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Managing Third-Party Corruption Risk

The Case of Safaricom and Its Suppliers
Preface

The Center for International Private Enterprise (CIPE), an affiliate of the U.S. Chamber of Commerce based in Washington, D.C., commissioned Anthony K. Ngige, anti-corruption consultant and chief executive officer (CEO) of Stealth Africa Consulting LLP, to conduct research and write this case study with CIPE’s guidance and support in partnership with Safaricom.

This case study highlights the importance of anti-corruption compliance in the modern marketplace, specifically examining how it applies to supplier relationships in Kenya. Anti-corruption compliance continues to be a challenge among mid-sized businesses that, more often than not, are exposed to corruption and expose themselves and others to third-party liability. This case study shares practical guidance for mid-sized companies in Kenya and beyond that are either suppliers looking to enhance their compliance programs or businesses aspiring to join global supply chains and create new business opportunities.

CIPE has conducted research, produced publications, and held training and capacity-building workshops around the globe aimed at enhancing anti-corruption compliance. In particular, CIPE’s innovative publication, Anti-Corruption Compliance: A Guide for Mid-Sized Companies in Emerging Markets, is meant to help local companies around the world think about anti-corruption compliance as a strategic investment and take concrete steps to introduce or strengthen their internal compliance programs.

This case study illustrates how Safaricom PLC, Kenya’s leading telecommunication company and in many ways the most successful company in Kenya, has positively influenced two mid-sized companies in improving anti-corruption compliance. This case study also demonstrates how building an ethical culture can be a good investment for businesses. Safaricom was selected due to its strong anti-corruption advocacy role in many multi-sectorial initiatives, such as the Code of Ethics for Business in Kenya, a collective effort by the business community to promote and enhance ethical business conduct in line with the Ten Principles of the United Nations Global Compact (UNGC). Safaricom also participated in anti-corruption compliance workshops facilitated by CIPE and Kenya Association of Manufacturers (KAM) for its suppliers. Adrian Kenya Limited and Extra Dimensions Company Limited were selected, among several Safaricom suppliers, to be featured in this case study. Adrian is a leading telecoms contractor and Extra Dimensions is a leading events management supplier and renewable energy and infrastructure service provider with Safaricom.
Introduction

Corruption is one of the major challenges facing Kenya. Its practice is widespread and contributes to the increased cost of doing business in the country. Kenya was ranked 143 of 176 countries in Transparency International’s Corruption Perception Index 2017 and only managed a score of 28 of 100 (with zero perceived to be highly corrupt and 100 very ethical). Every year, Kenya loses one-third of its national budget, approximately KES 608 billion (US $6 billion), to corruption, according to the Ethics and Anti-Corruption Commission. Additionally, over 71% of firms in Kenya indicate that they need to give gifts to obtain government contracts, and the average amount paid to “get things done” is 12% of the value of the contract, according to a World Bank survey.

Small and medium enterprises (SMEs) constitute about 98% of all businesses in Kenya and face the highest exposure to bribery and corruption in their daily business operations. Research carried out by Africog in Kenya shows that about 79% of companies report that they expect to make informal payments to public officials to get things done (facilitation payments); 29% expect to give gifts to obtain an operating license; and 36% expect to give gifts to acquire a construction permit.

Despite the prevalence of corruption and bribery, both issues are increasingly viewed as unacceptable in local and international business. This has led to many conventions, standards, and laws being promulgated, enacted, and enforced to substantially reduce corruption and bribery in all its forms. These include the U.S. Foreign Corrupt Practices Act, UK Bribery Act, UN Global Compact’s Principle 10 (focused on anti-corruption), United Nations Convention Against Corruption, OECD Anti-Bribery Convention, and UN Sustainable Development Goals 16 Target 16.5. Kenya followed suit with enactment of the Kenya Bribery Act (2016).

These laws and conventions increasingly hold companies liable for corruption and bribery committed directly and also conducted indirectly on their behalf or for their benefit by third parties. The Kenya Bribery Act holds companies liable for offenses committed under the act by “associated persons” that perform services for or on behalf of the company. This provision has introduced third-party liability to Kenyan businesses. The law further requires organisations to establish “appropriate procedures” that are commensurate to the size, scale, and nature of their operations to
prevent bribery. These include, among others, appropriate procedures on preventing bribery and corruption by third parties.

