

#11: Building the anti-fraud sentiment in entrepreneurship

Entrepreneurs need to look at founding ethical enterprises of the future

Fraud, misconduct and noncompliance can impact any business irrespective of size, industry or nature of operations. Therefore, unless the **business is rooted in ethical practices**, its survival may eventually come into question. At the same time, given the constraints entrepreneurs face, it may be challenging to have formal programs that specifically monitor ethical behavior or transactions for fraud.

Below are a few suggestions that entrepreneurs can consider in their journey:

Identify ethical dilemmas

Entrepreneurs can face several questions about their business and be tempted to mis-sell their promise. It is therefore important to identify such areas and decide a course of action that is acceptable to all stakeholders without diluting the capabilities the organisation has.

Find a way to communicate ethical / anti-fraud practices

Entrepreneurs can demonstrate their commitment to ethical practices by ensuring that they allow for minimal overrides of key processes, encourage teams to consult with their peers/ bosses when faced with ethical dilemmas, and periodically discuss how ethical behaviors will safeguard the future of the business.

Take a stand against conflicts of interest

In a small business, personal relationships (and self interest) can dominate judgement on key decisions. Entrepreneurs should objectively assess if their chosen candidates are indeed the right fit for the job at hand.

Seek external help to periodically relook at your business' ethical quotient

Mentors can provide guidance on ethical behaviors and refer entrepreneurs to experts who can help with putting together effective anti-fraud policies.

Document ethical practices and create a policy

While start-ups are not mandated by law to have a code of conduct or ethics or anti-fraud policy, it is still recommended that they formally document best practices in this regard. Such documentation can be helpful in winning customers, getting funding and eventually prepare the organisation for future regulatory obligations.

