

# Korruption im Unternehmen



**Risk – an uncertain future event or condition which affects the mission objective**



## Types of risk (incomplete)

Compliance risk

Legal risk

Reputational risk

Concentration risk

Liquidity risk

Settlement risk

Conduct risk

Market risk

Social media risk

Country risk

Model risk

Strategic risk

Credit risk

Operational risk

Supply chain risk

Currency risk

Political risk

Systemic risk

Financial risk

Product portfolio risk

Valuation risk

Enterprise risk

Profit risk

Volatility risk

Equity risk

Project risk

Interest rate risk

## Corruption - definition

**“Corruption is the abuse of entrusted power for private gain.”**

*(Transparency International)*

Common forms of corruption:

- Bribes, Kickbacks
- Gifts, entertainment
- Conflicts of interest
- Sponsoring, charitable / political contributions

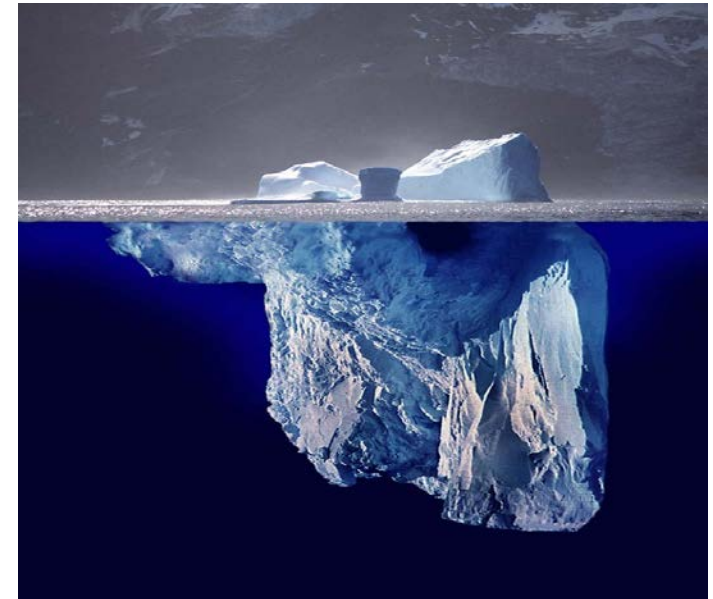
## Corruption – the size of the problem

„Organizations lose 5-7% of their annual revenues to Fraud.“

*Source: ACFE Report to the Nation 2008 – 2016*

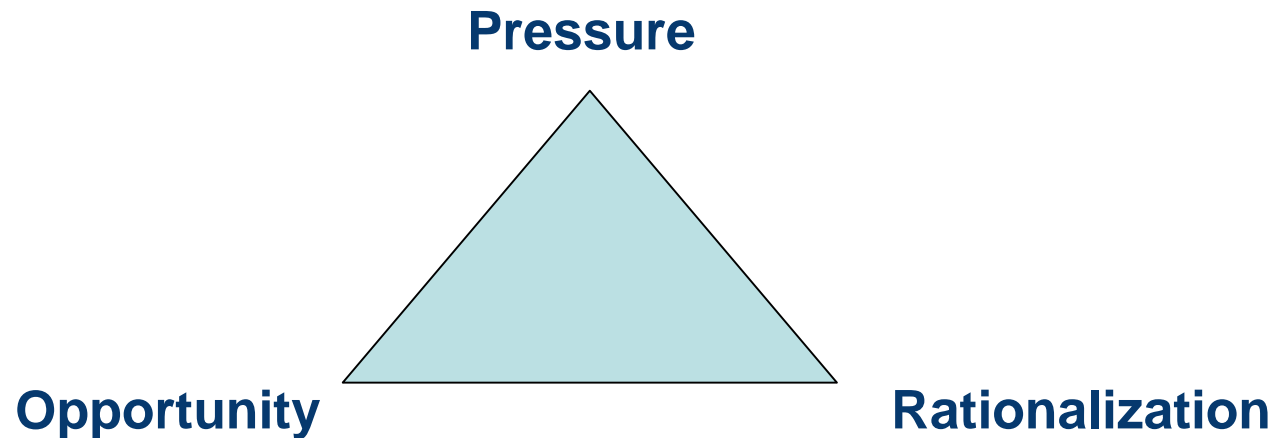
“Businesses and individuals pay an estimated \$1.5 trillion in bribes each year. This is about 2% of global GDP”

*Source: World Bank Group, 2017*



... challenge is where to find it

## Fraud Triangle



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The fraud triangle originated from **Donald Cressey's** hypothesis:

“Trusted persons become trust violators when they conceive of themselves as having a financial problem which is non-shareable, are aware this problem can be secretly resolved by violation of the position of financial trust, and are able to apply to their own conduct in that situation verbalizations which enable them to adjust their conceptions of themselves as trusted persons with their conceptions of themselves as users of the entrusted funds or property.”