Third parties include suppliers, contractors, agents, retailers, dealers/distributors, and affiliate companies (equity stake). More often than not, third parties present a porous entry point and a weak link since a company cannot completely monitor and control actions of its third parties, their employees, and their agents, thus exposing a company to numerous risks. Some third-party risks are associated with the activity itself, for instance a third party whose service involves regular payments to government agencies. Others arise from, or are increased by, the involvement with a third party, for instance a third party with a history of engaging in corrupt practices or one operating in a country with a high risk of bribery and corruption.

Doing business with third parties, especially SMEs that may have fewer anti-corruption controls in place, exacerbates the already high corruption risks in doing business in Kenya. This risk calls for companies to implement robust anti-corruption compliance programs to prevent and mitigate their third-party bribery and corruption risk. Equally important, however, is building the capacity of third parties themselves to implement anti-corruption compliance programs that make them less risky business partners.
Safaricom’s Third-Party Compliance Program

Safaricom Public Limited Company (PLC) is Kenya’s leading integrated communications company, providing voice, data, and digital financial products and services to retail consumers, businesses, and the public sector. The company’s goal is to transform lives with unmatched, innovative, and superior products and services that meet the needs of Kenyans. Safaricom’s current market capitalization exceeds KES 1.2 trillion (approximately US $12 billion) and its operations are reported to have generated more than 680,000 jobs directly and indirectly in the Kenyan economy, according to consulting firm KPMG.

In 2007, Safaricom launched a first-of-its-kind mobile money service, M-Pesa, which revolutionized digital financial services in Africa, South Asia, and Eastern Europe. Today M-Pesa has 30 million users in 10 countries and offers a range of financial services including international transfers, loans, and access to emergency money that can be received quickly to obtain urgent medical treatment. The system processed around 6 billion transactions in 2016. Safaricom delivers its services in partnership with many third parties and has over 130,000 M-Pesa agents, 400 dealers, and 1,200 business partners. Although these impressive figures indicate strong business growth and a stable presence in the market, they highlight an equally high exposure of Safaricom to corruption and bribery risks, which are a big threat to business. As Safaricom CEO Bob Collymore observed, “Corruption remains one of the single biggest obstacles to our long-term sustainability and shared prosperity.”
**Governance**

Safaricom is committed to operating in an ethical, transparent, and accountable manner by having robust governance processes and structures in place, along with explicit guiding principles and clear lines of responsibility. The Board of Directors is ultimately responsible for corporate governance throughout the organisation, and the behaviour of members is governed by an explicit Governance Charter.16

Safaricom has a Board Audit (and Risk) Committee (BAC) that is responsible for providing oversight, reviewing, and assessing the company’s risk management process, and ensuring adequacy of the overall control environment, among other functions.17 The BAC’s role and the structure of the compliance function in the company are further outlined in the Audit Charter.

Safaricom also has an Ethics Committee, a special committee established by the Board to play an oversight role on matters of ethics, integrity, and best business practices. Comprised of seven members of the Executive Committee and chaired by Safaricom’s CEO, the Ethics Committee offers strategic guidance on, but not limited to, the following areas:

- Reviewing ethical risks facing the company and putting response plans in place;
- Ensuring robust ethics-related policies are developed and implemented;
- Monitoring and reviewing various ethics initiatives;
- Providing direction whenever situations or circumstances with ethical dilemmas arise.

Below is the structure of the compliance leadership and committees:

*Director of Risk Management reports to the CEO and to the BAC*
The following points further elaborate on the roles in this structure:

- The Board of Directors has the ultimate responsibility for corporate governance and adequacy of the overall controls environment in the organization. The Board has the BAC as a sub-committee that focuses on this role.

- The Risk Management Division under its Director has day-to-day oversight responsibility for managing risks, business ethics, and compliance. The Director of Risk Management is a member of Ethics Committee and also reports directly to the Board through the BAC.

- The Ethics and Compliance Department, under the Risk Management Division, is responsible for promoting business ethics, ensuring compliance, and conducting investigations in collaboration with law enforcement agencies. The Head of Department is also the Secretary to the Ethics Committee.

