



Corporate corruption prevention, sustainable governance and legislation: First exploratory evidence from the Italian scenario

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ABSTRACT

This paper aims to identify the main issues and drivers of sustainable corporate governance to prevent corruption, analysing the interaction between the principal governance body—Board of Directors—and the implementation and application of corruption prevention plans by pointing out exploratory evidence from the company sample. This paper is built upon two steps. First, the content analysis research method is applied, selecting a sample of Italian companies and analysing information from the corruption prevention plans to establish the role of the Board of Directors in the management of company's system. Second, the level of the implication of Board of Directors in drafting through the identification of the Global Indicator is investigated, measuring the degree of the Board of Directors' involvement and making use of the content analysis's results. Additionally, a linear regression between the Global Indicator, companies dimensional indicator and performance indicators is carried out with the aim to define variables affecting this process. The paper proposes exploratory evidence which shows a deep understanding of the governance body in the construction and application of the corporate corruption prevention plans, taking into consideration crucial information from: the anti-corruption national legislation (Law 190/2012), risk management and organization model (Legislative Decree 231/2001), corporate sustainability and compliance programs adopted by companies. The originality of the findings derives from the need to establish an integrated sustainable corporate governance model directed at preventing corruption. Thus, this paper proposes not only the analysis of the Italian companies' compliance sustainable models to prevent corruption in their corporate governance but shows the path for future research on the topic.

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1. Introduction

In recent years, the phenomenon of corruption (ACFE, 2018; Joseph et al., 2016; Podolny and Podolnaya, 2016) has increased with both the birth of sustainable strategies for corruption prevention in company systems and the attention of legislation at the international level (Manacorda et al., 2014). Particularly, the adoption of anti-corruption business models is strictly connected to each national legislation and integrated into their corporate governance system through a specific compliance program, by involving both internal actors, such as the board of directors (BoD)

and internal auditors, and external actors such as stakeholders. Thus, companies and their main internal actors, to avoid bribes and establish a good corporate governance model (Yoshikawa and Rasheed, 2009; Wijayati et al., 2015), are deputed to proactively manage anti-corruption principles and disclosure (Hahn and Kiihnen, 2013; Joseph et al., 2016), safeguarding corporate sustainability (Adnan et al., 2018; Allais et al., 2017; Elkington, 2002; Fuente et al., 2017; Lozano, 2012; Schrippe, Duarte Robert et al., 2013; Stacchezzini et al., 2016) and avoiding a negative impact on the environment and society (Elkington, 2002).

In this context, this paper presents the investigation of the role played by the BoD as the principal governance body and as an internal business actor (Allegrini et al., 2006; Melville, 2003; Sarens et al., 2012) that promotes corporate corruption prevention with the company system. Thus, the proposition of exploratory evidence, from a selected sample of 20 Italian companies operating in several

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economic fields, derives from the main issues and drivers of corporate governance and their relationship with the interaction between the BoD and the implementation and application of corruption prevention plans (Aguilera, 2005) and the disclosure of their information (Joseph et al., 2016; Saenz and Brown, 2018). Additionally, a new integrated sustainable corporate governance model in the Italian scenario has surfaced.

Adopting the theoretical framework of institutional theory (Adegbite, 2015; Aguilera, 2005; Dacin et al., 2002; Meyer and Rowan, 1977; Scott, 1987; Tolbert and Zucker, 1999), this research has been carried out in two steps. Firstly, content analysis was the chosen methodology (Krippendorff, 2013), applied to the corporate corruption prevention plans of the selected sample. The investigation was founded on the examination of information included in the corruption prevention plans under the primary key indicators (PKI) analysed through a coding score system that allowed us to set up the real accountability role of the BoD compared to the control activities in the management of company system. Starting from the hypothesis that the increasing involvement of the BoD in the drafting of anti-corruption plans increases their effectiveness, the second step aimed to investigate the level of the BoD's implication in drafting the prevention plans, which are variables affecting its involvement. Thus, we identified the global indicator (GY), measuring the degree of the BoD's involvement in the content analysis's result. Additionally, to identify which variables affect this process, a linear regression analysis between the GY, company dimensional indicator and performance indicators was carried out. Findings propose the main issues and factors of sustainable corporate governance in the relationship between the BoD and the control function (Sarens and De Beelde, 2006; Sarens et al., 2012) in the anti-corruption model. As a pioneering study, this paper presents a deep understanding of the role of the main governance body in the construction and application of the corporate corruption prevention plans, in light of the anti-corruption national legislation (Law 190/2012), risk management and organization model (Legislative Decree 231/2001), corporate responsibility and related compliance programs adopted by Italian companies under the corporate governance models filling the existing literature gap. Thus, results should serve as a useful integrated sustainable corporate governance model to prevent corruption on the basis of a corporate sustainability system (Lozano and Huisinigh, 2011) and a specific compliance program (Lopatta et al., 2017).

Additionally, following the debate on corporate sustainability, corruption and its prevention in the economic system of several states (Manacorda et al., 2014; Mendelshon, 2017), this paper contributes to the institutional theory (Aguilera, 2005), proposing a new discussion for academics, practitioners and policymakers about the companies' compliance path that should be modeled to prevent corruption in their sustainable corporate governance model. Moreover, the paper and its results aim to provide an answer to the call for research launched by Di Pietra and Melis (2016) in their study inviting scholars to invest "in contributions to this highly promising field". Lastly, this paper's results lead the way for future researches paths on the topic.

