



# Emerging international compliance: Policy implications of a money laundering case

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## Abstract

By conducting a qualitative single case study, we have depicted in this study a suspected case of international money laundering in Finland, and described its consequences in terms of policy changes. The case allowed us to investigate how new anti-money laundering policies emerge over time and thus advance knowledge relevant to formulating effective international business policies. Building on institutional heterogeneity and the co-evolutionary nature of change, we have proposed a new framework depicting emerging international compliance in order to promote understanding of this complex, yet dynamic phenomenon. The literature repeatedly highlights the role of formal policies in mitigating international money laundering, however, we have paid additional attention to unethical business practices and the moral aspect recognised to be important in terms of curbing the problem. This is particularly relevant for MNCs, as they can aid institutional change internationally by spreading 'company best practices'. We also present the managerial and policy implications of solving moral problems related to money laundering from the perspective of governments, society and organisations.

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## INTRODUCTION

*In September 2018, the Finnish police forces executed a large-scale search on several premises in the Turku Archipelago. The incident was related to the suspicion of international money laundering by a company called Airiston Helmi, owned by a Russian millionaire. The operation resulted in approximately €3.5 million of cash being confiscated. The case additionally included suspicions of 'under the table' salary payments, tax and pension fraud. As a result, the company has been placed in liquidation and the company-owned real estate in Finland will be sold. The criminal investigations into this suspected money laundering case had an effect on the enactment of a variety of new laws targeting the prevention of suspicious practices.*



Money laundering often involves complex international monetary transactions across jurisdictions and parties (Buchanan, 2004) conducted with the aim of integrating the proceeds of a crime into lawful financial systems (He, 2010). It is widely criminalised, however, legal arrangements vary from country to country. The criminals involved continuously introduce novel laundering techniques and the national regulators try to respond by enforcing anti-money laundering laws. This phenomenon presents a 'wicked problem' with a global dimension which challenges some assumptions within the discipline of international business. By a wicked problem we mean the moral dilemma related to unethical business practices which may be interpreted as legal when judging by the letter of the law. For instance, should managers carry out certain actions obediently without considering the extensive juridical implications (Cuervo-Cazurra, 2016)? Can honest and dishonest behaviours always be clearly distinguished, or do they sometimes remain in a 'grey area' (Vissak & Vadi, 2013)? Wicked problems cannot be totally abolished, but they can be mitigated (Camillus, 2008). Countries committed to restricting criminal activities through strong institutions create location-specific advantages and stability, which positively affects foreign direct investment decisions and enhances their position as a lucrative place for conducting international business.

Examining the governing principles of international business has increased in importance (Dunning, 2003) as multinational companies (MNCs) entrust regulators to secure operability and competitiveness in the global business environment. Criminality, for instance, in the form of corruption and money laundering, is a transnational phenomenon. Laundering practices often take place in countries where formal institutions are weak; thus, providing gaps for dishonest behaviour and enabling criminals to take advantage of this vulnerability (Bantekas, 2006). This highlights the link between international crime and location-specific advantages, the latter being a key construct in international business research. While organisations seek location-specific advantages to supplement their own key competencies (Dunning, 2009), criminals look for institutional voids as location-specific advantages in countries where they can hide the criminal origins of funds and launder money. This indicates that laws may act as impediments against engaging in money laundering abroad (Cuervo-Cazurra, 2006).

Given the diversity of contexts in which MNCs operate, it is surprising that prior research related to money laundering has mainly focused on the regulative aspects comparing the effectiveness of compliance measures in different countries from the viewpoints of the law, accounting and finance (e.g. Verhage, 2017; Webb, 2004). Until today, existing research has focused on current anti-money laundering mechanisms and why some of them are more efficient than others. Thus far, international business scholars have not been very interested in international money laundering and even though there is some research on the topic, the extant literature under-acknowledges the dimensions relevant to business. Instead, researchers have studied the phenomenon from the viewpoint of new technologies, the lack of due-diligence and financial institutions as gateways for dubious monetary transactions (Rose, 2019). Furthermore, the findings often neglect the cross-border dimension of the phenomenon and related complexities, resulting in narrow and simplified interpretations.

This study builds on existing knowledge and extends it by adding an international business policy perspective. The policy consequences of critical money laundering incidents extend beyond national and legislative borders. For instance, the illustrative case presented in the study, Airiston Helmi, generated multiple changes in policy. These legislative changes were related to foreign property ownership, real estate purchase practices, and especially laws limiting acquisitions of sensitive military-tactical locations. The case illustrates the diversity and complexity of money laundering practices and demonstrates that it can have significant effects on society. It also highlights how intertwined institutions are in the international business environment. The risks that money laundering poses for internationally operating firms and equally the roles of policymakers and organisational decision-makers involved in containing them is important and unfortunately not yet comprehensively understood. This paper attempts to respond to these calls for research, and therefore we introduce a novel construct – emerging international compliance – to capture the co-evolution of formal institutions and money laundering developments, and thus advance knowledge germane to the establishment of effective international business relevant policies.

We argue that state institutions and MNCs are equally threatened by money laundering anywhere. Therefore, managers and policymakers



should both react and adapt to the changing practices to safeguard a positive shaping of the global business environment. In this study, our emphasis lies in understanding how to manage the risks of money laundering, from both an international business and policy point of view and we ask *how do new anti-money laundering policies emerge over time?*

Consequently, our research focuses on understanding the interplay between the means of legitimising money from criminal sources by utilising the differences in formal institutions across different national jurisdictions and the policymakers' responses in countries, like Finland, which try to limit or prevent these practices. The phenomenon is dynamic and complex, and it has important implications for MNCs. The dynamics are caused by a 'cat-and-mouse' game, i.e. co-evolution, between actors who are constantly creating and adopting new techniques to exploit institutional weaknesses and the renewed institutions emerging from the responses of the policymakers. The complexities also need to be acknowledged because every country has their own institutions in the legislative, executive and judicial branches of state. The co-evolution results in institutional practices that create opportunities to be exploited for international money laundering. We argue that increased understanding of how the interplay functions may reveal new pathways for international cooperation and anti-money laundering. Additionally, the implications for MNCs are significant as money laundering does not occur in a vacuum, separated from outside events or influences. These are transactions and behaviours that are facilitated by legitimate firms, their managers and employees; thus, MNCs have a role in being part of the solution rather than being part of the problem. This can be achieved by MNCs becoming active partners in money laundering prevention.

We approach the research question based on observations related to a recent case in Finland, and the unfolding events between 2018 and 2020. Our study employs a critical incident technique to analyse causes and consequences in the suspected money laundering case on multiple levels and the policy reactions that followed. In our case, for instance the Police, the National Bureau of Investigation, the Finnish Border Guard and the Tax Administration have all been involved in the criminal investigations. Additionally, seven ministries were involved in different phases related to drafting the government bills. Furthermore, the

National Land Survey of Finland, the Natural Resources Institute and the Senate Properties (the Real Estate Enterprise of the Republic of Finland) were represented in the work of a committee responsible for drafting proposals (Finlex, 2018). From the judicial aspect, multiple sessions within courts have been instigated in relation to the criminal investigations and prosecution of parties involved in the case. Consequently, our study illustrates a complex network-embedded case which had national policy implications. However, it also demonstrates that international money launderers take advantage of local differences in institutional rules and regulations and will likely move to any locations with institutional voids. In order to connect international anti-money laundering aspects with the critical case that took place in Finland, we first need to look deeper into the national context and critical events (recommended by Eden & Nielsen, 2020).