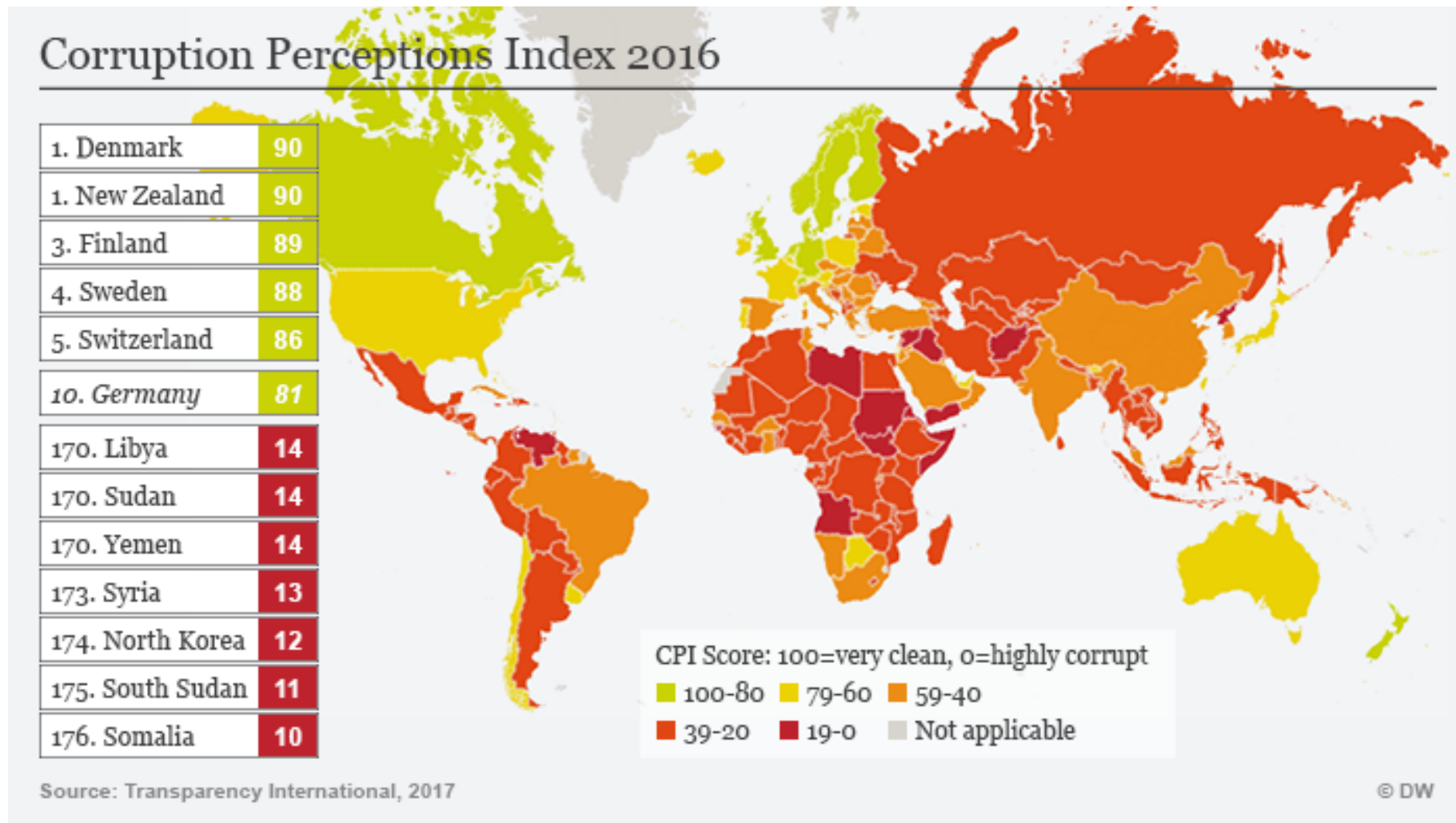
*Source: Donald R. Cressey, Other People's Money (Montclair: Patterson Smith, 1973) p. 30.*