The remainder of the paper is organized as follows: Section 2 examines relevant literature. Section 3 presents the research methodology. Section 4 presents the findings and discussion from the corruption prevention plans. Lastly, Section 5 presents conclusions, limitations and future research approaches.

2. Literature review

2.1. The institutional theory

The institutional theory (Adegbite, 2015; Aguilera, 2005; Dacin

et al., 2002; Meyer and Rowan, 1977; Scott, 1987; Tolbert and Zucker, 1999) has been the theoretical lens. The justificatory reasons why we adopted this theoretical lens are explained in the study by Aguilera (2005), which focused on the institutional impact on corporate governance and directors' accountability. Thus, the institutional theory is used to investigate sustainable corporate governance specifically based on the role of the BoD in corporate corruption prevention.

The theoretical lens focuses on the business adoption of organizational and individual practices and activities (Dacin et al., 2002; Tolbert and Zucker, 1999) at the institutional level because of institutional isomorphism, understood as organizational homogenisation, in order to survive (Meyer and Rowan, 1977). The institutional theory draws on the corporate behaviour guidelines (Scott, 1987), as well as on other relevant issues regarding institutional effects of corporate governance on many areas (Adegbite, 2015). Although there has not always been a consensus on methods, measures and key definitions of concepts within the institutional theory (Tolbert and Zucker, 1999), it has been considered as the most suitable theory to follow Aguilera's (2005) thought on corporate governance and directors' accountability, drawing on institutional effects.

Nevertheless, the agency theory (Berle and Means, 1932; Jensen and Meckling, 1976) and the stakeholder theory (Donaldson and Preston, 1995; Freeman, 1984) have become relevant for investigating the role played by the BoDs, as an internal actor of a company's organizational structure, in comparison with the internal audit function and corporate corruption prevention in the company system. In this line, Aguilera (2005, p. 40) maintained: "It argues that national institutions such as the ownership structure or the enforceability of corporate regulations tend to enable as well as constrain diverse corporate governance mechanisms". Thus, we have decided to propose the application of the institutional theory by Aguilera (2005), referring to the Italian BoDs' roles within the corporate governance system and corporate sustainability, by specifically adopting the corporate corruption prevention perspective. The theoretical framework application, at the general level, mainly follows the questions by Aguilera (2005):

"For what?". It is focused on understanding the role played by the BoD in different institutional settings;

"To whom?". It wants to answer to whom the boards should be accountable;

"How?". It proposes the path to increase board accountability.

2.2. Main issues of corporate governance

The growing interest in corporate governance and its practices at the international level mainly started from the separation of ownership and control at the organizational level (Berle and Means, 1932; Jensen and Meckling, 1976). Corporate governance had some main issues such as attention to national legislation systems, the adoption of the codes of best practices, the development of corporate governance models, the identification of the board and management's role (Trequattrini, 1999; Lombardi, 2012) and attention to corporate sustainability (Allais et al., 2017). Additionally, a recent reform in the UK has allowed for the fixing of some main principles and provisions on corporate governance (Appendix A – Revised UK Corporate Governance Code, 2017), emphasising how the BoD establishes purpose, strategy and the value of the company, which should be "effective and entrepreneurial", promoting the company's success. Thus, the BoD plays a preeminent role in corporate governance, in generating value for shareholders and contributing to society (principle A). The BoD aligns its strategic

objectives to “a framework of prudent and effective controls” in the company, by establishing its risk and internal control framework based on a prudent and effective risk assessment (principles B and N).

The OECD Principles of Corporate Governance (2015) state that corporate governance is aligned to the strategic guidance of the company, paying attention to “the effective monitoring of management by the board, and the board’s accountability to the company and the shareholders”. The OECD defines the corporate governance framework as directed to “promote transparent and fair markets, and the efficient allocation of resources”, also extending attention to the role played by the stakeholders in corporate governance.

The relevant role played by the BoD both in the company system and the other in its corporate governance, is retrieved in the decision-making processes and the control power at the organizational level (Fama and Jensen, 1983; Lombardi et al., 2014). In the study by Zattoni (2004) on the definition of corporate governance, the BoD is also regarded as a board with volatile and strategic power in the company as well as a trustee concerning shareholders. The last role is a regulator position in conflicts among shareholders and management. However, the relationship among shareholders and the BoD is considered an agency relationship (Eisenhardt, 1989) in which shareholders delegate the realisation of corporate activities to the BoD, whereas the actions or reactions of the boards of directors underline the information asymmetry between firm managers and financial markets (Cormier et al., 2010).

At the organizational level, the Chief Executive Officer and Top Managers could influence the BoD due to its characteristics and composition, for example, very few meetings, the major influence of executive directors, a small number of independent directors, gender diversity (Galbreath, 2012), among others. However, the BoD is deputy to the company management because of its sustainable, strategic, control and environmental functions, since sustainability is emerging as a business paradigm that requires attention at the board level (Elkington, 2006).

Although the BoD collaborates with corporate functions, it has a strong connection and communicates closely with the bottom-up and top-down organizational lines. Here, it is noteworthy how the relationship between Internal Audit and control functions (Allegrini et al., 2006; Eisenberg, 1997; IIA, 2009; Lenz and Sarens, 2012; Melville, 2003; Sarens et al., 2012) promotes good corporate governance in the company (Belay, 2007). Thus, the BoD’s actions, interaction and decision-making process within a sustainable corporate governance system are especially directed at preventing the phenomenon of corporate corruption as a negative phenomenon for the environment and societies (Adnan et al., 2018; Allais et al., 2017; Elkington, 2002; Fuente et al., 2017; Lozano, 2012; Schrippe and Duarte Ribeiro, 2019). In this way, a relevant phase is the endorsement of the BoDs’ code of corporate corruption prevention and its implementation in the company, also defining the sustainable strategic aims of the topic.

