

Chapter 8

Corporate Scandals and Global Indexes: Examining the Roles of Corruption, Development, Press Freedom, Sustainability, and Democracy

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ABSTRACT

This study explores the relationship between corporate scandals and a set of global indices to understand whether governance institutions and structures, levels of economic, social, and democratic development, and freedom of the press influence the number of scandals. The study uses the Human Development Index, Corruption Perceptions Index, Sustainable Development Goals Index, World Press Freedom Index, and Democracy. The research question is whether the more corrupt, underdeveloped, and anti-democratic a country is, the greater the number of corporate scandals. The study uses descriptive statistics between 1989 and 2015 to analyze the relationship between these factors. Surprisingly, the results show

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that more developed countries had more reported scandals on average. The study highlights the need for governments, corporations, and civil society to work together to prevent and address corporate scandals and promote sustainable development, democratic governance, and human rights.

1. INTRODUCTION

This study investigates the relationship between corporate scandals and a set of indices to understand whether the number of scandals is influenced by governance institutions and structures, by levels of economic, social, and democratic development and by freedom of the press. The contribution would be to gain a deeper understanding of the complex relationship between the mentioned factors and corporate scandals and to identify potential policy interventions or strategies to mitigate the risk of corporate misconduct in more developed countries.

Several indexes have been developed to measure societal progress and well-being. These indexes are essential tools that help policymakers and the public to monitor and compare the performance of different countries and regions in areas such as economic development, human development, corruption, press freedom, and democracy.

For this study, we will address the Human Development Index (HDI), Corruption Perceptions Index (CPI), Sustainable Development Goals Index (SDGI), World Press Freedom Index (WPF), and Democracy Index (DI). Generally, these indexes are essential for monitoring progress toward development, transparency, and democratic governance. They help to inform policy decisions and hold governments accountable for their performance in these areas and may impact corporate scandals, revealing weaknesses in governance, transparency, and accountability, which are vital components of these indexes.

For example, corporate scandals involving bribery, embezzlement, or other forms of corruption can negatively impact a country's score on the CPI, which measures the perceived level of public sector corruption in countries. High-profile corporate scandals may also damage a country's reputation, making it less attractive to investors and negatively impacting economic development. Similarly, corporate scandals may harm a country's score on the DI, which measures the level of democracy in countries based on five categories. For example, scandals involving corporate influence on government officials or election interference can undermine public trust in democratic institutions and negatively impact a country's score on the index. Moreover, corporate scandals can also impact the SDGI, which measures progress toward achieving the Sustainable Development Goals (SDG). For example,

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