Based on the findings in the case, and evaluation of extant theories, cooperation between national authorities is needed for proactive detection of under or unregulated business areas prone to being used for international laundering. In this study, the short time between the events of the commencement of police investigations to introducing new legislations indicates the nature and urgency of this 'cat-and-mouse' game. It illustrates how international money laundering practices and anti-money laundering policies interact. As harmonising legislation on a global level does not function due to country-specific differences (institutional theory), the targets of national regulatory adaptation (co-evolution) have become reacting and anticipating the moves of international money launderers. New laws are enacted nationally as a result of co-evolutionary practices of policymakers and criminals initiated by institutional voids recognised and exploited by international actors. In this paper, we integrate these insights into a proposal for *a construct of emerging international compliance* and contribute by providing a novel explanation of how criminal acts alter national and international legislation and how this is relevant for international business and MNCs. We draw practical implications that might enhance policymaking by legislators and benefit managers of MNCs.

## LITERATURE REVIEW

Due to the heterogeneity in institutions globally, taking advantage of regulatory inconsistencies in order to achieve financial success might be possible even though unethical (Tang & Chen, 2008). Informal institutions are based on cultural norms, values and ethics forming input to formal institutions such as regulation and laws. To gain a more profound understanding of the functions and effects of institutions, both formal and informal institutions should be considered (Yi, Meng, Macaulay, & Peng, 2019). Policymaking is a process that evolves through iterations between formal and informal institutional factors, however, the outcomes are formal policies. International money laundering operations targeting the usage of illegal profits often utilise international business operations similar to those of legitimate MNCs (Enderwick, 2019).

Employing an institutional perspective as a theoretical lens allows us to understand how informal institutions tolerate unethical behaviours, which then become formally regulated through the establishment of explicit laws. Utilising a co-evolutionary perspective directed us to an exploration of how unethical actions could set in motion processes that resulted in institutional responses. We call this explanation *the construct of emerging international compliance*.

### Institutional Lenses

International institutions affect the strategic decisions of international firms as they imply additional transaction costs that influence profitability across different business environments (Aguilera & Grøgaard, 2019). Domestically developed routines, practices and capabilities cannot necessarily be transferred or replicated in different host countries without adaptation, therefore operations of MNCs become complex (Jackson & Deeg, 2008). The internal operational complexity of MNCs, and the associated opaque and ambiguous consequences for outsiders, together with the differences in local institutional settings, provide significant opportunities for criminals. They can benefit from unlawful conduct that can only be identified when investigating an entire organisational entity. Therefore, development of anti-money laundering regulations is challenging, as they may require regulation across different legislative areas (e.g., from financial regulations to real estate law to national defence law to corporate law) and due to the international

aspect might be a moving target that constantly evolves.

Institutional theory enables an understanding of how money laundering and its detrimental effects on international business could be controlled from a policy perspective. We use institutional theories (institutional logics, institutional entrepreneurship) and co-evolution to develop a construct of emerging international compliance.

The focus of *institutional logics* is on the effects of society's social and institutional practices on their environment and the organisations that are formed, maintained and developed and reciprocally it explains how these shape society (Thornton & Ocasio, 2008). The theory acknowledges individual values, characteristics and beliefs as the basis for practices, materialising in institutions, organisations and national culture as a whole. Institutions can be defined as anthropologically built constraints, which affect political, economic and social synergies (North, 1991). Therefore, institutions are diverse and global organisational responses may vary and cause local instability, luring criminals to seek vulnerabilities. Organisations and individuals need to respond to institutional pressures, but their behaviours may become rather un-deterministic in situations where contradictory logics exist (Thornton & Ocasio, 2008). In our case, institutional logic helps in seeing how informal practices, motivated by aims to launder money or enact new legislation, develop in order to become consistent with formal institutions and their voids.

*Institutional entrepreneurship* suggests that institutional change can be initiated if a profound understanding about dominant institutional setting prevails, issues in current institutions are recognised and prospective solutions to these problems can be developed (Greenwood, Suddaby, & Hinings, 2002). When facing situations where contradictory institutional logics exist, institutional entrepreneurs with strong self-interests are able to take advantage of old logics and develop new ones triggering change in these institutional settings (Fligstein, 1987). This perspective is valuable here because it emphasises how problems in a dominant institutional setting are identified and solved and how unfolding events over time lead to changes in regulatory frameworks. The case of Airiston Helmi shows that informal institutions and the underlying moral and practices affect the goals and behaviours of international actors. Consequently, formal institutions need to shape the behaviour of international business operators in an ethical



direction, formalising regulations in order to explicate tacit understanding and informal institutions to be followed by newcomers.

In this study, employing two institutional perspectives as theoretical lenses helps to frame our understanding of regulation as means to control evolving international money laundering practices. Institutional change takes centre stage when investigating international money laundering. Based on the key concepts of institutional logics and institutional entrepreneurship, we highlight the importance of moral, continuous and transparent interactions in addition to knowledge about institutional settings in forming policies that prevent money laundering. Furthermore, institutional logic explains how individual behaviours are affected by the core values prevalent in the society and create repetitive action patterns produced by human agency over time (Tan & Wang, 2011). As the core values of individuals and MNCs vary between different contexts, practices of these institutional entrepreneurs create change and display variability. This shows that institutions do not remain static while enabling or limiting certain kinds of human activities (Beckert, 1999) but rather reciprocally evolve as a consequence of human activities and environmental conditions (Hofstadter, 2017). In our case, if the unethical practices introduced by the company Airiston Helmi were to be carried out repeatedly over time they might have formed consistent patterns for unethical practices and developed new logics for informal behaviours. However, these alternative logics were not accepted by the public. Institutional entrepreneurship conducted by collaborating locals in the policymaking process prevented institutionalisation of unethical practices by enacting new legislation which helps mitigate deterioration of dominant values in the society and establishment of unethical institutional logics.

Enforcing new legislation is necessary because, in addition to actions which can already be perceived as illegal when judged by local criminal codes, there are actions which are legal but not necessarily socially acceptable (Polese, Russo, & Strazzari, 2019). The incident of Airiston Helmi is a good example of the latter, as foreign property ownership as such is not a negative phenomenon. Nevertheless, it can provide a gateway for money laundering and gaining benefit from illegally acquired profits. Understanding the motives of individuals with unethical intentions performing money laundering is vital. By taking these

dimensions into account, we can recognise institutional change and react to it. In the case at hand, adjusting formal institutions while simultaneously unveiling international money laundering practices revealed mechanisms with co-evolutionary characteristics.

### Co-evolution Perspective

On the one hand, MNCs face calculable risks in international operations but they also encounter uncertainties. In order to manage these uncertainties, MNCs either try to predict changes in their environment to enable planning, detect changes in order to adapt, or try to control aspects of their environment. Adopting these strategies leads to organisational structures that are suitable in their operating environment (Sinkovics, Roath, & Cavusgil, 2011). Companies operating internationally have three options to increase certainties (Cantwell, Dunning, & Lundan, 2010): avoiding unstable environments with weak formal institutions; adapting their own operations to the institutional environment; or initiating change in formal or informal local institutions. The first two approaches assume that institutions are exogenous and given, while the third approach implies agency and allows companies to influence how institutions are shaped and how policies emerge – a co-evolutionary perspective. MNCs can also aim at standardising the most stringent requirements found across their international operating environments in order to simplify the fit between values and context. Co-evolutionary approaches highlight the connection between macro level institutional change and firm-level processes such as sensemaking and strategizing (McGaughey, Kumaraswamy, & Liesch, 2016). They explain the interrelated developments of two or more systems and emphasise the role of MNCs as institutional entrepreneurs influencing formal and informal institutional logics.