2.3. Corporate sustainability, corruption and its prevention in economic systems

Corporate sustainability is founded on activities that aim for the affirmative contribution to sustainable dimensions (i.e., ecological, social, economic, political and territorial) by the company board and management (Lozano and Huisinigh, 2011). As Schrippe and Duarte Ribeiro (2019) argued in their study, the ISE (2015) defines corporate sustainability through seven relevant dimensions: general; nature of product; corporate governance; economic and financial; environmental; social; and climate changes. Allais et al. (2017) argues: “Sustainability creates a competitive advantage for proactive companies both from the possibility of being rewarded by

the market, and from avoiding risks (Holmberg and Robert (2000), and it is a driving force for system transition (Loorbach, Wijsman, 2013). In contrast, passive or unsustainable strategy results in negative effects (e.g., credibility losses that impact trust between the company and financial institutions, markets or employees) (Holmberg and Robert, 2000) ... A proactive strategy leads to positive effects with, in the short term, the development of renewed ambition and enthusiasm (Loorbach, Wijsman, 2013)”. Thus, corporate sustainability is the mainstream business case of sustainability (Aghion et al., 1999; Allais et al., 2017) that aims to avoid negative externalities on the environment and societies (Dunphy et al., 2003; Elkington, 2002; Hart, 1997; Robert et al., 2013).

From this perspective, corporate corruption is a phenomenon (ACFE, 2018; Atangana Ondo, 2014, Joseph et al., 2016; Podolnii and Podolnaya, 2016) in the company system, allowing for the birth of sustainable strategies of corruption prevention, as well as the attention of legislation at the international level (Manacorda et al., 2014; Mendelshon, 2017). Saenz and Brown (2018) argue:

“Corruption is a considerable obstacle for economic and social development worldwide. It has a negative impact on sustainable development and particularly affects poor communities. For companies, corruption impedes the growth of the business, increases costs and presents serious legal and reputational risks. It also elevates transaction costs, undermines fair competition, impedes long-term foreign and national investment, and distorts development priorities ... All companies require strong anti-corruption measures and practices to protect their reputations and the interests of their stakeholders (Global Compact, 2017).”

Di Pietra and Melis (2016) state: “The corruption of government officials by businesses is recognized as an increasingly critical problem, at both the national and international level. Despite multilateral treaties and many national attempts to address this problem over the past 15 years, corruption continues to affect firms’ economic and financial strategies and behaviours, as well as their organizational structures and their approaches to international management and financial reporting. In many cases corruption has been recognized as an acceptable way to behave in business conduct and management in specific countries, and even as a characteristic of some contexts that affects the role played by entrepreneurs” (pp. 689–690).

ACFE (2018) defines corruption as “the wrongful use of influence to procure a benefit for the actor or another person, contrary to the duty or the rights of others”. Although there is no consensus on defining corruption, given that it depends on contextual features, Transparency International (2015) defines corruption as the abuse of entrusted power for personal gain. Moreover, corruption can be defined as “taking or offering bribes, public officials dishonestly using influence, fraud, blackmail, election bribery and illegal gambling” (OTSI, 2010), influencing corporate activities and its corporate social responsibility (CSR) (Lopatta et al., 2017). Particularly, CSR activities should pay attention to corruption prevention (Weyzing, 2009), reporting actions by companies on this issue, establishing a quality indicator of the company’s effort (Transparency International, 2009) and containing information to disclose to stakeholders (Silvestre et al., 2018). In this way, CSR disclosure derives from the reporting of information about companies’ responsibilities and all ethical activities (Hahn and Kühnen, 2013; Joseph et al., 2016; Kansal et al., 2014; Said et al., 2009). Many investors expect that the relationship of the extension of corporate governance with the firm’s key stakeholders is conducted in a way that is guided by more than just regulatory or legal requirements to encompass an ethical dimension (Cormier and Magnan, 2017).

In this relationship, the adoption of anti-corruption models by companies is strictly connected to national legislation and integrated in their corporate governance and sustainability through a specific compliance program (Lambdorff, 2007). That program

involves both internal actors, such as the BoD and internal auditors, and external actors such as stakeholders. Thus, companies and their main internal actors, to avoid bribes and establish a sustainable corporate governance model (Yoshikawa and Rasheed, 2009; Wijayati et al., 2015), are deputed to proactively manage anti-corruption principles and disclose themselves, using several tools, such as official websites. However, Gordon and Wynhoven (2003) show, in their study, that information given to stakeholders is not aligned among sectors and countries. Since, within Corporate Governance Codes, ethical behaviour plays a crucial role in preventing corruption, it is mainly considered an effect of anthropological, ethical and moral attitudes. The hope is that the transition from accounting and government to accountability and the system governance paradigm, which implies the involvement of many public and private economic and social bodies, could be more successful in fighting crime and corruption, not only in increasing economic growth. Eradicating or minimising corruption and crime is a prerequisite for economic growth and sustainability (Borgonovi and Esposito, 2017). Therefore, anti-corruption disclosure is directed at increasing the company board's accountability towards stakeholders. Thus, the adoption of some international guidelines (e.g., GRI G3, Transparency International, UN Global Compact, AA1000 standard, SGE21 of Foretica, Ethos of CSR, ISO 26000:2010; ISO 37001:2016) could be an adjunct to promoting action to prevent corruption at the organizational level (Liu, 2016), supporting the company's sustainable strategy.