**Advocacy and Multi-Sector Initiatives**

Safaricom actively engages in advocacy to promote ethical business practices and principles throughout its value chain and the wider business ecosystem in Kenya. Its CEO, Bob Collymore, is a committed member of the B Team, a not-for-profit initiative formed by a global group of business leaders, which aims to ensure its member organisations are open, transparent, and free from corruption, with good governance and accountability at all levels. Collymore is also a member of the Steering Committee of the Kenyan Chapter of UNGC, Global Compact Network Kenya (GCNK), and a member of Businesses Against Corruption in Kenya, a multi-sectoral initiative by GCNK, Kenya Private Sector Alliance (KEPSA), and KAM among other stakeholders. Safaricom participated in the Siemens Anti-Corruption Collaborative Action Initiative that involved CIPE and other stakeholders. The company is also actively engaged in the UNGC Advisory Board and was participated in reviewing the syllabus and training materials used by CIPE, KAM, and UNGC for the good governance and anti-corruption training sessions for small-to-medium sized businesses. Safaricom encouraged its third parties to attend the training sessions.

Safaricom was actively involved in drafting, launching, and promoting the Code of Ethics for Businesses in Kenya. The company requires all its suppliers to sign the Code and, to date, 98% of suppliers with active contracts have signed it. Contracts with suppliers are renewed only if suppliers sign the Code.
**Third-Party Due Diligence and Risk Assessment**

Safaricom conducts due diligence on its business partners to identify and mitigate risks associated with third parties. During the on-boarding and shortlisting process, Safaricom requires suppliers to provide minimum mandatory requirements such as Kenya Revenue Authority Tax Compliance Certificate, Certificates of Registration, and technical competence certificates. These documents are examined for completeness and authenticity before some of them are independently verified. Safaricom conducts a tiered due diligence process depending on size, complexity, and risk exposure of the third party. All suppliers and their directors are subject to a rigorous and objective due diligence process before award of business or prequalification for business. The due diligence involves examining potential suppliers against public negative mentions based on Safaricom’s local knowledge, print and online news sources, and the supplier’s history with the company. Other sources include the World Bank’s and International Monetary Fund’s debarment lists, as well as Dow Jones and Factiva watch list searches.

**Supplier Code of Conduct**

Safaricom requires that all its suppliers read, understand, and sign the Supplier Code of Conduct. This Code forms part of the supplier contract and has several ethics provisions, in particular those touching on bribery and corruption, conflicts of interest, gifts and other business courtesies. In the Code, Safaricom also references the Code of Conduct for Businesses in Kenya and requires that suppliers sign the Code.

**Supplier Self-Assessment & Risk Assessment**

Safaricom issues an annual questionnaire for suppliers to assess themselves on various areas including bribery and corruption, occupation health and safety, and information security. The self-assessment is compared to the information provided by the various user departments that interact with the supplier on a day-to-day basis. The process forms part of assessing the performance and behaviour of the supplier prior to renewal of the supplier’s contract.

Safaricom also conducts risk assessments across its operations. The supplier risk assessment is conducted by reviewing various parameters such as strategic nature of the business, value of business, information shared with the supplier, and sensitivity of business. This risk assessment forms a basis for selecting areas for in-depth audit reviews of specific internal controls within the organisation. The risk assessment also guides prioritising fraud reviews of processes that are suspected of having become compromised. The
company also conducts scheduled and, where necessary, surprise audits at the supplier’s premises to enhance compliance.

**Anti-Corruption Monitoring**

Safaricom takes proactive steps to identify cases of fraud and corruption. These steps include using the fraud management system to identify possible cases of fraud and to carry out in-depth fraud reviews to determine whether fraud had occurred within key processes. The table below indicates the statistics of anti-corruption monitoring from 2015 to 2017 (fiscal years): 21

<table>
<thead>
<tr>
<th>Anti-corruption monitoring measures</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Assessments (bi-annual cycle)</td>
<td>8</td>
<td>9</td>
<td>7</td>
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<tr>
<td>Audit Reviews</td>
<td>33</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Fraud Reviews</td>
<td>13</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Special Request Reviews</td>
<td>1</td>
<td>11</td>
<td>11</td>
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</tbody>
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The risk assessments that Safaricom conducted across the organisation during this period were supported by in-depth audit reviews of specific internal controls within the organisation and fraud reviews of processes that were suspected to have been compromised. The risk assessment encompasses enterprise risk management, operational risks, and strategic risks and ethics risks per strategic objective. 22