In biology, co-evolution demonstrates how the genes of two species alter as a result of their reciprocal interactions over generations. According to this theory, selective pressures determine which genes and species succeed in the dominant environment and which ones become extinct (Abatecola, Breslin, & Kask, 2020). With regard to organisational co-evolution, agency enables alterations through the interactions of different organisations over time. In this case, co-evolution of formal institutions and international money laundering can be explained by investigating different

techniques of money laundering and how formal institutions in the prevalent business environment influence these techniques and the occurrence of money laundering, and vice versa. Regulation and money laundering in their shared environment influence each other's evolution directly by providing an environmental context that favours both. Legislation as well as operations with the aim to launder money can be maintained and survive if they fit the environmental conditions or if they can be adapted to fit the local environment. If legislation leaves loopholes to be taken advantage of, or if money laundering operations are exposed, they no longer serve their purpose nor can they subsequently function. As a result, they evolve interactively. Criminals pursue their aims by new means and institutions change their rules in response. Resulting from these interactions both criminals and institutions have to reciprocally adapt to changes.

Each organisation has their own way of interpreting and complying with formal and informal institutions. Therefore, the implementation of regulations is one key concern in international business and is related to avoiding a mismatch between theory and practice (Pérezts & Picard, 2015). However, often not sufficient attention is paid to the diversity of institutions or the ways they affect firms' capabilities differently depending on the nature of the company (Aguilera & Grøgaard, 2019). In order to understand the interactions between international money laundering and anti-money laundering regulations we need to consider the systemic dynamics. Examining aspects related to the company, government and its agencies and institutions as well as international regulators and their interactions played an important role in understanding the causes and motives behind the present course of events and in explaining how policy is formed.

In the long term, companies which comply will survive. Alternatively, from a co-evolutionary perspective, businesses might change their behaviour in order to comply with the local environment or they may preserve some strategic elements while adjusting to others. Consequently, it is desirable that institutional frameworks are integrated globally to some extent in order to efficiently prevent money laundering and guide national policymaking. This is also of interest to MNCs as a reduced need for modifying operations in order to adapt to local behaviours and compliance standards lowers the level of transaction costs. The case of Airiston

Helmi shows that legitimate business procedures may be used to hide criminal acts and generate changes in the standard and otherwise functioning legislation. MNCs can act as drivers for institutional change by adopting and spreading the most stringent compliance standards across their operating environments internationally.

### Foundations for Construct Development

From a practical perspective, establishing and maintaining multidirectional dialogues between MNCs, governments and policymakers is important. In terms of recognising potential risks of international money laundering, the theoretical approaches of institutional logics, institutional entrepreneurship and the co-evolutionary perspective are beneficial in identifying *what* explanations are useful in understanding how international money laundering practices shape institutional development. These theoretical approaches also help in showing *how* these explanations are potentially connected and *why* the chosen construct and perspectives are used in this paper to further an understanding of the effects of criminal activity on policymaking (more of these linkages, see Whetten, 1989). Contingencies of emerging international compliance are illustrated in Figure 1.

In order to make these linkages visible, we propose *a construct of emerging international compliance*. This construct explains how individual actions evolve into practices that create informal institutions, which are contextually embedded in the respective cultural frameworks of specific space, time and industry contexts and reciprocally interact with formal institutions and the voids they create. We examine how change unfolds over time and how actions ultimately result in explicit formal rules and regulations targeting a definition of unethical behaviour and consequently establish new opportunities for criminals as existing techniques might have been obstructed. This leads to continuing development (Hofstadter, 2017) of both international business policy and criminals'

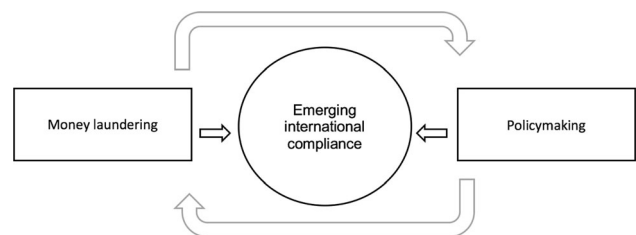


Figure 1 Contingencies of emerging international compliance.



behaviours. New regulations will guide future business operations of institutional entrepreneurs towards consistency with national formal institutions and their logics (Greenwood et al., 2002) while alternative and morally unacceptable logics become incapacitated.

The consequences of emerging international compliance can be observed in the behaviour of MNCs. While they adapt to varying anti-money laundering legislation in different countries of operation, they may introduce compliant corporate policies in jurisdictions where national legislation has not yet closed certain types of institutional voids. By supporting the most sophisticated national anti-money laundering policies, MNCs play a key role in transferring the most compliant corporate policies internationally. Table 1 illustrates our reasoning and foundations for construct development.

Inspired by Cloutier and Langley (2020), we theorise in reverse order to deduce processes that generate emerging international compliance. Our case study endorses the intertwined nature of policymaking and international crime and how they influence each other over time forming co-evolutionary trajectories. We analyse how informal institutions influence the operations of MNCs and individuals forming unethical behaviours that exploit voids in formal and internationally heterogeneous institutions. As a result of agency stemming from the interactions between policymaking and money laundering processes, new routines and policies are formed.

## METHODOLOGY

We conducted a qualitative instrumental case study (Stake, 1995) and considered the context and complexity of the studied phenomenon. When prior knowledge is limited, rich, detailed and evocative data is needed to propose tentative answers to exploratory questions on how processes unfold (Edmondson & McManus, 2007). Furthermore, a qualitative approach allows us to search for patterns of unanticipated relationships (Stake, 1995). The sensitivity of the research topic also limits the methodological options; relevant quantitative data on these criminal activities is not available.

Relying on critical realism, we chose contextualised explanation as a method for theorising and generating explanations (see Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). We agree with Bhaskar (1998) that reality is independent of our notions but that it remains subjective and theory-laden. Consequently, we do not claim to present any universal truths, but rather to propose the explanations we offer as posits, that give us a better understanding and explanation how money laundering and policymaking interact iteratively over time. We contribute to existing literature by proposing “tentative answers to novel questions of *how* and *why*, often merely suggesting new connections among phenomena” (Edmondson & McManus, 2007: 1158).

### Case Selection

We chose to analyse a single case which is subject to an ongoing investigation into money laundering for an in-depth analysis. Our instrumental case is a ‘classic case study’ (Dyer & Wilkins, 1991), i.e. a

**Table 1** Three levels of theoretical reasoning (Adapted from Vissak & Vadi, 2013)

Level of theoretical reasoning		
Society level <i>Institutional theory</i>	Organisational level	Individual level <i>Co-evolution theory</i>
<i>Emerging international compliance</i>		
Core statement	Institutions are important in understanding business strategy and performance across national borders	Two organisations interact and renew their routines or strategies as a result of agency
Object of analysis	Formal (and informal institutions). In our study, mainly governmental policies	Institutional environment and criminals’ operating routines
Selected authors	Jackson and Deeg (2008), North (1991)	Abatecola et al. (2020), Cantwell et al. (2010)



rich description of the process, the context and the drivers of policy changes. The result is an in-depth case study, which produces a deep understanding of the phenomenon (Fletcher & Plakoyiannaki, 2011).