Additionally, in light of CSR disclosure (Aerts et al., 2008; Branco and Delgado, 2011; Campbell, 2004; Lamboglia and D'Onza, 2014) and business consciousness (Filatotchev and Nakajima, 2010), corporate corruption prevention and control can be adopted through extrinsic or intrinsic regulations (Hoi and Lin, 2012). The former points out surveillance and penalty; the latter points out integrity and self-monitoring. Hard rules increasing penalties and punishments versus soft rules from codes of conduct to prevent corruption exist (Di Pietra and Melis, 2016) in different countries. Additionally, it is possible to use some rankings to establish a measure of corruption activities (Joseph et al., 2016) in the company. Lastly, it should be highlighted that economies with lesser degrees of corruption tend to develop faster and better than those with higher degrees and that corruption negatively affects the level of competitiveness of that economy (Ulman, 2013).

2.4. The evolution of the Italian anti-corruption legislation

The evolution of the Italian anti-corruption legislation mainly started in the last twenty years. If the corporate governance models (Lombardi, 2012; Melis, 2000) are adopted in light of some guidelines and company characteristics, the anti-corruption national legislation also needs to be integrated into the board, management and operative activities by the company in order to be aligned with the corporate governance model. In this way, public and private sectors approach the application of anti-corruption regulations differently.

Since 2000, in Italy, there has been an increasing number of Laws and Decrees disciplining the national anti-corruption system. Law no. 300/2000 implemented the European Union Convention on "Treaty on European Union on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union" of 1997 and at the same time the 1997 Organization for Economic Co-operation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Thus, the Italian private and public sectors are involved in the fight against corporate corruption. The Legislative Decree of June 8, 2001, no. 231 disciplines the administrative responsibilities for companies

depending on crimes performed by their human resources (e.g., directors, top managers, employees). However, companies operating in the private and public sectors apply Decree no. 231/2001, adopting a compliance program. In this context, corporate crimes allow some companies to create advantages in the business interest of by their members, which always involves the company's culpability (Giunta, 2009; Paludi and Zecca, 2014). Thus, the compliance program is implemented to avoid such corporate crimes (Allegrini et al., 2003).

A compliance program by Decree no. 231/2001 is implemented into the company system before or after the crimes' commission. In this way, it is necessary to define activities from which descend crimes, establishing corporate rules, which is the responsibility of the internal body, a supervisory body and the disciplinary system. Special attention must be paid to the traceability of financial resources in the company. However, the implementation of a compliance model permits companies to specifically define risk areas in the company system, preventing, for example, internal corruption's crimes, defrauding the State and false statements on balance sheets.

Additionally, new bribery offence definitions were introduced by Italian Law no. 190/2012, increasing responsibilities for private parties involved in bribes. In light of Law no. 190/2012, the national anti-corruption plans were approved in 2013 to prevent and delete corruption in public administration ("Disposizioni per la prevenzione e la repressione della corruzione e dell'illegalità nella pubblica amministrazione"). Law no. 124 of 2015—the Anti-corruption National Plan (Aggiornamento 2015 al piano anticorruzione)—was updated by the National Anti-corruption Authority (Autorità Nazionale Anticorruzione - ANAC). However, in Italy, the legislative activities of anti-corruption issues in the company system have been intense, and other main Decrees and Laws connected to Law 190/2012 exist.

In light of the existing Italian normative, companies have begun to apply a model to prevent the phenomenon of corporate corruption. Inside the company, the anti-corruption model requires the involvement of human resources and several actions directed at implementing national Laws and Decrees, among which the most relevant are Law 190/2012 and Legislative Decree 231/2001. Public companies or private companies controlled by public entities are required to adopt a compliance model to prevent corruption under the control of the National Anti-corruption Authority—ANAC.

Thus, companies introduce the corporate corruption prevention's code, diffusing anti-corruption information on the institutional website (transparency principle) and overall adopting compliance corporate behaviours in light of fixed strategic and sustainable objectives by the BoD. However, the national anti-corruption legislation states that the BoD defines strategic objectives in corruption prevention and transparency in the realisation of the plans (Law 190/2012, article 1, co. 8). Additionally, it appoints those responsible for corruption prevention and transparency. Moreover, the BoD approves the corruption prevention plans and related updating (Bertocchi, 2017).

2.5. Research gap and research question

The corporate governance system and national anti-corruption legislations are the two main pillars of contemporary companies operating in a complex scenario. On the one hand sustainable corporate governance is directed at achieving a well-functioning BoD to facilitate the decision-making process in the company concerning sustainable external changes and corporate sustainability. However, on the other hand, national anti-corruption legislation in each country, such as in Italy, aims to avoid decision-making processes and activities by companies based on

the corruption phenomenon and negative externalities on the environment and societies. Thus, a relevant issue is the role of the BoD in the application of national anti-corruption legislation and also understanding how the legislation deals with the role of sustainable corporate governance. In light of the previous consideration, the research question is the following: RQ1. What role does the main governance body BoD play in the implementation and application of the corporate corruption prevention plans in Italy?