**Education and Training**

In addition to regular employee training, Safaricom conducts annual ethics and fraud training sessions with its M-Pesa agents, dealers, and suppliers, and supplements the training with ethics-related newsletters. Topics include anti-money laundering, how to safeguard against fraud, and the 2016 Bribery Act. The company also conducts supplier forums annually to increase awareness and improve the technical capacity of its suppliers. During the annual forums, Safaricom facilitates workshops and seminars to inform partners of the importance of anti-corruption compliance.
Communication and Public Disclosures

Safaricom is among the first companies in Kenya to self-report publicly on its anti-corruption and fraud initiatives, which are detailed in the company’s annual Sustainability Reports. The following are the anti-corruption disciplinary measures reported for the last three fiscal years:

<table>
<thead>
<tr>
<th>Anti-corruption corrective measures</th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fraud cases investigated</td>
<td>33</td>
<td>31</td>
<td>29</td>
</tr>
</tbody>
</table>

Outcomes of investigations

| Disciplinary warnings | 14   | 12   | 13   |
| Dismissals           | 52   | 16   | 58   |
| Cases reported to law enforcement agencies               | 3    | 2    | 4    |

This disclosure is important in sending the right message to suppliers and the public that Safaricom has a zero-tolerance stance on corruption and also reinforces a culture of transparency and accountability.

Safaricom regularly sends communication on various ethical issues to its suppliers. In December 2017, for instance, the company reinforced the message to its suppliers not to offer any gifts to its employees. In all its purchasing orders, the company also reiterates its zero-tolerance policy on corruption and provides the reporting channels indicated below.

Whistleblowing and Reporting

Safaricom expects its suppliers to report unethical acts either by Safaricom, its staff, or other suppliers and has provided the following channels:

- Toll free number: 0800 720 009
- Email: safaricom@ethics-line.com
- Website: www.safaricomethicsline.com

The company promises anonymity and that it will investigate all matters confidentially.

Enforcement and Incentives

Safaricom’s supplier and third-party contracts clearly stipulate the offenses and sanctions regarding third-party conduct. Allegations of corruption are investigated to a logical conclusion, and appropriate measures are
taken in response. Normally, suppliers who wilfully engage in corruption are terminated. Afterwards, Safaricom ensures that it does not conduct business in the future with the company, its directors and/or principal officers. Safaricom reserves the right at its discretion to terminate contracts in which there is a breach of the code of conduct. The company’s approach to incentives is that if third parties do the right thing consistently in all areas of compliance, including quality, their businesses will grow, not only with Safaricom but also with other customers. The following case studies of two mid-sized companies indicate how compliance and firm adherence to business ethics and integrity lead to business growth and sustainability.
Adrian Group Kenya Limited

“We have turned down many business opportunities due to ethical concerns. We believe that corruption only finds its way in mediocrity especially when an enterprise does not merit the opportunity.”

- Bernard Njoroge
  Founder and Managing Director, Adrian Group

Adrian Group is a mid-sized company that was incorporated in 2006 and started its operations in 2009. It is an IT company offering end-to-end solutions in energy, telecommunications, and information and communications technology (ICT) in Kenya and has a presence in Rwanda, Uganda, Tanzania, Somalia, and South Sudan. Adrian Limited started off as a sub-contractor in site maintenance for Nokia Siemens. Then, in 2011, the company became a direct supplier to Safaricom in site building, site power line construction, network optimization, and site maintenance.

To date, Adrian Limited has shown market resilience and has experienced fast growth even during the period of economic slowdown in the run-up to, during, and after Kenya’s 2017 general election. Currently, Adrian has a workforce of 315 directly employed staff and others as subcontractors. In 2016, the company generated revenues in excess of KES 600 million (approximately US $6 million) and projects a growth rate of about 300% in fiscal year 2018. In light of this strong performance and other
considerations, Safaricom awarded Adrian additional contracts extending to March 2020 that include new areas, such as fibre optic installation and maintenance. The company’s competitive advantage is its service excellence and high-quality standards. According to Felix Nzuki, Adrian’s Head of Business Development, the key to the company’s success is “our ability to work around the clock and deliver beyond clients’ expectations.”