When the case emerged, it forced policymakers to take action and it also elevated media attention. Thus, it provided rich information about the connection between international business activity and suspected money laundering, something we needed for this study. The case also highlights the complexity of the phenomenon: it includes multiple entities, complex interactions, and is embedded in the dynamics of the global economic system – all these characteristics are key elements of international business research (Eden & Nielsen, 2020).

The case generated implications for policymaking in one country, and we analysed them through the lenses of institutional and co-evolution perspectives. The outcomes of the case were unusual and analysing them from multiple aspects enabled contextualised theorising in an under-researched field; something which could be useful for developing guidelines for anti-money laundering and related policymaking. Thus, we consider our case to be a critical and powerful single-case study (cf. Siggelkow, 2007) which is relevant and stimulating for scholars interested in international business policies.

Events related to the case included police investigations, actions to renew existing policies and the enacting of new laws on a national level. Additionally, we analysed trends and anti-money laundering aims both within the EU and globally. In order to understand how the policy implications in our case emerged, we worked in a reverse manner, starting from the events towards causes-of-effects explanations (cf. Mahoney & Goertz, 2006). Furthermore, we inspected the interplay between policymakers and money launderers and how distinguished gaps in the law may generate new policy. In line with Saetre and Van de Ven (2021), we found abduction as useful mode of reasoning while elaborating our insights related to how new international business-related policies emerge over time as a consequence of unethical business practices and how this affects other companies and actors within the same market and field of business. Based on an abductive and logical analysis of the critical case of Airiston Helmi and related policymaking process, we elaborated the idea towards a proposal of the theoretical construct of emerging international compliance.

The starting point of our instrumental case study was the research question, and we designed the study, collected and analysed the data and reported the findings accordingly. Documenting the temporal series of events (Flanagan, 1954) related to the critical case was of utmost importance. In order to produce contextualised knowledge, we studied the history of the case from diverse sources in their realistic context. After portraying the sequence of events, we then reflected on international, national and company level aspects affecting the case, and its consequences based on formal regulation.

### Data Sources and Collection

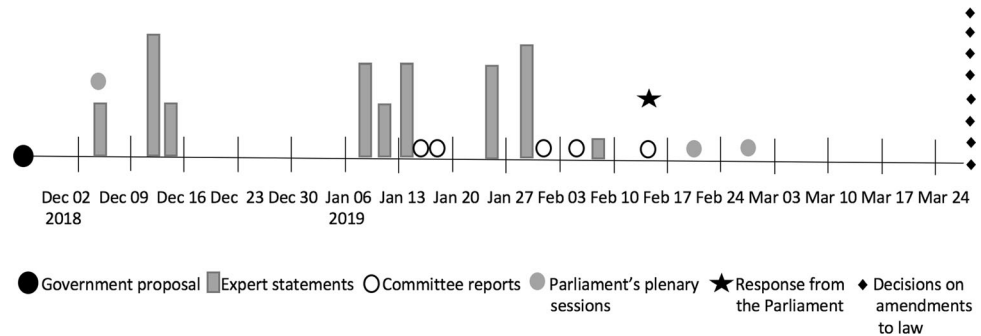
Our paradigmatic stance, the research question and the sensitivity of the research topic guided our data collection, which focused primarily on secondary sources. The data collection started with a systematic review of Finnish media. Our search for data focused on three sources: Kauppalehti, Talouselämä and Yleisradio Oy (YLE). All the aforementioned media are highly respected for their journalistic principles and quality of work. Including three media sources allowed us to capture different perspectives: Kauppalehti and Talouselämä are business magazines targeting professionals, while YLE is the national broadcasting corporation under the supervision of the Finnish Parliament. We searched the media archives of the selected sources with keyword ‘Airiston Helmi’ and identified 60 pieces of news published in 2018–2019 which are listed in the “Appendix”.

Next, the data collection was expanded to governmental sources. While studying amendments to law it is essential to include their whole lifecycle including the preparation of new laws, decision-making, implementation of new laws and their effects into the analysis (Tala, 2004). Figure 2 demonstrates a timeline of the policymaking process and summarises the legal and parliamentary documents generated during this time period. We found several official documents which were interlinked with the case and related policy implications. These included the government proposal 253/2018, expert statements, committee reports, the minutes of Parliament’s plenary sessions, response from the Parliament and decisions on amendments to law. These documents illustrated well the outcomes and policy consequences of the critical case. The formal public documents were instrumental to our study as they provided us with alternative records of activity that we were not able to observe ourselves (see Stake, 1995).





**Figure 2** Policymaking process related to the government proposal 253/2018.



Additionally, we conducted an interview with a key informant from the Ministry of Defence who was involved in the process related to the enactment of new laws and who could provide details on the unfolding events and support our understanding of how the events relate to each other. This type of data enabled us to triangulate the secondary data with information that is not in the public domain. We did request other informants from ministries and government agencies to be interviewed but due to ongoing criminal investigations and the sensitive nature of the case, they were not willing to speak 'on record'. Using secondary data as the main data source made it possible to seek answers to a new kind of research question and study a phenomenon not observable using mainstream methodological tools (supported by Nielsen et al., 2020). An overview of data collected for this study is presented in Table 2.

### Data Analysis

We used qualitative content analysis to examine the news articles and critical sequences of events in this case study (of the method, see Kohlbacher, 2006). Before the analysis, we organised the data. First, we screened the data in order to identify the main critical events and parties involved. Then, we classified the data into themes based on the content of the articles: the main focus of some articles was in examining the authoritative investigations of suspected crimes conducted by the company Airiston Helmi, while others discussed the societal implications and causes of the critical case. Through multiple rounds of coding the data obtained its final form.

In terms of our qualitative content analysis, we refined the categories in an iterative manner as we found interesting aspects in the theory and data (recommended by Ryan & Bernard, 2000). We documented plausible causes and consequences

regarding the case based on the data while constructing the sequence of events. As a result, we identified categories for the main events and the critical nature of the events. This classification defined which articles provided the most valuable insights into the unfolding processes thus allowing us to theorise the case.

Qualitative data analysis includes interpretations about the environment, behaviour and attitudes besides the actual coding and categorising (Chowdhury, 2015). Hence, we interpreted the findings of the data analysed and established a chain of events on three levels: Europe and international anti-money laundering, Finland and national legislation along with the company Airiston Helmi. These events were analysed through the lenses of institutional and co-evolution theories.

Our research process was abductive and non-linear, requiring us to move back and forth between the theory, data and findings as we were interested specifically in understanding deep structures. We employed a non-positivist perspective and theorised based on "a tight and emerging framework" (Dubois & Gadde, 2014: 1279), in other words, relevant concepts were identified and used as a foundation for examining the empirical phenomenon of international money laundering. As a result, the framework of the study evolved throughout the research process when new empirical findings and theoretical insights emerged.