3. Methodology

This research was carried out in two steps. In the first, a qualitative research method (Krippendorff, 2013) was used to answer the research question. Within these qualitative methodologies, the chosen technique was content analysis. This tool is particularly useful to immediately understand inclusion versus exclusion of information in selected search documents, allowing researchers to propose some investigation considerations. Although content analysis has some limits (e.g., subjectivity in text interpretation) (Linsley and Shrivs, 2006), it was applied to analyse the corporate corruption prevention plans of 20 Italian companies with the aim to contribute to the institutional theory (Aguilera, 2005; Dacin et al., 2002; Meyer and Rowan, 1977; Scott, 1987; Tolbert and Zucker, 1999). Particularly, this paper proposes the investigation of the role of the BoD in the implementation and application of the corruption prevention plans. Starting from the hypothesis that if the BoD is involved in the drafting of anti-corruption plans, these plans are more effective, the second step aims to investigate which variables affect its involvement. Thus, we identified a global indicator (GY), measuring the degree of the BoD's involvement in the content analysis's result. Additionally, to identify which variables affect this process, a linear regression analysis between the GY, company dimensional indicator and performance indicators was carried out. The following subsections describe the sample selection, research context, indicators and data analysis.

3.1. Sample selection and research context

The sample derives from the analysis of Italian companies selected through the criteria: dimensional size (i) and representativeness and relevance of services public fields (ii) in the national scenario. Specifically, the research approach applied the content analysis to 20 corporate corruption prevention plans of selected Italian companies (Table 1). Additionally, data and information were retrieved from the institutional websites of selected companies.

3.2. Data analysis and primary key indicators (PKI)

A joint work strategy guarantees the reliability of the proposed analysis among the authors. Particularly, in the first step of this research, key information retrieved from the corporate corruption prevention plans were searched through a primary set of primary key indicators (PKI) to answer the research question and uploaded into NVivo (Miles et al., 2013). However, such indicators are aligned to questions from Aguilera's study (2005). Additionally, indicators consider national legislative statements and are based on a score system (Table 2) based on numerical numbers (value) for the first part of indicators (1–10) and dichotomy number 0 or 1 for the second part of indicators (11–32) representing the presence or absence of information in the text.

The results of the content analysis application through the set of primary key indicators or key information (PKI) were discussed among the authors to achieve data triangulation (Yin, 2014).

In the second step of this research, a GY for each company was

Table 1
Sample composition.

Sample	Dimensional size (i)	Services fields (ii)
Company 1	>120 employees	Services
Company 2	>120 employees	Services
Company 3	>120 employees	Services
Company 4	>120 employees	Services
Company 5	>120 employees	Services
Company 6	>120 employees	Services
Company 7	>120 employees	Services
Company 8	>120 employees	Services
Company 9	>120 employees	Services
Company 10	>120 employees	Services
Company 11	>120 employees	Services
Company 12	>120 employees	Services
Company 13	>120 employees	Services
Company 14	>120 employees	Services
Company 15	>120 employees	Services
Company 16	>120 employees	Services
Company 17	>120 employees	Services
Company 18	>120 employees	Services
Company 19	>120 employees	Services
Company 20	>120 employees	Services

Source – Our elaboration on sample data.

identified, measuring the degree of the BoD's involvement based on the previous content analysis's results. The indicator (GY) is calculated as follows:

$$GY = \sum_{i=1}^{32} x_i$$

GY = indicator of the BoD's involvement in corruption prevention activity;

x = the value of each PKI.

The maximum value that GY can have is 32. Each PKI can have 1 as a maximum value; the first part of indicators (1–10) based on numerical numbers have been reported on a 0:1 numerical scale, the company with the lowest value of indicator x has been assigned the value 0, while, the company with the highest value of indicator x has been assigned value 1. The second part of indicators (11–32) based on dichotomy number 0 or 1, represent the presence or absence of information in the text. In the last phase, through a linear regression analysis, GY is correlated with company dimensional indicator (number of employees) and performance indicators (operating revenues and net income) in order to identify which variables affect the process of involvement of the BoD in the drafting of the prevention plans.

The analysis is completed by proposing a classification of results with the indicators score system, which allowed us to set up the role of the BoD concerning control activities in the company's management system. In this direction, the findings and discussion of the corporate corruption prevention plan's analysis are presented in the following section, contributing to the existing institutional theory by proposing insights and configuring the integrated sustainable model of corporate governance in Italy. Finally, the findings and discussion propose relevant advances in this promising field as required by Di Pietra and Melis (2016).

4. Findings and discussion

The findings of this paper come from a set of primary key indicators (PKI) tested through the content analysis application on the corruption prevention plan's sample. Thus, results allowed us to

Table 2
Indicators and classification score system.

