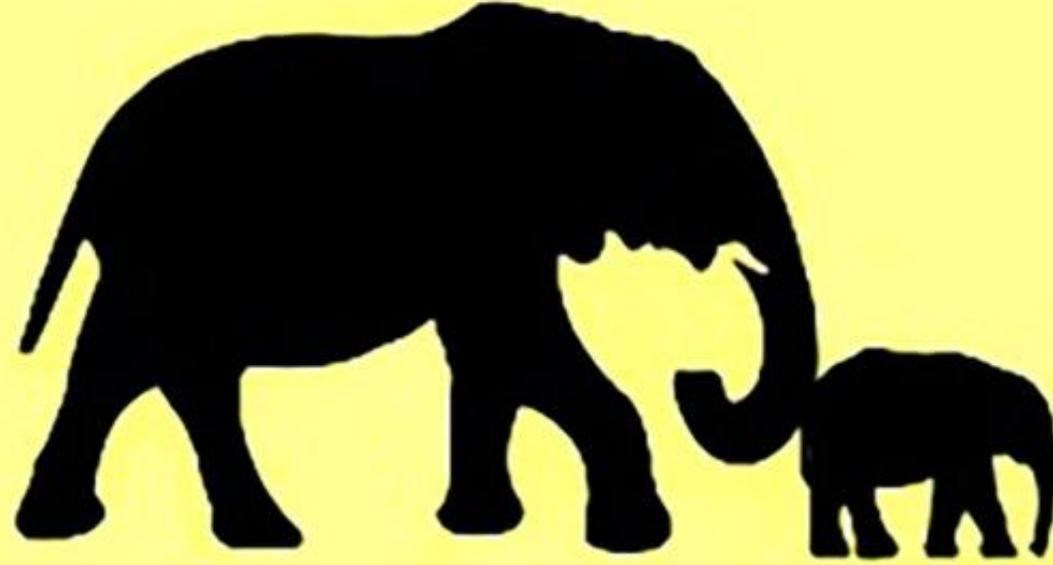




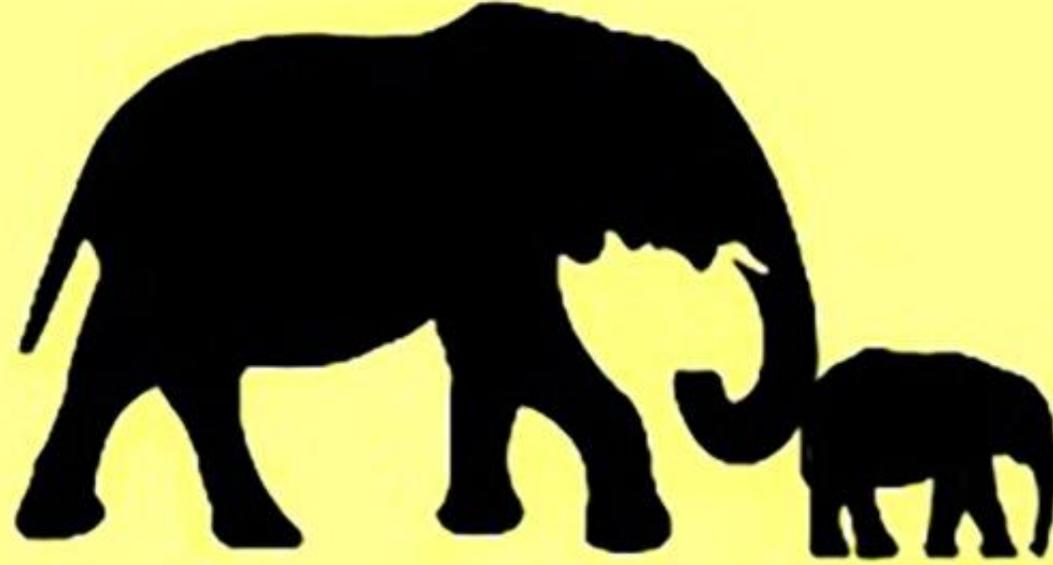
**Mikhail Ben Rabah**  
CIA, CFE, CRMA

# **FIVE NUDGES THAT CAN HELP DETERRING PROCUREMENT FRAUD**



## NUDGE THEORY – NUDGE THINKING

**Nudge** is a concept in behavioral science, political theory and behavioral economics which proposes positive reinforcement and indirect suggestions as ways to influence the behavior and decision making of groups or individuals. Nudging contrasts with other ways to achieve compliance, such as education, legislation or enforcement (Wikipedia).



## NUDGE THEORY – NUDGE THINKING

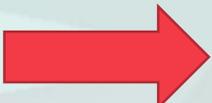
The nudge concept was popularized in the 2008 book *Nudge: Improving Decisions About Health, Wealth, and Happiness*, by two American scholars at the University of Chicago: economist Richard Thaler and legal scholar Cass Sunstein. It has influenced British and American politicians. Several nudge units exist around the world at the national level (UK, Germany, Japan and others) as well as at the international level (e.g. World Bank, UN, and the European Commission)-Wikipedia.

 Behavioral science, or “nudge thinking,” is the use of choice architecture and other techniques to try to influence the choices people make.

# Many applications of Nudge Theory in management fields

## Applications in Fraud Prevention and Deterrence

 One possible area of application: **Detering Procurement Fraud through nudging acquisition employees to avoid fraudulent behavior.**

 We have designed 5 nudges that we turned into posters and put them in the purchasing department area so that nobody can miss them.



## First Nudge

« Staying at work past your shift means you don't care about yourself and your family .»

*An indirect way to tell people that working systematically during non-business hours is often suspicious.*



## Second Nudge

« We suggest you invite vendors to your office rather than to a coffee shop or a restaurant .»

*An indirect way to condemn unusually close association with vendors.*



## Third Nudge

« Show the gift you got to your colleagues. You should be proud of your achievement. Why are you hiding it? »

*An indirect way to condemn receiving inappropriate gifts and advantages from vendors.*



## Forth Nudge

« We got the best vacation deal for your this year. Do not miss it! »

*An indirect way to tell people that systematically dropping annual leave is often suspicious.*



## Fifth Nudge

« Are you staying entire career at this position? »

*An indirect way to tell people that job rotation is the normal path and that it is beneficial for both employees and organizations.*

Those nudges will remain in the purchasing department area for a short period and then replaced by new ones.

The following website can assist you in designing your own nudges: <http://www.nudgingforgood.com/>