### Trustworthiness

To improve the trustworthiness of our findings, we considered biases related to the constructs, methods and stimuli. We based our construct development on existing institutional and co-evolution theories and checked the equivalence of the research topic and key concepts. Additionally, we assessed existing background assumptions critically. To avoid method bias, we collected data that

**Table 2** Overview of data sources

Data source	What/who	When	Why	Comments
News articles	60 national news articles from YLE, Talouselämä and Kauppalehti	Articles were gathered in the initial phase of data collection. Articles that were published in 2018 and 2019 were analysed	Media inclusion appeared as an important explanatory construct to trace the sequence of events, context of the Airiston Helmi case and parties involved	News articles enabled us to identify relevant parties and arrange the events in a chronological order
Institutional documents	Government proposal 253/2018, 40 expert statements and five committees' statements, minutes from three plenary session meetings, decisions related to eight new and adjusted laws	During the entire period	Familiarise with the policy implications and collect information about the policy consequences to frame our analysis	Institutional documents enabled us to track the policy changes and how they evolved before, during and after the events related to Airiston Helmi
Interview	A structured interview with an informant from the Ministry of Defence. The interview was taped and transcribed, and the informant was asked to read the main points through to ensure accuracy	In May 2020. During the period of data analysis	To triangulate the findings from secondary data and to find evidence for our theorising on emerging compliance	The idea was to confirm interpretations that led to theorising from the interviewee with first-hand knowledge

was available despite the sensitivity of our research topic (Sinkovics, Penz, & Ghauri, 2008). We applied data triangulation in order to secure credibility and to avoid subjective biases (Lincoln & Guba, 1985, 1986; Nielsen et al., 2020). The interview of a key informant with first-hand knowledge allowed us to check the validity of our findings that were based on secondary sources. To ensure transferability, we present thick descriptions in addition to narratives of the data and the context of our study (Lincoln & Guba, 1985). These descriptions generate valuable information about our topic and construct development but also provide outsiders a better view to our theorising, findings or conclusions and judge whether they could be applied in other contexts. To avoid a stimulus bias and to safeguard conformability, we analysed the data in a systematic and objective manner and looked for plausible rival explanations (Lincoln & Guba, 1985; Sinkovics et al., 2008). The limitations of our study are discussed in the concluding section.

### EMERGENCE OF INTERNATIONAL COMPLIANCE

Law provides agency for the public to convert morals into guidelines for acting in a socially acceptable way and punishing for misconduct (Beauchamp & Bowie, 2001). However, going beyond the minimum requirements set by the law is often necessary to avoid ending up in a 'grey area' (Crane & Matten, 2004) as the case of Airiston Helmi and utilisation of legal business practices for money laundering purposes shows. The case of Airiston Helmi was central to the approval of the respective bills that came into force in 2020 and illustrated institutionalisation of money laundering practices and the exploitation of heterogeneous institutional environments allowing dishonesty and unethical behaviours.

The motive behind cross-border property ventures is often to spread risks and seek opportunities in geographically diverse areas (Agboola, 2014). Globalisation, free movements and the formation of the EU have had an impact on the way people perceive Nordic countries as attractive foreign



investment destinations for financial products and real estate investments. The liberty to conduct international transactions and the openness of financial markets have enabled investors to participate in international property markets. However, our case aroused questions in respect of free

movement, golden EU passports and the future of a globalisation process that allowed criminals to establish international networks and decentralise the risk of being caught.

Table 3 documents key events triggering emerging international compliance and their

**Table 3** Triggers for emerging international compliance and levels of analysis

Key construct and levels of analysis	Triggers for emerging international compliance and their actualization at the levels of analysis: so what?		
	Trigger 1	Trigger 2	Trigger 3
Emerging international compliance	<p>Institutional heterogeneity</p> <p>1993 Subjectivity to licence of foreign property ownership in Finland was exempted</p> <p>1995 Free movement of goods, people, services and capital within the EU</p> <p>Abolishing the law related to strategic locations' subjectivity to licence would follow</p>	<p>Unethical business activities</p> <p>2007 Airiston Helmi started to acquire properties in the Finnish archipelago</p>	<p>New policy</p> <p>2020 New and adjusted laws related to foreign property ownership came into effect</p>
<p>Money laundering and investigation</p> <p>Key parties: Airiston Helmi company (its employees and owner), National Bureau of Investigation, the Police, Finnish Border Guard, Finnish Defence Forces, Tax Administration, District court</p>	<p>Possibility for directions outside EU or EFTA to purchase property in Finland</p> <p>Legal business practices (foreign property purchases) utilised for suspected money laundering purposes by Airiston Helmi owned by a Russian man in possession of a Maltese passport</p>	<p>2017 suspicions about the objectives of Airiston Helmi as Tax Administration started to investigate the company</p> <p>2018 criminal investigations and search of Airiston Helmi's premises</p>	<p>In 2020 criminal investigations into the company's operations continue. Employees of the company had been held in detention and several sessions in courts have taken place</p> <p>New laws trigger evolution and utilization of new money laundering behaviours to replace old ones</p>
<p>Policymaking</p> <p>Key parties: Relevant ministries (Ministry of Defence was central), Parliament of Finland, experts from various fields and relevant committees, Finnish citizens</p>	<p>A licence-based approach towards foreign ownership of fixed assets in Finland had been in place until it became unregulated</p> <p>In some countries, such as Estonia, land acquisitions near the borders were already restricted for non-EU-citizens. USA was also strictly supervising foreign real estate purchases. Other countries to follow the same trend causing institutional change</p>	<p>2015 Citizens' initiative related to foreign property purchases was presented but not considered by the Finnish Parliament</p> <p>2017 report on national security regarding transmission of fixed assets, a government proposal was introduced in 2018 and new laws were being prepared</p> <p>Investigations into the company's objectives elevated media and publics' attention in 2018 and 2019</p>	<p>The case of Airiston Helmi was mentioned in Parliament's plenary sessions in 2018-2019 and influenced formation of political opinions and acceptance of the new laws</p> <p>Supervision and background research related to suspicious foreign property purchases would follow. Similar institutional change and evolution might take place in other countries. Also, MNCs were recognized to have a role in spreading company best practices in institutionally heterogenous operating environments to avoid international spread of similar unethical business practices</p>



developments over time. In our analysis we have used the case of Airiston Helmi to discuss relevant passages between key events and how they influenced the key parties involved in money laundering, investigations and in the policymaking processes. The Airiston Helmi case was used as an illustrative example and enabled us to analyse the case from the viewpoints of suspected money laundering and policymaking related to international business and society. Simultaneously, European and global institutional arrangements such as extensions in free trade and movements along with international anti-money laundering commitments have been included to demonstrate the causes of these effects within the given time span. The consequences stemming from the critical case of Airiston Helmi are documented in order to indicate the motives behind the new policies and the way they were formed.

When EU was formed in 1992, the main incentives were to establish foreign and security policy for the Union and to improve cooperation within the member countries in terms of justice and home affairs (EUR-Lex, 2018). On the one hand, free movement within the EU acted as an enabler for the unethical business operations of the foreign owned company Airiston Helmi in Finland: “A Russian man who operates the businesses of Airiston Helmi, has multiple businesses in Russia and a golden passport from Malta has enabled his movements in Europe” (Yle News, 2018a). This illustrates how criminals seek institutional voids as location-specific advantages in countries where they can launder money.