No.	Indicators	Score System
1	Number of times in which the document cites the word "Board of directors"	Value
2	Number of times in which the document cites the word "Responsible for corruption prevention" or/and "Responsible for transparency"	Value
3	Number of times in which the document cites the word "Board of directors" compared to number of times in which the document cites the word "Responsible for corruption prevention" or/and "Responsible for transparency"	Value
4	Number of times in which the document cites the word "corporate governance" and/or "governance"	Value
5	Number of times in which the document cites the word "Internal audit"	Value
6	Number of times in which the document cites the word "Valuation Independent Organism" or "Surveillance Organism"	Value
7	Number of times in which the document cites the word "Internal Control System"	
8	Number of times in which the document cites the word "Audit committee"	Value
9	Number of times in which the document cites the word "Independent Directors" or/and "Executive Directors" or/and "Non-Executive Directors"	Value
10	BoD's involvement in the plan's approval and/or statement of approval by BoD	(1–0)
11	The document contains references to the model of Legislative Decree 231/2001 adopted by company	(1–0)
12	Statement about the alignment between plans and policy by BoD	(1–0)
13	Statement of BoD's functions about corruption prevention	(1–0)
14	Statement about control functions nomination by BoD (e.g., internal audit, risk management, compliance, etc.)	(1–0)
15	Statement about strong relationship among control functions and BoD (excluding Responsible for corruption and prevention)	(1–0)
16	Pattern of internal control system (e.g. schemes and figures)	(1–0)
17	Role of BoD in Responsible for corruption prevention appointment (including Responsible for Transparency)	(1–0)
18	Role of BoD in plan's elaboration and adoption	(1–0)
19	Role of BoD in plan's updating	(1–0)
20	Role of BoD in risks' definition, management and treatment	(1–0)
21	Role of BoD in the anti-corruption education of employees	(1–0)
22	Role of BoD in Job rotation	(1–0)
23	Role of BoD in whistleblower	(1–0)
24	Role of BoD in revolving doors or pantouflage (or "patto di integrità")	(1–0)
25	Role of BoD in behaviour code adoption	(1–0)
26	Role of BoD in job assignment	(1–0)
27	Role of BoD in competition commission assignment	(1–0)
28	Role of BoD in conflict of interest	(1–0)
29	Role of BoD in monitoring activities	(1–0)
30	Role of BoD in reporting activities	(1–0)
31	Role of BoD in information flows toward Responsible for corruption prevention	(1–0)
32	Role of BoD in disciplinary system	(1–0)

Source – Our elaboration.

understand the role of the BoD compared both to internal audit and other control functions, and in corporate corruption prevention (Joseph et al., 2016; Podolny and Podolnaya, 2016), as proposed in the following sub-sections.

Tables 3–5 summarise the research findings from the first part of this research, using the following scales and value range: i) indicators no. 1–9 (excluding indicators no. 3) are analysed through a results distribution comprising the absent value (value = 0); low value (value < 33); medium value (value > 33 and < 66); high value (value > 66); ii) indicator no. 3 is analysed through a results distribution scale, as the previous assuming percentage values in the scale; indicators no. 10–32 are analysed through a results distribution based on the frequency.

Additionally, Tables 6–8 show the research findings of the second part of this research; i) the value of the GY for each company is reported; ii) the result of linear correlation between the GY company and dimensional indicator (number of employees) is shown; iii) the result of linear correlation between the GY company and performance indicators (operating revenues and net income) is shown.

4.1. The role of BoD compared to internal control activities

Findings reveal the role of the BoD compared to Internal control activities (Sarens and De Beelde, 2006; Sarens et al., 2012) concerning the safeguard of corporate sustainability (Elkington, 2002;

Table 3
Content Analysis Results - Indicators no. 1–9 (First Part).

No.	Primary Key Indicators (PKI)	Results distribution			
		Value = 0	Value < 33 (low value)	Value > 33 and < 66 (medium value)	Value > 66 (high value)
1	Number of times in which the document cites the word "Board of directors"		65%	25%	10%
2	Number of times in which the document cites the word "Responsible for corruption prevention" or/and "Responsible for transparency"		5%	40%	55%
4	Number of times in which the document cites the word "corporate governance" and/or "governance"		100%		
5	Number of times in which the document cites the word "Internal audit"		90%	10%	
6	Number of times in which the document cites the word "Valuation Independent Organism" or "Surveillance Organism"		90%	10%	
7	Number of times in which the document cites the word "Internal Control System"		95%	5%	
8	Number of times in which the document cites the word "Audit committee"	100%			
9	Number of times in which the document cites the word "Independent Directors" or/and "Executive Directors" or/and "Non-Executive Directors"	100%			

Source – Our elaboration.

Table 4
Content Analysis Results - Indicators no. 1–9 (Second Part).

Primary Key Indicators (PKI)	Results distribution		
	Value < 33% (low value)	Value > 33% and <66% (medium value)	Value > 66% (high value)
Number of times in which the document cites the word "board of directors" compared to number of times in which the document cites the word "Responsible for corruption prevention" or/and "Responsible for transparency"	70%	15%	15%

Source – Our elaboration.

Table 5
Content Analysis Results - Indicators no. 10–32.

No.	Primary Key Indicators (PKI)	Results distribution	
		Sample Observations	Percentage (Frequency)
10	BoD' involvement in the plan's approval and/or statement of approval by BoD	20	100%
11	The document contains references to the model of Decree 231/2001 adopted by company	17	85%
12	Statement about the alignment between plans and policy by BoD	5	25%
13	Statement of BoD's functions about corruption prevention	12	60%
14	Statement about control functions nomination by BoD (e.g. internal audit, risk management, compliance, etc.)	6	30%
15	Statement about strong relationship among control functions and BoD (excluding Responsible for corruption and prevention)	1	5%
16	Pattern of internal control system (e.g. schemes and figures)	3	15%
17	Role of BoD in Responsible for corruption prevention appointment (including Responsible for Transparency)	20	100%
18	Role of BoD in plan's elaboration and adoption	20	100%
19	Role of BoD in plan's updating	20	100%
20	Role of BoD in risks' definition, management and treatment	0	0
21	Role of BoD in the anti-corruption education of employees	2	10%
22	Role of BoD in job rotation	2	10%
23	Role of BoD in whistleblower	2	10%
24	Role of BoD in revolving doors or pantouflage (or "patto di integrità")	3	15%
25	Role of BoD in behaviour code adoption	5	25%
26	Role of BoD in job assignment	4	20%
27	Role of BoD in competition commission assignment	0	0
28	Role of BoD in conflict of interest	0	0
29	Role of BoD in monitoring activities	6	30%
30	Role of BoD in reporting activities	4	20%
31	Role of BoD in information flows toward Responsible for corruption prevention	6	30%
32	Role of BoD in disciplinary system	2	10%

Source – Our elaboration.