## Behavioral red flags

Figure 71: Behavioral Red Flags Displayed by Perpetrators

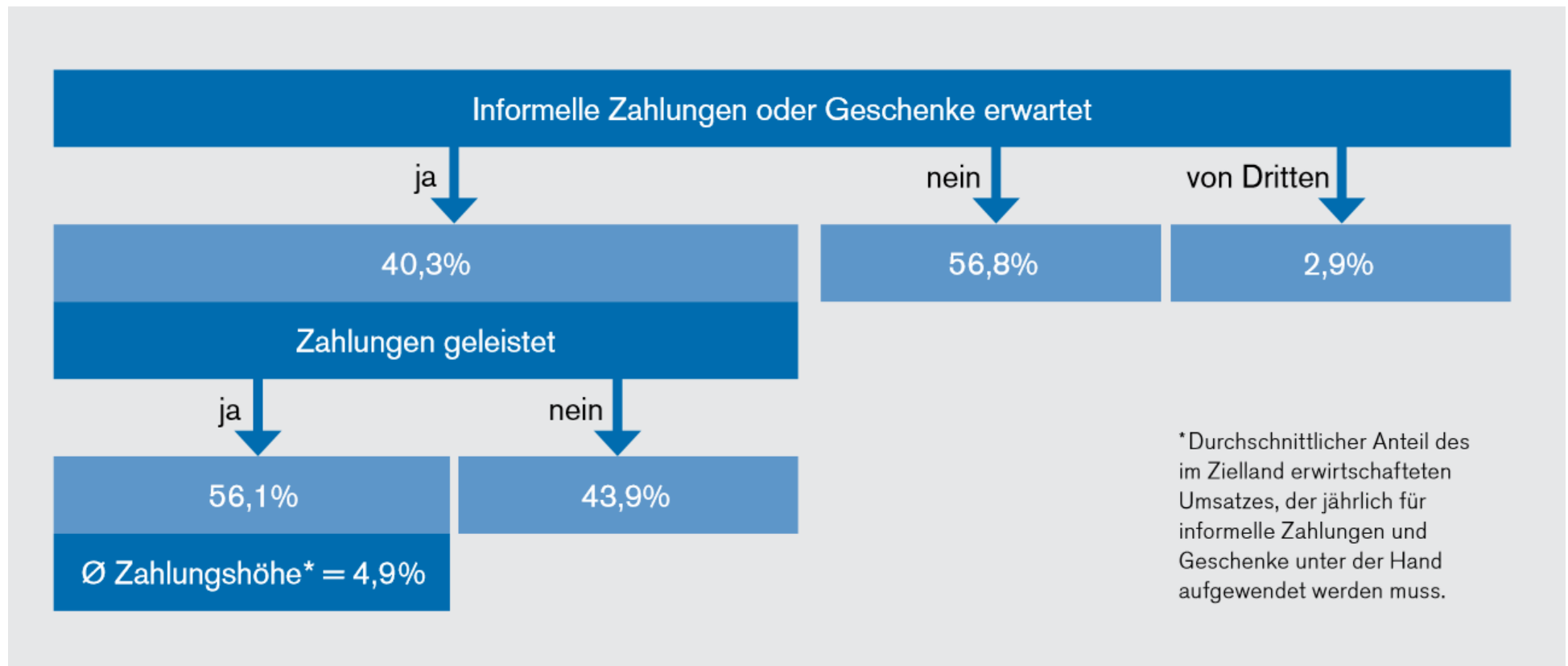


## Corruption Perception Index





## Corruption and Swiss SMEs



Source: „Korruptionsrisiken erfolgreich begegnen – Strategien für international tätige Unternehmen“, HTW Chur, 2012, p.17

## Temperature is rising

- New laws (US, UK, Brazil, Canada)
- Increased enforcement
- Higher fines and legal costs
- Debarments
- More management time involved
- Possibly jail time

Especially related to corruption, anti-competition, sanctions and data privacy.

## **Sensible first steps**

- Policy & governance (e.g. code of conduct, compliance function)
- Risk assessment
- Tone at the top / mood in the middle
- Raise awareness (training and communication)
- Speak-up / Hotline
- Investigation
- Due diligence (suppliers, agents, employees)

**Thank you!**



**Urs Dreier, CFA, FRM**

Dozent

Fachhochschule Nordwestschweiz FHNW  
Institut für Finanzmanagement IFF  
Bahnhofstrasse 5.4 A10  
CH-5210 Windisch

Phone           +41 56 202 7907  
Mobile          +41 79 746 6549  
urs.dreier@fhnw.ch



**Peter Jonker**

Partner

4N6 Factory GmbH  
Thurgauerstrasse 60  
CH-8050 Zurich

Phone           +41 44 340 1525  
Mobile          +41 79 928 5371  
peterjonker@4n6-factory.com