Until 1993, laws restricted foreign ownership of real estate in Finland. Then, a new act was released to liberalise license-based property ownership by foreigners. However, exceptions remained concerning properties close to Finnish borders and tactical locations. This was justified by maintaining Finland’s defence preparedness and safeguarding national security. In such restricted locations, permission from local provincial governments had to be applied for (Parliament of Finland, 2018). In 1995, Finland joined the EU (European Commission, 2019) and partly as a consequence in 1999, the law concerning supervision of property ownership and new purchases by foreign organisations and people was abolished. Since 2000, property ownership of people living abroad was not controlled by a licensing regime until policy changes (Parliament of Finland, 2018) came into force at the beginning of 2020. In 2015, a citizens’ initiative

regarding property purchases by organisations and citizens from outside the EU or the European Free Trade Association was proposed but not considered by the Finnish Parliament (Kansalaisaloite, 2015). Unfolding of these events indicates that the liberalisation of property ownership-related legislation and free movement within the EU enabled money laundering techniques based on real estate purchases to be used by a foreign company. Unethical business practices together with exploitation of institutional heterogeneity hence acted as triggers for emerging international compliance.

Between 2007 and 2014, Airiston Helmi had acquired and sold multiple properties in the Finnish archipelago. In autumn 2018, police investigations into the objectives of the enterprise and its Russian owner commenced based on suspicions related to financial crime including for instance tax fraud and international money laundering. The company Airiston Helmi violated local institutional logics and acted as an institutional entrepreneur seeking opportunities for unethical conduct of business and institutional change: “A company from Hong Kong financed Airiston Helmi’s property purchases in the Finnish archipelago by at least €4.5 million. In 2014, Airiston Helmi also sold two large properties. At the time the seller, Airiston Helmi, was owned by a Russian man through a Polish company. The buyer was the same Russian man.” (Yle News, 2018b). It appears that the director of the company in Hong Kong was also the same man who operated the businesses of Airiston Helmi. Following the police investigations and international media attention, the suspected money-laundering firm Airiston Helmi faced closure of its operations and liquidation. Police investigations related to the firm’s aggravated money laundering and other crimes are still ongoing.

The Tax Administration had Airiston Helmi under surveillance for years before they commenced formal investigations in 2017. The National Bureau of Investigation joined these inquiries in February 2018 when they started preparations for the search of premises at Airiston Helmi. Simultaneously, the relevant ministries initiated preparations for new property ownership laws, which were moderated by urgent concerns regarding the deteriorating state of security in the Baltic Sea Region.

The case was instrumental for the process of accepting new legislation, due to the chief of the National Police Board (in a parliamentary seminar on national security, Yle News, 2018c) indicating

**Table 4** New and adjusted laws related to the government proposal 253/2018

Name of the law (or who / what it concerns)	Action taken
1. Land Use and Building Act	Adjusted
2. Act on the Right of Redemption of Immovable Property and Special Rights in Order to Protect National Security	Enacted
3. Act on the State's Right of Pre-emption in Certain Areas	Enacted
4. Act on Transfers of Real Estate Requiring Special Permission	Enacted
5. Code of Real Estate	Adjusted
6. An act concerning conveyancers	Adjusted
7. Act on the Land Information System and Related Information Services	Adjusted
8. An act concerning real estates' official purchase price register	Adjusted

the investigations into financial crimes by Airiston Helmi. This incident is critical as it brought forward the intertwined connections between international money laundering activities, the police investigations into them and processes of enacting new laws preventing these practices and ensuring national security. As a result of the process which started then, new regulation mitigates the institutionalisation of money laundering through legal business practices and foreign property investments in Finland, narrowing this type of criminal opportunities.

Enacting the new laws occurred in Parliament's plenary sessions based on the government's proposal. The Ministry of Defence in Finland published a report on the 20th of April 2017 on national security regarding transmissions of fixed assets. The Security Strategy for Society, accepted on the 2nd of November 2017, acknowledged the rapid and unpredictable deterioration of security within Europe and the Baltic Sea Region which consequently required changes to the Finnish foreign policy and led to proposals for new laws. These were signed by the Finnish Prime Minister and the Minister of Defence in November 2018, and came into effect in January 2020 (Finlex, 2018). Airiston Helmi had an important role in the formation of political opinion among members of Parliament. As a result, new property ownership-related laws were accepted in a short time (Ministry of Defence, 2020). Relatively fast acceptance of the new laws shows how the cross-level influences of suspected money laundering and policymaking were nested and enabled emergence of international compliance.

Policymaking, from the point of view of governments, is aimed at finding new solutions to recognised problems (Birkland, 2019). Events related to the operations of Airiston Helmi and subsequent investigations led to new policies. Eight laws related to Finnish property ownership, regarding national security in border territories and tactical

locations, were adjusted or enacted (Finlex, 2018). These are presented in Table 4.

The three new laws (number 2, 3 and 4) contained the key subject matter of this new legislation (Ministry of Defence, 2020). Due to these new laws and their main content, the government can supervise foreign real estate acquisitions (primarily those of organisations or people originating from outside the EU or the European Economic Area) and have the means to determine the purposes and ownership relations at the background of these acquisitions. As a result, possible criminal or national security threatening aims and connections can be more easily detected and reacted to.

The process of enacting new laws included multidisciplinary management between different governmental committees and areas of expertise. In relation to enacting new security-based laws, the Ministry of Defence was strongly involved in the process. The Ministries of Finance, Foreign Affairs, Interior, Agriculture and Forestry, Employment and Economy and the Environment were also involved in the process of drafting the government bills in addition to the National Land Survey of Finland and the Senate Properties. Additionally, statements were requested from experts representing the Green Parliamentary Group, the Association of Finnish Municipalities, the Left Alliance Parliamentary Group, the Ministry of Social Affairs and Health, the Central Union of Agricultural Producers and Forest Owners, the Secretariat of the Security Committee, the Ministry of Justice, the Social Democratic Parliamentary Group, the Swedish Parliamentary Group, the Customs Duty, the National Emergency Supply Agency, the Office of the Chancellor of Justice, the Police of Finland, the National Bureau of Investigation, the Finnish Security and Intelligence Service, Metsähallitus (the Forest Agency), the Finns Party Parliamentary Group, the Defence Command Finland, the Ministry of Transport and Communications, the Supreme



Administrative Court of Finland, the Finnish Border Guard and the Åland Provincial Government (Finlex, 2018). Such multifaceted dialogues between policymakers, government agencies and Parliament are quite rare.

Relevant authorities were involved in conducting the process in addition to the responsible committees and relevant ministries (Ministry of Defence, 2020). The case aroused lively discussions in Parliament's plenary sessions where it was addressed multiple times (Parliament of Finland, 2019). This shows that the case was instrumental in enabling rapid adoption of new acts in the Parliament. The unfolding events regarding property acquisition, police investigations, international dimensions, media attention and the introduction of new laws were all related to the suspicion concerning Airiston Helmi's money laundering and demonstrate the co-evolutionary processes iterating between institutional developments and practices of money laundering.

Due to historic events over the past years and because of a deterioration of economic stability internationally, governments in different parts of the world have started to revise their open approach towards foreign corporations, often in favour of domestic ones, leading to more protectionist sentiments (Evenett, 2019). Governments have reacted hesitantly to outward investment, due to concerns about exporting domestic employment (Torres & Clegg, 2014). In the context of this study, protectionist actions can be detected in the form of adjusted foreign property ownership-related legislation. In addition to Finland, other countries have recognised security hazards related to foreign property ownership and imposed restrictions. In the USA, real estate operators must assess and report possible threats concerning national security when foreign direct investments are involved (Jones Day, 2019). In Estonia, land acquisitions on islands and territories near the borders are restricted for non-EU-citizens and land acquisitions for organisations originating from outside the European Economic Area are supervised (Finlex, 2018). Institutionalisation of money laundering practices and the exploitation of heterogeneous institutional environments allows dishonesty and 'unethical behaviours'. Consequently, when becoming aware of such institutional voids other countries may follow similar regulatory change and development.