Table 6
The value of GY for each company.

No.	GY
1	10,45
2	5,11
3	12,04
4	15,04
5	9,64
6	6,73
7	9,85
8	10,21
9	9,01
10	10,26
11	11,79
12	5,47
13	11,27
14	13,15
15	4,65
16	7,03
17	8,65
18	7,65
19	8,68
20	18,61

Source – Our elaboration.

Table 7
Linear Correlation between the GY company and dimensional indicator (number of employees).

	R
Number of employees	0,085112307

Source – Our elaboration.

Table 8
Linear Correlation between the GY company and performance indicators (operating revenues and net income).

	R
Operating Revenues	0,147998835
Net Income	-0,135333703

Source – Our elaboration.

Lozano, 2012; Schrippe and Duarte Ribeiro, 2019). Evidence seems to point out that the BoD is not the main actor in the adoption and implementation of the corruption prevention plan. The values of the indicator GY confirm that there is not a high degree of the BoD's involvement, since the maximum value of the GY is equal to 32, and only one company in the sample exceeds half of the maximum GY value (Table 6).

Firstly, the analysis shows that those responsible for corruption prevention and transparency, often assigned to the Internal Audit as a staff function under the Top Manager's control, seems to be the most relevant role in a lot of activities required by Law 190/2012. Thus, comparing indicators no. 1 and no. 2 (Table 3), low involvement of the BoD seems to emerge (Table 4, indicator no. 3). However, the BoD is deputed both to approve plans and updates as shown by indicators 10, 18 and 19 (Table 5) and define strategic objectives of corruption prevention, excluding involvement in measuring its definition and application, foreseen by Law 190/2012 (e.g., revolving doors, whistleblower, conflict of interest, etc.).

Although the corporate governance (Di Pietra and Melis, 2016; Melis, 2000) appears to be less relevant than other issues and factors in the corporate corruption prevention plans (Table 3, indicators 4), the internal audit function (Table 3, indicator no. 5) is mainly deputed to assess and increase risk, control and governance management (IIA, 2009) under the internal control system, the Top Managers' supervisor and anti-corruption prevention. However, the plan's sample refers to Internal Audit (IIA, 2009), which is similar to the internal control system (Table 3, indicator no. 7). Additionally, the Audit committee and Directors categories (independent, executive and non-executive) are not investigated in the plans as shown by indicators no. 8 and no. 9 (Table 3).

4.2. The role of BoD compared to the wide control functions

The relationships between BoD and control functions in the plan's sample (Table 3) are investigated proposing some relevant insights. Firstly, the internal control system is recalled less in the plans (Table 3, indicator no. 7) than the valuation of independent organisms (Table 3, indicators no. 6) and more than Audit committee (absent value) and Directors categories (absent value). Secondly, the existence of a strong relationship between control functions and the BoD is clearly declared in only 5% of the plan's sample (Table 5, indicator no. 15), assuming it from the complete reading of documents.

Sometimes plans include both patterns of the internal control system (15%), to better understand it (Table 5, indicators no. 16), and statements about the control functions nomination by the BoD (Table 5, indicators no. 14), having a clear understanding of corporate control functions. Additionally, 85% of companies adopt a risk management and organization model by Legislative Decree 231/2001 (Table 5, indicators no. 11). Although, the plan's sample analysis revealed a great level of companies involvement and combination among Law 190/2012 and Legislative Decree 231/2001, "Valuation Independent Organism" or "Surveillance Organism" seem to receive the same attention as the Internal audit function (Table 3, indicators no. 6).

4.3. The role of BoD in the corporate corruption prevention plan's construction and application

First results on the role of the BoD in the corporate corruption prevention plan's construction and application do not seem very encouraging. While there is a complete involvement of the BoD in appointing those responsible for corruption prevention and transparency (Table 5, indicators no. 17) and collaborating with control functions, a weak involvement of the BoD appears in many corruption prevention activities concerning corporate sustainability achievement (Elkington, 2002; Lozano and Huisinigh, 2011). In a few observations, the plan's become a tool, declaring the alignment between the plan's objective and policy adopted by BoD (Table 5, indicator no. 12). Additionally, the explanation of the BoD's corruption prevention functions is announced in only in 60% of plans (Table 5, indicator 13).

Focusing on the core measures of the anti-corruption plans a primary insight appears to be the absence of the BoD's involvement in the definition of risk and its management and treatment (Table 5, indicator no. 20) in corruption prevention. Additionally, analysing indicators among no. 21–32 (Table 5), the BoD is less involved in the anti-corruption education of employees (10%), job rotation (10%), whistleblower (10%), revolving doors or pantouflage (or "patto di integrità") (10%), behaviour code's adoption (25%), job assignment (20%), competition commission assignment and conflict of interest (absent), monitoring (30%), reporting activities (20%) and information flows toward those responsible for corruption prevention (30%) and disciplinary system (10%).