**Governance**

Adrian is a midsized Kenyan company owned by Bernard Njoroge, who is also its Managing Director/CEO. Adrian, like many Kenyan businesses, evolved from a sole proprietorship to a family-owned company, limited in separation of ownership from management. Until recently, the company lacked a formal Board of Directors, which raised accountability and governance concerns. In 2017, Adrian adopted a Board of Directors comprised of seven professionals with high levels of diverse experience at the executive and board level in the corporate sector, both locally and internationally. The Board provides an advisory and oversight role over the operations of the company. The new Board has greatly helped the firm to focus on growth opportunities and regulatory compliance. Since being formally established, the Board has met several times, deliberated on key concerns, and resolved some, signalling a strong commitment to improving corporate governance within the company. For instance, one strategic area for the Board to address is diversification of revenue. Adrian is determined to deliver quality solutions and comply with standards for its main customer, Safaricom, which contributed to about 90% of its revenue in the past. At the same time, Adrian’s Board has put in place measures to diversify its business and intends to lower Safaricom’s concentration to 60% by the end of fiscal year 2018 by increasing business from other customers. Moreover, the board recommended the development of a formal business continuity plan. This resulted in the restructuring of the business, which led to the establishment of the Advisory Board, Senior Management Team, and Portfolio Managers.

**Compliance Structure, Roles and Responsibilities**

Patrick Obath, Chairman of Adrian’s Advisory Board, asserts that although Adrian is a mid-sized company, it has accepted and chosen to do business following global best practices in anti-corruption. As with most midsized organizations, Adrian carries out its compliance role through a number of functions within its structure, implementing a decentralized model of compliance. The CEO has the ultimate responsibility for compliance and sets the tone at the top. The role of compliance at Adrian is carried out operationally by the Business Governance and Sustainability function,
and under it there are business compliance, contract management and monitoring, and risk functions. Adrian Limited upholds anti-corruption and ethical compliance through a part-time risk committee that comprises two units: the compliance unit and the risk management unit that conducts investigations, field risk, and safety management, as well as overall company security. The Head of Business Governance and Sustainability acts as the head of risk committee.

Adrian is a telecom and power construction contractor. Therefore, Operational Health and Safety (OHS) and Quality Management System (QMS) are key areas of compliance. Adrian’s Head of Business Governance and Sustainability is responsible for handling regulatory, bribery, and anti-corruption compliance issues in the organisation supported by legal and human resource functions.

Below is the structure highlighting the various functions that play a compliance role:

![Diagram of compliance structure]

**Regulatory Compliance**

Adrian is a member of and accredited by the Energy Regulatory Commission (ERC), the Communication Authority (CAK), and the National Construction Authority. Other certifying bodies are the National Environmental Management Authority (NEMA) for the Environmental Impact Assessment, Kenya Civil Aviation Authority for air navigation services, and the County Government for laying network fibre cables in Kenya’s 47 counties.

**Anti-Corruption Compliance, Policies, and Procedures**

Adrian Limited is legally registered and compliant with mandatory requirements of doing business in Kenya. The company is a signatory to the
UN Global Compact Principles and by extension a member of the GCNK. The Ten Principles of the UN Global Compact call upon companies to align strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, and take actions that advance societal goals. Adrian is also a signatory of the Code of Ethics for Businesses in Kenya, a requirement by Safaricom for all its suppliers. In addition, the company is a signatory to the Safaricom Supplier Code of Conduct, a mandatory requirement for all Safaricom suppliers.

Adrian provides an Employee Handbook to all employees and has encouraged them to report any form of misconduct through the Human Resources function. Stated prominently on Adrian’s website is one of its key values: “Accountability: We are champions of our company and we do what we say we shall do. We act with openness, integrity, and trust.”