New compliance in the case in focus of this study emerged nationally because of co-evolutionary practices between policymakers and international

criminal actors recognising and exploiting institutional voids. In addition to positive developments such as mitigating unethical business practices in the future, new policies also trigger evolutionary mechanisms that initiate adaptation reactions. They lead to new money laundering practices to replace the old ones.

## DISCUSSION

Criminals use international money laundering as a method of concealing illegal funds via business transactions across borders; in response organisations concerned with anti-money laundering have to create and sustain legal restrictions that close gaps in laws that enable international money laundering. The case of Airiston Helmi shows that criminals discover novel methods to launder money and this case has extended our understanding of anti-money laundering policies in fields other than banking.

The research question of this study is: *How do new anti-money laundering policies emerge over time?* In order to answer this, we have proposed a construct of 'emerging international compliance'. We theorise on the interactions between criminal actors using institutional voids in various countries to launder money and consequently evolving policy-making processes that have an effect on national formal institutional frameworks. Analysis of the extant data allowed us to justify our belief in a reasonable logical explanation (Bhaskar, 1998). Interwoven and collateral developments of anti-money laundering activities and international money laundering methods create a 'cat and mouse game' generating new policies over time.

Airiston Helmi generated extensive media attention and the criminal investigations into this particular case had an effect on the legislation in multiple areas resulting in new laws concerning foreign property ownership, especially in border territories and areas important for national security (Parliament's Plenary Session, 2019). These new laws affect the rest of society and sometimes produce indirect effects as in this case by reducing opportunities for money laundering by restricting the possibilities of channelling funds with suspicious origins into the host country through international real estate investments. They also support existing anti-money laundering policies that mainly affect companies (such as banks) within the financial industry. However, reducing opportunities for money laundering through foreign



property investments triggers development of new money laundering techniques resulting in co-evolutionary processes of retention, selection or adaptation (Kallis, 2007).

Building on theories of institutional logics and institutional entrepreneurship, this case study shows the significance of business operators following regulations and norms. Foundational institutions such as markets and states have a logic that guides their participants choosing suitable means and ends of behaviour. These logics are influenced by society, organisations and individuals who act as sources of change and agency. When institutional logics differentiate e.g. between countries, cultural resources provide chances for transforming society (Thornton & Ocasio, 2008). In our case, the company Airiston Helmi and the Russian owner behind the scenes acted as institutional entrepreneurs. While some local stakeholders of the business were unaware or unsuspecting, among others the unethical behaviour aroused concerns and hence the company came across conflicts with the surrounding structures and institutional environment as it did not support the arrangements they took to launder money. From the legal perspective, precedents can come into force retrospectively (Sutela & Lindroos, 2021) making past behaviour a criminal offence. Airiston Helmi sought opportunities for institutional change enabled by heterogeneous institutional contexts (see Hardy & Maguire, 2008). However, the local institutional logics could retrospectively convert judgement on past behaviour that was perceived unethical and make it a criminal offence. In our case, local institutional entrepreneurs involved in policymaking had a stabilising effect in preserving the dominant logics and underlying values through co-evolutionary processes with the suspected money laundering case.

This paper used the general premises of established theoretical perspectives to develop a new construct. It is somewhat different from other research papers, as our case altered existing theories of institutional logics and institutional entrepreneurship, and provided evidence for our proposal of a new explanation. The construct of emerging international compliance is based on institutional logics and institutional entrepreneurship according to which institutions change due to their underlying logics of their organisations (Thornton & Ocasio, 2008) and are affected by and have an effect on individual behaviour (Leca & Naccache, 2006). Our explanation emphasises that

repeated actions by individuals and firms establish norms that define the business-as-usual practices. These practices interweave with the explicit parts of the formal institutional environment, complying with extant rules and regulations. This implies that unethical practices can be established given the opportunity and might be accepted and established because implicitly unethical actions do not mean they are explicitly illegal (Haveman & Gualtieri, 2017). Institutional entrepreneurs can find justifications from diverse institutional logics to establish novel ones and challenge old ones (Leca & Naccache, 2006).

The construct of emerging international compliance also relies on a co-evolutionary perspective thus events and actions play a critical role over time. Repeated action events shape the above constructed processes and establish unethical practices within an institutional void. Government interests and international trends directing the behaviour of individuals and organisations often motivate and encourage policymaking and change in formal institutions (Argadoña, 2004). Advancements and interactions between money laundering and international business policies create continuous interactions generating new laws to obstruct unethical behaviours and novel techniques to allow international money laundering to continue triggering “virtuous or vicious self-reinforcing cycles” (Cloutier & Langley, 2020: 13). Thus, we can recognise co-evolutionary forces while the activities by money laundering entrepreneurs alter the task environment for the anti-money laundering actors who reinforce dominant logic by converting issues of ethics into formal encoded regulation. In respect to the dynamic interactive view, we acknowledge that recurring behaviours can, over time, assist or obstruct certain outcomes such as money laundering.

## CONCLUSION

First, we contribute to research on international business policy by demonstrating that policymaking is an iterative process rather than a linear one. We illustrate this by proposing the construct of emerging international compliance which reveals the co-evolutionary processes between policymaking and money laundering as having an effect on the future development of each phenomenon. Second, we analyse the overlaps between legal business arrangements and money laundering and how they influence these practices. We view these

overlaps from the perspective of institutional logics and institutional entrepreneurship. In our case, the tensions between an evolving moral and an increasing misfit of the firm's practices with cultural norms and ethics led to counteracting given practices. This was done by finding ways to establish limitations for unethical practices that are sensitised by international arrangements regarding anti-money laundering. As a result, effective regulation was enacted, and formal institutional voids were reduced. MNCs as ethical actors can adopt new regulative implications into their operational policies along with their business practices and consequently spread 'company best practices' in addition to aiding institutional change internationally (Parsons, 2016). MNCs can hence become strong institutional entrepreneurs reducing the occurrence of international money laundering and shaping encoded regulation. MNCs are important drivers for emerging international compliance in terms of transferring their own standards across their operating environments and by avenging non-conforming behaviour within their own sphere of influence.

It is worthwhile recognising that foreign property ownership as such is not a negative phenomenon. However, real estate purchases can provide a gateway for unethical or illegal transactions as an act of institutional entrepreneurship, which is enabled by institutional voids. In contrast, societies with a sufficient regulatory institutional environment (see Mariotti & Marzano, 2021) tend to attract foreign investors and promote international business. Extending our analysis beyond the case of Airiston Helmi, we highlight the 'grey area', which relates to the criminalisation of money laundering. As the process of money laundering includes phases of placement, layering and integration of illicit funds into the official financial system, a crime has already been committed before the actual laundering starts (Levi & Reuter, 2006). Thus, otherwise legitimate transactions may be financed by funds from illegal origins and the operations of the enterprises harnessed for these "legal" purposes might not be illicit as such. As the local institutional logic adhering to the prevailing culture and ethics starts to diminish, legislation should be adjusted, and policymakers should react in order to prevent similar behaviour with detrimental objectives in the future.

