

[No Fraud please —we're Finnish!]

FOUR YEARS AGO WITHOUT telling a soul an experienced buyer in Oyj Company started his own company providing “consultancy services” to large suppliers. Rumors flourished in Oyj about his offshore bank accounts.

Is this corruption? Is this fraud? Is there a conflict of interest?

The only thing known was that Oyj probably paid too much money and had not chosen the best suppliers. Company policies are often not tight enough and activity that is on the edge of criminality devours time and money. So, is a smack on the wrists and hushing things up the best way forward?

FROM MY EXPERIENCE, this example and many like it are typical for Finnish companies. It is certainly not uncommon for companies in the rest of Europe, either. Fraud (simply defined as “any unethical act done by insiders or outsiders in business”) and corruption are probably the largest unmanaged risks in most corporations.

For years tabloid journalism has bolstered the perception that Finland is a virtually fraud-and-corruption-free country. However, empirical work recognizes in general the total cost of fraud and corruption to be 1–5% of turnover. This is as a result of bribery, deliberate overcharging, fraudulent expenses, misrepresentation, conflicts of interest, false reporting, and so on.



NIGEL IYER is co-author of the book, “Fraud Resistance”, and provides fraud and corruption awareness training to large Finnish companies and educational institutions.

“Should Finnish companies be that different?”

IF WE HAVE A GRAM of faith in psychoanalyst Sigmund Freud then human behavior in the world is not as diverse as people often think. If the opportunity to cheat is present, most people, regardless of culture or ethnic origin, will be sufficiently motivated. And if there is a low chance of being caught, motivation easily turns into action. Should Finnish companies be that different?

THE GOOD NEWS is that after years of inaction and neglect things are now changing rapidly. Whether it is the pressure of legislation, the need to be considered as a responsible actor or the simple wish to stop losing money, we are seeing a much greater interest in active prevention of fraud and corruption. Also, in what I consider to be a typical Finnish trait, people prefer action to endless discussion and “fine words.” At the same time, healthy discussion about the risks of fraud and corruption can stop a company from losing everything. A number of leading Finnish companies are taking the issue very seriously and are quietly acting to curtail criminal activity.

SIMILAR TO PREVENTATIVE HEALTHCARE, Finnish managers are embracing the idea that building resistance to fraud and corruption is much more cost effective than clearing the mess afterwards. This idea could be easier to realize in Finland given that Finnish companies do not have too much dirty laundry hanging out in public—at least not at the moment.