**Staff Training and Communication**

Adrian’s Managing Director/CEO, the Head of Business Governance and Sustainability, and the Procurement Officer attend Safaricom’s supplier forums, while compliance and risk management personnel receive anti-corruption compliance training. Adrian staff have participated in two Safaricom training sessions on supplier’s compliance and anti-corruption compliance.

According to Felix Nzuki, who has attended the training sessions: “The trainings are simple and well executed. They mainly focus on bribery, gift policies, and collusion with procurement officers during the tendering process, (and) the Kenya Bribery Act of 2016.”

Adrian has picked up the lessons from these sessions and attempted to replicate them in the way it does business.

HR regularly communicates to staff through email and internal memos. In addition, Adrian holds monthly staff meetings during which departments provide progress updates and awareness sessions are conducted.
Global Supply Chains and Business Opportunities

“The impact of practising ethical business has greatly reduced our risks and preserved our reputation whilst at the same time has attracted reputable organisations, locally and globally, to us.”

- Bernard Njoroge
  Founder and Managing Director, Adrian Group

Felix Nzuki asserts that mid-sized companies have several incentives to employ anti-corruption compliance and ethical business conduct. Adrian has been able to attract global partners such as American Tower, Oracle, ENaTel, and General Electric due to its reputation for quality and integrity. As Felix notes, for a company to attract and retain these multinational corporations, “the organisation needs to observe very high ethical values.” For example, to be listed as a General Electric partner, Adrian submitted an extensive anti-corruption and ethics questionnaire assessing various areas of bribery and corruption. Similarly, to be listed as a partner by Oracle, Adrian has had to take and pass a bribery and due diligence test.

However, in some cases, running a business ethically in the local environment may have short-term negative implications, especially when dealing with customers that are not themselves engaging in ethical business practices. As Stanley Muia, a Senior Programs Manager at Adrian, states: “(The) lack of a level business playing field in Kenya, caused by corruption, reduces healthy competition that in turn affects (the) growth of ‘clean’ businesses.” Nonetheless, new business opportunities from participating in global supply chains far outweigh the short-term benefits of engaging in corrupt practices. Local companies can realize such long-term benefits by running clean operations and reliably acting with integrity.

Monitoring Against Fraud and Corruption

The company’s finance department reviews key processes such as procure-to-pay and order-to-cash. The company engages the services of an external auditor every year to conduct a statutory audit. Allegations of fraud and corruption are investigated by external investigations firms hired on a case-by-case basis.
Future Compliance Plans

“As stewards of our future, we must think and act long term and sustainably by rejecting corruption in all its forms”

- Bernard Njoroge
  Founder and Managing Director, Adrian Group

Adrian’s Board, management, and staff believe the company’s future is bright. Bernard Njoroge believes that as stewards of their future, they must think and act long term and sustainably. As such, they have put in place plans to formalise reporting structures, including an independent whistleblowing channel as opposed to reporting to HR. Moreover, Adrian continues working closely with Safaricom’s Ethics and Compliance function on anti-corruption compliance to help identify gaps and improve their level of compliance. The company is also looking into more training for its employees, especially from anti-corruption compliance experts.

Conclusion

In conclusion, Adrian’s case study proves that it is possible for a mid-sized organisation to do business on merit and fair consideration. The firm has also demonstrated that although challenges in anti-corruption compliance programs exist, it is crucial to end corrupt practices and break away from organisations that engage in corrupt practices, such as some county governments.

Safaricom has played a major role in shaping Adrian’s governance and compliance standards through its third-party compliance program. This includes strengthening their self-regulatory ethics and anti-corruption standards by adopting UNGC and the Code of Ethics for Businesses in Kenya. Adrian has also made self-driven efforts that have attracted multinational corporations, such as GE, which have integrated the company into their global value chain.
Extra Dimensions is a production, event management, and design company based in Nairobi. Incorporated in 2000, Extra Dimensions is owned and run by Wambui Njoora, a career banker with a knack for business in the service industry. The company provides end-to-end service through a unique combination of design and an exclusive collection of decor elements, incorporating thematic pieces to create memorable events. Extra Dimensions offers services ranging from pre-event, during-event, and post-event solutions that include creative concept design, execution and co-ordination; tent and structure installations; draping kits; and lighting equipment. In addition, the company has ventured into renewable energy and infrastructure services. Recently, it inaugurated a Renewable Energy Division that has since been prequalified by Safaricom under the Energy and Infrastructure service line.

