

Integrity and responsible governance in a private sector - case Finland

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Is Finland really a low corruption country

- Yes: According to the TI Corruption Perception Index, CPI, Finland is one of the best
 - The corruption is not a problem in public sector neither business to business
 - Low amount of cases investigated by police or jurisdiction by courts
- How we see the basic elements of low corruption society
 - The openness of the society, free and independent media, democratic values and political decision-making, high commitment on personal work ethic, strong business culture including tendency to obey the law very strictly
- But in Finland we face also problems:
 - Increasing mistrust on politicians on both local and national level and also on business
 - Non-transparent networks ("old boys networks")

The importance to prevent corruption

- Why Finnish business wants to tackle corruption and bribery
 - Maintain the leading position as one of the least corrupted countries
 - Prevent corruption both in public sector and business to business relations
 - Keep the good reputation of Finland
- Minor corruption gives Finnish enterprises competitive edge operating beyond national borders
- Corruption makes it easier to blackmail enterprises
- Corruption distorts basic elements of market economy especially free competition

How enterprise could be responsible

- Anti-corruption policy starts from the top of the company
 - High commitment of the Board of directors, CEO and Executive Team
 - Corporate governance includes anti-corruption policy
- Corporate ethics code must be universal
 - No different actions in different countries
 - Same ethical standards must be applied everywhere
- Responsibility of subsidiaries and agents
 - Due diligence must be done before contracts
 - Documentation of all external relations
 - Monitoring of the partner's conduct

How to counter corruption in private sector

- Corporate culture (corporate governance) in which any form of corruption is not tolerated
- Companies need a special programme countering corruption
 - Crucial for big listed companies
 - Company must in practice comply its own policy
 - If so, company has no need to explain in media afterwards
- An effective anti-corruption policy
 - Includes values, process, training and guidance
 - Provides a framework for good business practices and risk management countering corruption

Basic principles of anti-corruption policy

- Enterprise should prohibit
 - any forms of corruption (including bribes)
 - which could provide improper benefits to customers, agents, contractors, suppliers or employees of any such party or government officials
- Enterprises should prohibit
 - an employee arranging or accepting
 - any forms of corruption for the employee's benefit

Relations with contractors and suppliers

- Fair and transparent procurement practices
- Due diligence:
 - Evaluate major prospective contractors whether they have an effective anti-corruption policy
- Monitoring the anti-corruption policy of contractors and suppliers
- Avoid dealing with parties known to be paying bribes

Communication

- Company needs an effective internal and external communication of its anti-corruption policy:
 - training for managers, employees and contractors
- Direct and immediate information of the violations of the anti-corruption policy
- Anti-corruption measures should be developed in consultation with employees
- Clear message for employees:
 - no negative consequences for refusing to pay bribes even if the enterprise might suffer in business
 - Appropriate sanctions for those who have not followed the anti-corruption policy

Internal controls and audit

- Documents concerning all financial transactions should be available for afterwards inspections
- No off-the-books accounts
- Effective internal control system
- Audit system which informs the shareholders bribery and other forms of corruption

Thank you for your attention