority – a much-needed critical mass that can bring anti-corruption practices into the mainstream.