Research Project  Gender & Corruption:
Has gender-mix a potential influence on corruption in the job environment?

Dr. Matthias Kopetzky

Joint Hearing on
“Gender dimensions of corruption”
Strassburg, October 1st, 2014
Who we are?

- The INSTITUTE of INTERNAL AUDITORS
  - Established in 1941
  - To represent the internal audit profession

- Currently we have about 180,000 members
  - Internal Auditors all over the World

- We are the „3rd Line of Defence“
  - In private and public sector organisations
We are represented all over Europe

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<thead>
<tr>
<th>IIA Austria</th>
<th>IIA Finland</th>
<th>IIA Montenegro</th>
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<td>IIA Azerbaijan</td>
<td>IIA France</td>
<td>IIA Morocco</td>
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<td>IIA Belgium</td>
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<td>IIA Netherlands</td>
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<td>IIA Luxembourg</td>
<td>IIA Spain</td>
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<td>IIA Sweden</td>
<td>IIA Switzerland</td>
<td>IIA UK &amp; Ireland</td>
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Some strange answers!

- Since years we repeated one question to colleagues:
  - Did you ever had a corruption case with one or more women as main perpetrators?
  - No Cases

- So we wanted to know on a broad and relevant sample
  - IIA Austria started a research project named „Gender & Corruption“ in 2012
Some strange questions?

- Is there something significant in corruption regarding gender in comparison to other forms of economic crime?

- Is there a quantitative difference between males and females becoming perpetrators in corruption cases?

- Is the gender-mix in job environments relevant for the likelihood of „developing“ a corruption scheme?
Our Research Project:
We asked Internal Auditors all over Europe

- **Hypothesis 1:**
  - In less then 10% of the corruption cases women act as main perpetrators.

- **Hypothesis 2:**
  - In corruption cases, which include women as perpetrators, those women play minor roles in comparison to their male comrades in the scheme.

- **Hypothesis 3:**
  - The more Women in group – the less corruption we will find
The IIA-Austria Study 2012/13 – Cases from Internal Auditors

Relationship male and female Perpetrators

<table>
<thead>
<tr>
<th>Perpetrator Type</th>
<th>Male</th>
<th>Female</th>
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</thead>
<tbody>
<tr>
<td>Illegalear Gratuities</td>
<td>78%</td>
<td>22%</td>
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<tr>
<td>Bribes</td>
<td>81%</td>
<td>19%</td>
</tr>
<tr>
<td>Economic Extortion</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>76%</td>
<td>24%</td>
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</table>

Relationship secondary male and female Perpetrators

<table>
<thead>
<tr>
<th>Perpetrator Type</th>
<th>Male</th>
<th>Female</th>
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</thead>
<tbody>
<tr>
<td>Illegalear Gratuities</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>Bribes</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Economic Extortion</td>
<td>84%</td>
<td>16%</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>64%</td>
<td>36%</td>
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</table>

Relationship male and female Tipsters

<table>
<thead>
<tr>
<th>Tipster Type</th>
<th>Male</th>
<th>Female</th>
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<tbody>
<tr>
<td>Illegalear Gratuities</td>
<td>40.9%</td>
<td>40.9%</td>
</tr>
<tr>
<td>Bribes</td>
<td>40.4%</td>
<td>40.4%</td>
</tr>
<tr>
<td>Economic Extortion</td>
<td>40.0%</td>
<td>40.0%</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>46.3%</td>
<td>46.3%</td>
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The IIA-Austria Study 2012 – Cases from Internal Auditors

- Executives – The tone from the top
  - Was the head of the department affected male or female?
    - Internal oriented departments
    - Purchase oriented departments
    - Customer oriented departments

<table>
<thead>
<tr>
<th>Gender of Head of Dptmts</th>
<th>Internal Dept</th>
<th>Supplier Dept</th>
<th>Cust Dept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal_Grat</td>
<td>80%</td>
<td>81%</td>
<td>92%</td>
</tr>
<tr>
<td>Bribery</td>
<td>86%</td>
<td>91%</td>
<td>90%</td>
</tr>
<tr>
<td>Economic Extortion</td>
<td>78%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>100%</td>
<td>88%</td>
<td>96%</td>
</tr>
</tbody>
</table>

- Folie 9
The IIA-Austria Study 2012/13 – Cases from Internal Auditors

- Gender-Mix in affected departments
  - What was the gender-mix in the involved departments?

![Gender-Mix in Departments](chart.png)
The IIA-Austria Study 2012 – Opinion of Internal Auditors

- Most risky Gender-Mix?
  - What is the riskiest gender-mix in a department for corruption cases to develop?

![Pie chart showing gender mix](image)

**Most risky Gender mix (Opinion)**

- **65%** Only Males
- **27%** 3M:1F
- **4%** 1M:1F
- **2%** 1M:3F
- **2%** Only Females

More Males | More Females
Conclusions

- Significantly more males in corruption cases
- The tougher the scheme – the more males we find as perpetrators
- Gender Mix in the job environment could be of significant influence on corruption
- 38% of Internal Auditors have a strong belief into the relevance of gender mix
- 92% of Internal Auditors see much more corruption risk in male dominated groups
Is there an advice?

- YES, we think so:
  - Even if we don't know the reasons
  - The results suggest
    - That engaging more females in areas vulnerable to corruption could have a containment effect
    - Risk of such preventive activities is zero
    - Cost of such preventive activities is zero
Mag. Dr. Matthias Kopetzky, CIA, CFE, CPA

- **Active Job Position**
  - CEO of Business Valuation Gutachten- und Unternehmensberatung GmbH (seit 1998)

- **Professional Experience**
  - Business Consultant
  - Managerial positions in the IT Industry
  - HFP-Auditors (Vienna)
  - CEO of Business Valuation Gutachten- und Unternehmensberatung GmbH
  - Permanent Expert Witness in Austrian Courts
  - Specialist all aspects of economic crime

- **Engagements**
  - Member of the Board at IIA Austria
  - Certified Fraud Examiner CFE und Mitglied der ACFE (Association of Certified Fraud Examiners)
  - Certified Public Accountant CPA/Maine/US
  - Certified Internal Auditor CIA und Mitglied des IIR (Institut für Interne Revision in Ö)
  - Lecturer at various universities (Vienna, Wr. Neustadt, Innsbruck, …)
  - Chair of Special Interest Group “Economic Crime” at the IIA-Austria
Mag. Dr. Matthias Kopetzky, CIA, CFE, CPA

- **Books and Articles**

  
  - “Das Risikomanagement aus der Sicht der Internen Revision“- Autorengemeinschaft (Linde) Hrsg: IIR Österreich
  
  
  
  
  - **Kopetzky**, Matthias: „Schutz vor Mitarbeiterverfehlungen in Banken“ in *Die gewerbliche Genossenschaft, Jg 136, Ausgabe 9-10/2008, S 20ff*