Additionally, the analysis of the variables affecting the degree of involvement of the BoD in the drafting of prevention plans shows that the company's dimensional profile does not affect this process. The analysis of the linear regression coefficient of Pearson (R) shows that there is no correlation between the indicator GY, company and dimensional indicator (number of employees) since its value is equal to 0.08 (Table 7). Moreover, the statistical analysis shows there is not correlation between the indicator of involvement GY and the variables identifying the company performance: the value of Pearson coefficient equal 0,15 and 0,14 (Table 8) allow to assert that the adoption of corruption prevention plan's involves a social cost. Thus, the introduction of prevention plans and high involvement of the BoD in corruption prevention seem to increase the bureaucratic process, involving a loss of efficiency and a decrease in company performance.

5. Conclusions, limitations and future research

This paper presents pioneering findings about the role played by the BoD in terms of control functions and corporate corruption prevention in the companies' systems that safeguard corporate sustainability (Allais et al., 2017; Elkington, 2002; Fuente et al., 2017; Lozano, 2012; Schrippe and Duarte Ribeiro, 2019) and avoiding negative impacts on the environment and societies (Elkington, 2002). This analysis has been carried out following the institutional theory on the role played by the Italian BoD in the sustainable corporate governance system according to Aguilera (2005). Additionally, this paper proposes relevant advances in corporate governance and corruption answering the call for research launched by Di Pietra and Melis (2016). Thus, in the first step, a sample of twenty Italian companies was investigated through a set of primary key indicators (PKI), applying the content analysis method in defining the role of the BoD in corruption prevention. In the second step, the level of the implication of the BoD in drafting the prevention plans was analysed, identifying the global indicator GY. After, to identify which variables affect the involvement of the BoD in drafting prevention plans, through a linear regression analysis, the GY was correlated with internal BoD variables, the company's dimensional indicator and performance indicators.

5.1. Theoretical and practical implications

The results of the analysis provide both theoretical and practical contributions to the literature, especially in the field of sustainability (Aghion et al., 1999; Allais et al., 2017) directed at avoiding negative externalities on the environment and societies (Dunphy et al., 2003; Elkington, 2002; Hart, 1997; Robert et al., 2013), and answers the research question.

As sustainable corporate governance should be directed at increasing the efficiencies of corporate sustainability dimensions (Lozano, 2012), in light of Aguilera's questions (2005), "for what?", our analysis shows that there is not a high involvement of the BoD

in activities on corruption prevention. Our statistical analysis confirms that the dimensional profile of companies does not affect the level of the BoD's involvement and allow us to assert that the adoption of corruption prevention plans increases the corporate bureaucratic process involving, consequently, a decrease in performance.

The BoD generally fosters and supervises the establishment process of the anti-corruption plan instead of participating in the activities: definition, plan's implementation, adoption of prevention measures and monitoring, and, finally, decision-making processes control. Therefore, the evidence seems to require an increasing accountability BoD role in the sustainable corporate governance system to prevent corruption and contribute to the institutional theory by [Aguilera \(2005\)](#).

Additionally, concerning “to whom” ([Aguilera, 2005](#)), a possible increase in the involvement of the BoD's activities in corruption prevention is directed towards internal and external stakeholders. As in the corporate governance system, the BoD has a central role in managing the company system and achieving corporate objectives; in the corporate corruption prevention, the BoD should assume a core position in adopting and applying legislation. The BoD governs measures and rules in the plans as other internal stakeholders and, additionally, it defines the strategic objective of the plan, as well as its approval and adoption to prevent the corruption phenomenon ([ACFE, 2018](#); [Atangana Ondo, 2014](#), [Joseph et al., 2016](#); [Podolny and Podolnaya, 2016](#)). Lastly, in some recent reforms, it has been said that the BoD should be able to adopt some actions as they are responsible for corruption prevention warnings.

In light of previous evidence, an increasing accountability path of the BoD in corruption prevention (“how”) could be directed at fortifying the BoD's composition. However, the plan's sample does not show anything on this issue. On the one hand, the first general proposal (1) is that it would be necessary to increase the number of Independent Directors on the BoD and assure the complete control of Top Managers and the control function in the company system. On the other hand, the second proposal (2) would be to foresee a specific and specialised anti-corruption committee inside the BoD to boot its accountability and affirm its active role in corporate corruption prevention.

Additionally, another proposal (3) is to anticipate the guidance of the BoD's effectiveness for all kinds of companies, encouraging the anti-corruption legislation model and sustainable corporate governance. For instance, in the UK, the Financial Reporting Council issued the Guidance of Board Effectiveness for listed companies defining the effectiveness of the board (e.g., role definition, decision-making, composition and performance) and aligns its principles to the UK Corporate Governance Code. Lastly, a set of non-financial sustainable indicators to include in the corruption prevention plans of Italian companies appears as a positive proposal (4) also in light of other national legislations increasingly directed to apply it. For example, there are non-financial indicators required by Legislative Decree no. 256/2017 that discipline the integrated report of national companies. In this way, it is possible to achieve an integrated sustainable corporate governance model ([Yoshikawa and Rasheed, 2009](#); [Wijayati et al., 2015](#)) addressed to prevent corruption based on a corporate sustainability system and a specific compliance program ([Lopatta et al., 2017](#)).

5.2. Limitations and future research

The limitations of the paper derive from the analysis of 20 Italian companies. Future research might extend the analysis to other Italian companies, also proposing a cross-cultural business comparison. Additionally, future research is directed at the growth of primary sustainable key indicators (PKI), proposed to increase the

reliability of the research together with some statistical tests (e.g., II Scott Test, Bhapkar Test and Anova Test), and the increase of the number of variables, which can affect the level of involvement of the BoD in drafting the prevention plans to be analysed.

Declaration of interest

“Declarations of interest: none.”

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