

---

## Conference Coverage:

### *Security of Economic Trade, Responsibility of Institutions, Responsibility of Business*

---

MATEUSZ DZIÓB

<https://orcid.org/0009-0008-8824-2528>

In reality, the element of which are risks to the stability of the economy, such as war and inflation, it is particularly important to secure economic turnover, and thus strengthen its foundations such as ethics, responsibility and concern for the common good. Recognising the need in the financial community for a conversation, as part of a debate aimed at raising public awareness of perceived factors important for safe business, on June 21, 2023, the Polish Agency for Audit Oversight hosted the conference ‘*Security of economic turnover – responsibility of institutions, responsibility of business*’. Its primary goal was to develop recommendations that could serve institutions and business entities in shaping the conditions important for safe economic trading. The conference also aimed to discuss issues that often escape traditional debates, which are crucial for economic security of both citizens and investors, including retail investors.

The debates took place in three panels relating to: ***institutions, gatekeepers and their role in ensuring the security of economic transactions, business ethics and social relations, education, public awareness and financial crime prevention***. Their participants included invited guests: managers, university lecturers, financial reporting experts and opinion leaders. The diagnoses made in the various panels lead to the following statements.

Discussion during the first panel, titled ***Institutions, gatekeepers and their role in ensuring the security of economic transactions***, the panel:

- 1) made it clear that there is much to be done in terms of public awareness, and that its formation should be done systemically and should be discussed among the various institutions of the financial sector; this observation is confirmed by the fact that between 30 and 40% of joint-stock companies do not comply with the obligation to audit reports, which are helpful in curbing fraud;

- 2) stressed that an economically important issue is consumer protection, which cannot be put ‘outside the bracket of the economy’ because the consumer is an immanent part of it;
- 3) pointed out that the key to combating various fraud types is proper procedures to respond properly to signals of economic irregularities; however, the human factor causes decision-makers to prefer to remain silent and not take action appropriate to the circumstances; meanwhile, well-designed procedures make it possible to catch important signals from various sources (e.g., product complaints) and thus – by eliminating the ‘human factor’ – overcome the above limitation;
- 4) made the audience aware of the fact that institutions form a certain safety net system, of which the important attributes are communication, information and cooperation, and for the efficiency of which auditors are important, for they belong to the second and third lines of defence against economic fraud. An example of good systemic action is the presence of representatives of the Minister of Finance, the Financial Supervisory Commission and the National Bank of Poland on the supervisory board of the Bank Guarantee Fund; another positive systemic practice is the use of a well-constructed tool (product intervention by the Financial Supervisory Commission) that limits bad product design even before it reaches the customer;
- 5) emphasised the systemic role of corporate governance in countering fraud, which is important in ensuring the safety of economic trading; however, this area still requires education; a good example of activities in this field is the first guide for companies listed on the WSE, ‘*Guidelines for ESG Reporting*’, issued in 2021. Preventive measures are important here, but also restrictive or punitive in nature;
- 6) in the spirit of seeking answers to the question posed in the title for the conference, asked: What should institutions do to ensure the security of economic transactions?;
- 7) identified as an obvious key to success in this regard the proper performance of their tasks by all institutions, since statutory and systemic mechanisms already seem to be comprehensive; however, not everything can be written in law, so issues such as social awareness and ethics are also important. Institutions, retailers, investors and consumers should see a community of goals and thus build a civil society, which is essential for the smooth functioning of the economy. The panel made it clear that in such a society an important place is occupied by whistleblowers and gatekeepers: whistleblowers not only act to enhance the organisation’s security in the present, but also secure its potential for the future;

- 8) stressed that in this situation, it is extremely important – not only for current market participants, but also for those who enter this market, and in the context of various statutory and institutional changes – to educate representatives of the judiciary;
- 9) pointed to the need not only for sectoral cooperation, but also for rebuilding customer trust in institutions.

