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SECURITY

Corporate corruption, fraud and bribery have significant impacts to the enterprise



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The [2021 Global Fraud and Risk Report](#) recently released by Kroll finds significant impact of illicit activity, including [corruption, fraud and bribery](#) at billion-dollar companies.

More than half (53%) of U.S. respondents rank lack of visibility into third parties as their top vulnerability related to bribery and corruption risk.

Impact of illicit activity at corporations

The report surveyed 1,336 senior decision-makers for risk strategy, including general counsel, chief compliance officers, chief finance officers and CEOs at corporates from 17 countries. Sixty percent of the organizations have annual revenues of \$250 million or more, and 34% have annual revenues of more than \$1 billion.

The Global Fraud and Risk Report shows that 57% of respondents at companies with a turnover of more than \$15 billion reported a significant impact from illicit activity, such as fraud, corruption and money laundering on their organizations, with a further quarter (25%) describing the impact as somewhat significant. This trend continued for firms with annual revenues between \$10–\$15 billion, with 48% of respondents saying their organizations had been very significantly impacted and 44% reporting the impact was somewhat significant.

This year's findings showed that global organizations are feeling vulnerable to both internal and external threats, with more than half (52%) of U.S. respondents and 56% of respondents in Canada citing lack of visibility over third-parties as the number one threat relating to bribery and corruption risk. Respondents in the U.S. ranked employees' actions (28%) as the second top concern.

U.S. companies favor proactive data analytics to fight fraud

The survey highlighted that U.S. companies are placing an increased focus on proactive measures to manage bribery and corruption risk, including enterprise-wide risk assessments (89%) and the use of proactive data analytics (91%). Furthermore, nearly three-quarters (72%) of U.S. respondents said that bribery and corruption issues were being given sufficient board-level attention and investment.

“While it is encouraging that more and more companies are leveraging the power of analytics, the fact that so many feel that fraud, bribery, and corruption are still having such an impact on their businesses tells us that there is still much work to be done, said Richard Plansky, Kroll's Managing Director and Head of North American Forensic Investigations and Intelligence Practice.

The report suggests four strategies for fighting illicit corporate activity:

- Senior management making a strong commitment to implement an ethical culture
- Properly understanding risk throughout the organization
- Developing a robust control framework
- Using data analytics to identify and assess changing risks effectively both inside and outside the organization

The 2021 Global Fraud and Risk Report highlights the critical emphasis on utilizing

internal data to mitigate risk at organizations of all sizes, and that company culture is a key component of any successful strategy to curb bribery and corruption risk.

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