Extra Dimensions has grown considerably since its inception. Currently, it has about 10 permanently employed office staff and over 100 contracted employees due to the nature of the business, which does not require many full-time employees. The number of employees is dependent on the number, nature, and magnitude of events. The firm has a diversified clientele that includes Kenya Red Cross, Diageo, Kenya Breweries, Kenya Airways,
KCB, and Safaricom. It has also been involved in key events such as the Sixth Global Entrepreneurship Summit (GES) attended by the then-U.S. President Barack Obama in 2015.

To date, Extra Dimensions has completed over 1,500 projects and won 16 awards. As a long-time Safaricom supplier for over 18 years, the company has won many supplier awards, the most notable being the Business Partner Award for supporting Jazz Festivals for the fiscal year 2015-2016. The company’s achievements are premised on their mission: “To deliver exceptional events that are always beyond the client’s expectation and imagination.”

**Governance and Tone-at-the-Top**

Extra Dimensions is a family-owned and operated company. Its governing body is not quite formalized, but it is directed by Wambui Njoora, CEO/Managing Director, and her daughter, the administrative director. Due to the nature of business and lean staff, the firm has not established a Board of Directors, but rather has decentralized the functions of corporate governance. For instance, the Managing Director exercises the oversight responsibility and ensures development, management, and adherence to policies and procedures with support from the management team. The management team is comprised of the Administrative Director, Events Manager, Finance and Accounts Officer, Legal Officer, Human Resources Officer, Operations General Manager, and Occupational Safety and Health Manager.

During the interview for this case study, Wambui Njoora stated “Corruption disgusts me.” She noted how she has, on a number of occasions, cancelled contracts and pulled out of procurement processes where there were indications of corruption or unethical conduct to obtain business. Her zeal in ethical matters is evident, as she sits on the UN Global Compact Kenya Networks Board of Directors and recently joined the Creative Industries Executive Committee in Kenya.

The CEO has made it clear to her staff that she does not tolerate corrupt practices, and this view is reflected in her staff members. Kenneth Njenga, Events Manager, shared the same high ethical values, stating, “Corruption catches up with you,” and therefore is better avoided.

**Anti-corruption Training and Awareness**

Every year, Extra Dimensions sends its staff to various anti-corruption compliance training sessions to build on the firm’s already existing ethical culture. In most cases these sessions are attended by the Chief Executive
Officer, who also sits on the board of the UN Global Compact Kenya; the Human Resources Officer; and the Events Manager. Some of the training sessions that company employees have attended were facilitated by Safaricom, CIPE, KAM, and GCNK. For example, in 2017, Extra Dimensions sent staff to be trained on the Kenya Bribery Act. Internally, the company also conducts training and awareness sessions every quarter. The business ensures that its employees attend Safaricom Business Partner training sessions, during which several topics are presented including bribery and corruption. Extra Dimensions also makes it mandatory for department heads to attend Safaricom sessions.

**Anti-Corruption and Other Compliance Policies and Procedures**

Extra Dimensions is a company with a lean structure but a high output of outdoor events. As such, there is less office/desk work and more field activities. Extra Dimensions’ business model does not involve much interaction between employees and clients. Sales activities are centrally managed by the CEO and Administrative Director. Thus, the company has put in place anti-corruption policies and procedures to deal with the limited exposure to match its low risk profile.

Extra Dimensions is a signatory to the UN Global Compact 10 principles and is a member of the GCNK. The company is also a signatory to the Code of Ethics for Business in Kenya, a mandatory requirement for Safaricom suppliers.

The company maintains internal control procedures for employees driving company vehicles. Staff also sign a Safety and Health Policy in line with Safaricom requirements. On its 2017 Communication in Progress report, an annual requirement of membership in the UN Global Compact, the company self-reported that as a result of being a signatory, it has been able to reduce the number of injuries in the field. The company also performs the necessary training and refresher courses on occupation and health safety to ensure all employees are safe. While not directly related to anti-corruption, these policies and procedures demonstrate Extra Dimensions’ commitment to compliance across all aspects of its operations.