The second panel was held under the theme '*Does business have to be ethical? Business Ethics and Community Relations*'. In the course of the discussion, attention was drawn to:

- 1) the relationship of liability to awareness of the potential consequences of an action, especially when it takes place under conditions of heightened risk;
- 2) a strong 'forward' orientation in business, which always involves risk; for risk is always inherent in any business activity, and looking to the future – which is never certain – is a necessity;
- 3) the need for risk reporting and the ability to diagnose and analyse it, because risk itself is not a bad thing, but can often serve business well; this is the belief of Elon Musk, for example, who in his ventures looks for areas where he can create something new, and this always involves risk;
- 4) the continued and ongoing need to publicise issues related to business ethics (the growing trend of need in this regard is reflected in various empirical studies, which are being undertaken more and more each year in various business contexts); it is also important here to publicise issues that have the character of ethical dilemmas in business and related areas; discussing them makes it possible to recognise problems that are difficult for those who are caught up in such a dilemma, but also such controversial situations that, perhaps, can find a good institutional solution;
- 5) the human being who is the subject of ethics; being ethical means – in essence – simply doing one's duty to the best of one's ability; the level of ethics and the resulting place of the human being in the organisation determines the organisation's performance; a feedback loop must be seen here: treating employees well translates into their greater efficiency and, as a result, into better company performance;
- 6) implementation of ethics, which often involves trial and error; the key to building the right organisational culture is to involve employees in grass-roots initiatives that help to always look at the institution from a different perspective;
- 7) a culture of openness, which, along with the values of ethics, should be the DNA of any organisation, and that the key to an organisation achieving its goals is for employees to identify with the values and have

confidence in management; the formation of ethics and accountability in an organisation should be grassroots work and be done through the promotion of appropriate behaviour patterns;

- 8) the concept of sustainability (and ESG reporting), in the achievement of which, fundamental to E (*Environmental*) and S (*Social*) is G (*Governance*); on it can be built responsible sustainability reporting; meanwhile: everyone is talking about E, S receives less recognition, and G is almost absent from the debate and not understood by the public; he also emphasised that sustainability reporting grew out of financial reporting, and a concept more fundamental than ESG is the 5P principle promulgated by the United Nations: *People, Planet, Prosperity, Peace, Partnership*; he pointed out the low value of ESG rankings, which often do not contain specific and measurable information; perhaps in time, rating agencies will learn to properly interpret ESG data and thus distinguish between what is truly 'green' and *greenwashing*;
- 9) the place of the customer in the creation of ethical principles important to companies and the importance of ethical codes also 'around the customer'; companies should be customer-centric and act for the benefit of customers, because caring about the customer is likewise a duty to society that must be fulfilled.

The third (and final) panel, '**Public Awareness. How to counter financial crime?**' made the following observations::

- 1) a distinction must be made between the social awareness of every citizen and the awareness required of a professional trader;
- 2) the motivation to comply with economic law should be both positive (people should not cheat if they do not want to be treated the same way) and negative (effective prevention depends on the inevitability of punishment, this inevitability can dissuade someone from participating in an illicit or illegal practice);
- 3) regulations by themselves will not ensure the security of economic transactions, but they are necessary, because without them law enforcement agencies will not be able to take action to ensure security;
- 4) people often assume that institutions will provide them with security, so they don't need to do anything about it themselves (e.g., if they have a bank account, they assume that the security of their funds depends on that bank, not on themselves);
- 5) moderation should be believed in magically solving problems through education alone, for much depends on social and individual factors that shape a person's attitude; economic education should begin as early as possible and focus on instilling four principles: don't lose, as the very

protection of what you have is a value, earn, save and invest; education itself also has two ends, as there is always a risk that someone can take advantage of the knowledge and use it to break the law;

- 6) the spheres of supervision and business should not intermingle, because the situation regarding the respective roles then becomes unclear; supervision should understand whose side it is supposed to stand on, and the mere streamlining of it will already contribute to the security of business transactions;
- 7) financial crime is also changing under the influence of the latest technologies; for technological progress allows the creation of new tools to evade and break the law; it can be predicted that the greater the development of technology, the more tools criminals will have; the role of the state is to win this race and protect citizens from criminals; the reduction of the VAT gap can be pointed out as an effective example of state action in this area; the roots of current economic crimes are still in the system transformation, and Poland is still unable to deal with economic crime at the stock exchange and prosecutor level;
- 8) the state's fight against the VAT loophole has also had a major impact on changing public awareness; progress has been made in recent years, including through the media; in order to promote proper role models in society, it is necessary to praise honest entrepreneurs, talk about fraud in plain language, and take care to educate law enforcement and investigators;
- 9) auditors play an important role in detecting fraud, and in this regard, there is some change in public awareness; in their work, auditors use professional scepticism, and various analyses – in the spirit of (for example) such a theory as Cressey's triangle – make it possible to detect fraud, which in the case of complex economic organisms is not easy, due to extensive intra-group transactions; a major opportunity (for many fronts of action for safe economic trading) can be seen in the development of narrative economics, which can help to properly shape public awareness.

Recordings of the debates held at this conference are available at the following link:  
[www.youtube.com/@panagov](http://www.youtube.com/@panagov)

