

ENTREPRENEURS AND SME FACING CORRUPTION.



It is common knowledge that **corruption constitutes one of Mexico's major obstacles to development and competitiveness.** It is a win-lose-lose-lose practice that benefits only a few and disproportionately affects many, many more. It is about resources that should be applied to the common good but that deviate from its original intended purpose.

This time, I would like to discuss entrepreneurs and SME (small and medium enterprises.) How does corruption affect these particular groups? According to the INEGI (National Institute of Statistics and Geography,) in 1915, **22 percent of people who followed the established procedure to start a business** in Mexico confronted at least one act of corruption.

Entrepreneurs and SME are vulnerable when faced with corruption. The cost involved in hiring a lawyer to follow up on their case is quite high in relation to their income. In addition, they are subject to reprisals for filing their complaint. Finally, this process requires time otherwise spent on tending to their business.

Up to now, it has not been possible to detect how, when, where and how frequently these corruption cases occur. This information is indispensable for the authorities to devise an effective strategy. **However, at present there is no accessible, effective complaint mechanism linked to a specific strategy.**

The C230 consultancy cited the following testimony from an entrepreneur. "I have attempted to transmit my public denunciations by telephone, and in every case it appears I have dialed incorrectly. I have also turned to the authorities, but no one knows where to submit this complaint or how to go about it."

In view of this problem, the INADEM (National Entrepreneurship Institute) has established an alliance composed of corporations, NGO's and government bodies at the federal, state and municipal level. The participants in this alliance contribute by implementing a clearly defined strategy, beginning with the **Corruption Map**.



Therefore, there is now a platform where entrepreneurs and SME can document their corruption cases. They can access it through <http://www.mapadecorrupcion.mx>. Three months after its launching there are over 400 reported cases.

This is an auspicious beginning in Mexico, which will hopefully generate new changes. In the future, I would like to see an agency similar to the PROFECO (Consumer Protection Agency) that represents entrepreneurs and SME who have been victims of extortion. Whether it be this or another equally advisable solution, Mexico needs some form of advocacy for entrepreneurs and SME.

At the same time, other organizations such as the Chambers of Commerce and Industry can teach their affiliates to implement efficient codes of corporate conduct. Furthermore, the larger corporations can assist their SME suppliers by sharing with them the most successful anticorruption practices and implementing such controls with their suppliers. One great success story in this regard is CEMEX.

**The only thing we cannot do about corruption is
give up.**