**Avoiding Corruption Risks**

Extra Dimensions has also reduced exposure to corruption by adopting a cashless payment structure, thereby eliminating cash payments into the company and out of the company. Payments are made through the bank or though mobile money transfer service M-Pesa depending on the amounts,
and are done through the finance office. This ensures that bribes and corrupt deals are not facilitated through company payments.

Additionally, Extra Dimensions established pre-negotiated standardized rates for doing business with suppliers, as well as to its products and services. This minimizes negotiations that could create room for bribes and inducements to staff.

Extra Dimensions also avoids exposure to the risk of paying bribes to national government and county officials by ensuring that the necessary levies, taxes, and fees are paid on time, ahead of events taking place. Due to high levels of corruption in the public sector, the company made a decision to avoid doing business with government agencies. The company reported the same in its UN Global Compact COP for 2017.

**Monitoring Against Fraud and Corruption**

The firm conducts internal monitoring through an independent consultant on a weekly basis. During these reviews, the consultant reviews the adequacy of financial controls and accountability in the Finance and Accounts department. The company also engages the services of external auditors that conduct audits once a year to ensure the account books are accurate and provide a true and fair view of the company’s financial position.

**Self-Regulatory Measures**

Extra Dimensions operates in an unregulated field with no clear professional standards. This has led to varying standards and increased risks in areas such as health and safety during events. As a result, Wambui spearheaded the formation of the Events Management Association, a non-profit organisation with about 50 members, aimed at creating baseline standards to govern the industry. The association now falls under the Tourism Regulatory Authority in the Ministry of Tourism. Wambuni Njoora chairs the association’s Board of Directors and under her leadership the association drafted the first Entertainment and Hospitality National Guidelines, which were discussed and tabled in the Kenyan Parliament.

**Conclusion**

In conclusion, as a mid-sized company with a lean staff, Extra Dimensions shows that it is possible for a nimble and agile business to operate and succeed without giving or receiving bribes. The firm maintains a strong tone at the top as far as bribery and corruption are concerned. The company’s involvement in advocacy initiatives is inspired by its founder, Wambui
Njoora, and to some extent, its key customer Safaricom. Extra Dimensions not only complies with Safaricom’s third-party requirements but also seeks to be involved in its multi-sectoral initiatives by UN Global Compact and other organisations. Extra Dimensions has a strong self-regulatory culture and pushes for industry standards in an unregulated field as a way to strive for excellence and integrity.
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These case studies capture the experience of two firms that successfully implemented Safaricom’s anti-corruption compliance obligations and highlight the value of risk management and third-party anti-corruption compliance system to Safaricom in preventing fraud and mitigating corruption risk. While there is always room for improvement in any company’s compliance program, the firms profiled here are well advanced on their journey to operate with integrity while building profitable and growing businesses. More practical advice for companies on how to implement a transition to clean enterprise is available in CIPE’s Guidebook, Anti-Corruption Compliance: A Guide for Mid-Sized Companies in Emerging Markets.27

The Center for International Private Enterprise (CIPE) is an affiliate of the U.S. Chamber of Commerce and a core institute of the National Endowment for Democracy. Since 1983, CIPE has worked with business leaders, policymakers, and civil society organisations to build inclusive market institutions vital to a democratic society. CIPE’s key program areas include anti-corruption, business advocacy, enterprise ecosystems, democratic governance, and trade facilitation. CIPE helps the business community take collective action by advancing public sector reform and transparency in government, and by promoting and strengthening compliance standards for companies. www.cipe.org

In 2017, CIPE launched a flagship anti-corruption compliance training program for African professionals and companies. Through this scalable program, CIPE provides much-needed corruption mitigation knowledge, tools, and capacity building to local business by working with partners across the continent. CIPE provides technical support and a platform for networking among the anti-corruption compliance professionals that enables them to share best practices and lessons learned across Africa and beyond.
Safaricom is a leading telecommunication services company in Kenya providing a comprehensive range of integrated solutions including voice and data (both mobile and fixed), SMS, internet and financial services. Safaricom is one of a small group of about 400 companies across Africa whose annual revenues are more than $1 billion. In 2017, the company served 28 million consumers. www.safaricom.co.ke
Endnotes

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