
Preface

White-collar crime and corruption keep the economy in a state of constant unrest. Hardly a day goes by without some form of manipulation, fraud, bribery, price fixing, or other misdemeanor being revealed to the world and developing into a serious scandal in the full glare of publicity. White-collar crime and corruption are themes that can no longer be avoided by any manager or company.

However, no one really seems to have a precise understanding of what white-collar crime and corruption actually mean when viewed from a company's perspective. Similarly, within the world of business, there also appears to be no real awareness of how misconduct originates in companies or how it is possible to protect against it.

The affected CEOs, supervisory boards, managers, and managing directors appear altogether too surprised when confronted by these incidents or, in the worst-case scenario, suddenly find themselves in the dock. This happens because they have been made directly liable for either their own actions or even for the misconduct of their employees or business partners.

The legal and regulatory environment at a national and international level makes this possible.

Yet what is liability all about? At what point do you become liable yourself and for what? How can you eliminate the risk of liability—or even more importantly any claims for damages—due to fraud, bribery, or all of the other types of offenses? And what aspects of white-collar crime and corruption need to be addressed in order to achieve this goal?

Only a small minority of German managers are likely to have the answers to these questions in hand. Nevertheless, they feel a genuine sense of panic about their own liability. And they are quite right to feel this way, especially as the legal straightjacket has now been tightened to a frightening degree for international business dealings. This has been accompanied by increasingly professional criminal investigations in the area of white-collar crime. It must not be forgotten that misconduct within a company does not only impact on those people actively involved, but it also results in assets totaling billions of dollars being irretrievably wiped out every year.

The answer often given when dealing with these urgent questions about misconduct and personal liability is compliance—a hot topic and yet a real mystery in equal measure. This is because there are few people who can provide a clear

explanation in broad terms of the organizational, specialist, and methodological factors behind this often overused phrase—despite the fact that a great deal has been discussed about this subject in interviews, business briefings, circulars, specialist articles, and libraries full of specialist literature.

It is often decision makers in the world of business, however, who have trouble getting to grips with large sections of this specialist literature. These publications on the relatively modern management discipline of compliance are consequently described as being too large, too difficult, too technical, too complicated, or excessively legal.

This book focuses on precisely this point. It is aimed at those managers, executives, and entrepreneurs from small and medium-sized companies who have previously had little or even nothing to do with the subjects of white-collar crime, corruption, and compliance. This book wants to be understood and to offer even newcomers to the field an understandable overview of these subjects. And in their search for corporate success, it has never been more important for companies to actively tackle these issues than it is today.

As a result, this book will not cover legal texts and judicial rulings in great detail. It will instead look at the stories behind the laws and regulations, as well as at their actual impact on the different players in the business environment.

It will also seek to provide practical explanations for how white-collar crime arises in a sociological sense, what motives and types of perpetrators are really concealed behind these offenses, and the various types of damage their actions can cause using examples and cases from criminal investigations, forensic audits, and compliance consultancy.

It is only those who understand this criminological background can make decisions in an emergency situation for comprehensively dealing with damage claims. By providing the most authentic insight possible into the methods used in a forensic audit, this book aims to ensure that processes and procedures can be better evaluated and understood.

However, reacting appropriately is only half the battle in a practical sense. This is because only those who also take preventative action to protect their company, in the form of a fully functioning compliance management system, are able to effectively minimize corporate and personal risk. Therefore, this book concludes by presenting and explaining the model-based functionality of a compliance management system that has also proven effective in reality.

It is nevertheless still important to cast a critical eye over the subject of compliance management, because these types of system form only part of the solution from a practical point of view. A core message in this book is that both corporate and personnel managers have a clear obligation to actively promote, reward, and practice the themes of integrity and compliance. Of course, every system of control has its limits and this makes concepts such as “tone from the top” and the leadership maxim “walk the talk” important elements of a holistic approach for sustainably reducing deviant behavior—and thus also limiting the damage caused by white-collar crime and corruption.

With this in mind, a word of warning at the very beginning: the battle against criminality and corruption can never truly be won despite all these practical insights, tools, and systems. It is a constant game of cat and mouse that will probably continue for all eternity, even in commercial enterprises.

An appropriate response to crime and corruption, and intelligent preventative measures, will nevertheless help the cat make the game significantly more difficult for the insatiable mouse—or, in other words, will effectively protect corporate assets. This book is specifically designed to assist in this process.

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