The policy implications of this study are germane to the legislative, executive and judicial branches of the state. The strategy implications of this study are directed to MNCs. Cultural and national features have an impact on the way business practices have developed on the markets in question. Nevertheless, internationality has facilitated behaviour causing pressure towards adjusting legislation and blocking evasive and detrimental foreign as well as domestic business operations. The 'cat and mouse game' between policymakers and criminals changes the playing field for everyone, not least for MNCs in the form of the international rules they have to adapt to in this 'game'. It is important to retain certain parts of policymaking on a national level in order to reflect local specifics and idiosyncrasies; however, there needs to be an overall framework that takes into account the international dimensions of international money laundering opportunities. This could prevent criminals from modifying their operations and benefitting from regulatory arbitrage internationally (Alldrige, 2016). With respect to the definition of international business policy by Lundan (2018) we illustrate a case that is presently having an effect on government-initiated policy changes that aim to influence the behaviour of firms operating internationally. We believe that our case study is interesting as it shows how institutions respond to new situations and information (Clegg, 2019).

The rationales of the construct of emerging international compliance can be utilised by institutional actors in order to recognise the complexity of international money laundering and the need for multi-lateral collaboration between institutions on a national level and an international level as well as involving MNCs as major stakeholders to prevent such activity. Due to the complex dynamics, we cannot expect emerging international compliance to be merely the co-evolutionary cat and mouse game between internationally acting criminals and policymakers bound to their own institutional context. Instead, we are convinced that influential MNCs have a role in establishing compliance by adopting the most stringent anti-money laundering practices they face in their international operating environments and adjusting their corporate policies accordingly. It is in the self-interest of MNCs to standardise such policies throughout all operations internationally, and also when considering the responsibilities of dependent partners, allies or suppliers, in order to





create certainties that do not threaten the overall viability of their operations. MNCs do not operate in a vacuum, nor does international money laundering. However, MNCs have significant direct influence over the actions of their stakeholders. The actions they take create business practices and shape the informal institutions in their operating environments. Therefore, the contingencies in the construct of emerging international compliance can be influenced by MNCs. They can complement national policies across international jurisdictions with corporate policies that limit dishonest behaviours.

This study refers to a rather unique case of suspected international money laundering that influenced the urgent adoption of new laws, and therefore it has limitations. A single case was employed to illustrate the co-evolution of international money laundering and the creation of new policies. We have proposed a construct of emerging international compliance and this case provided evidence for this theorising. Aligned with critical realism, the knowledge we produce is context- and situation-specific. However, the construct of emerging international compliance is a useful explanation that describes how institutions adapt to international money laundering practices, and should be transferable to similar contexts. For future research, we suggest examining similar international money laundering cases together with their policy consequences in order to evaluate and develop the construct of emerging international compliance.

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## APPENDIX: ANALYSED NEWS ARTICLES

Date	Name of event	Criticality of event	Source
9.8.2019	Creditors of Airiston Helmi are announcing their outstanding accounts	Tax Administration demands €1.7 million from Airiston Helmi	Talouselämä
31.7.2019	Owner of Airiston Helmi will sell his real estate in Finland	Sales are taking place after suspicions of the company’s operations	Talouselämä
31.7.2019	No bank will open new accounts for Airiston Helmi	The company was placed to liquidation	Talouselämä
12.12.2018	Airiston Helmi has attracted a lot of media attention	Information about the case Airiston Helmi was searched frequently on the Internet	Talouselämä
28.9.2018	Two people were convicted in relation to the Airiston Helmi case	Debate about the real estate purchases by foreigners	Talouselämä
24.9.2018	Financial state of the company is unstable	Many capital loans have been detected in the company’s capital structure	Talouselämä
24.9.2018	Laws about foreign property ownership are handled in the Parliament	Some members of the Parliament rushed propositions of new property ownership-related laws after the police investigation of Airiston Helmi	Talouselämä
27.9.2019	The company was placed to liquidation	Real estate of the company will be sold and are valued to worth over €10 million	Kauppalehti
5.8.2019	Airiston Helmi’s bank accounts were closed	Suspicion of money laundering	Kauppalehti
29.9.2018			Kauppalehti



Date	Name of event	Criticality of event	Source
	A golden passport of Malta was issued to a Russian in relation to the critical case	Due to substantial real estate ownerships or other investments, a golden visa or passport can be issued to non-EU citizens	
24.9.2018	Raid related to Airiston Helmi	500,000 euros of cash were found during the search of premises	KauppaLehti
24.9.2018	National Bureau of Investigation applied a detention order for an Estonian and a Russian employee of Airiston Helmi	Suspicion of aggravated money laundering and tax fraud	KauppaLehti
19.11.2019	Seized funds related to Airiston Helmi's economic crime investigations remain confiscated	Investigations on the company's operations continue	YLE
22.9.2019	Some of the islands owned by Airiston Helmi have been sold	A large-scale police operation in 2018 brought the case into the knowledge of the public	YLE
2.8.2019	Business operations of Airiston Helmi have been considered suspicious by other business operators and public	Airiston Helmi cannot continue to operate due to reputational hazards and financial challenges. The case has an impact on new legislation concerning foreign real estate purchases	YLE
26.2.2019	Detention of a Russian citizen has been ended but the criminal investigations continue	National Bureau of Investigation investigates in cooperation with Tax Administration, Finnish Defence Forces and Finnish Security and Intelligence Service	YLE
7.2.2019	A Russian man apprehended as a result of a raid related to Airiston Helmi	The man is suspected of aggravated tax fraud	YLE
25.1.2019	Owner of the company demands confiscated funds back	Investigations are ongoing and international legal assistance has been requested	YLE
14.12.2018	A Russian businessman at the background of Airiston Helmi had complained about the legality of the raid	The raid was legal and the complaint was not addressed. Seizure of funds remains	YLE
11.12.2018	An Estonian man was released from detention. A Russian man remains in detention	Investigations are ongoing and extend beyond the national borders of Finland	YLE
28.11.2018	Funds remain confiscated	Airiston Helmi is suspected of aggravated money laundering, aggravated accounting offence and tax fraud	YLE
20.11.2018	Airiston Helmi has filed a lawsuit regarding the legality of the search of premises	From the company's point of view, the search was viewed to be against the Coercive Measures Act	YLE
14.11.2018	Owner of Airiston Helmi demands his confiscated funds back	Funds remain confiscated and investigations continue	YLE
12.11.2018	Airiston Helmi tries to rent company's premises next summer for tourists	A board member fears that banks and insurance companies will turn their backs on Airiston Helmi	YLE
31.10.2018	The company has been placed to liquidation and the real estate will be sold	Also, the owner will sell his private properties in Finland	YLE
17.10.2018	An Estonian man related to investigations of Airiston Helmi remains detained	The man was born in Ukraine and is suspected of assisting in aggravated tax frauds	YLE
16.10.2018	A Russian man related to investigations of Airiston Helmi remains detained	The man is suspected of aggravated tax fraud	YLE
15.10.2018	An Estonian and a Russian man demand a release from detention	Police had found new material to investigate. Both men are suspected of tax fraud	YLE
2.10.2018	Two men remain detained in relation to criminal investigation of Airiston Helmi	The men are not suspected of money laundering at the moment, yet investigations continue based on suspicions of tax fraud	YLE
1.10.2018	Suspicion about the types of crime is changing	Detention of two men continues based on evidence and suspicion of tax fraud. Investigation of money laundering continues and takes more time	YLE
1.10.2018	Russian member of the board of Airiston Helmi, and an Estonian employee remain in detention	Both men are suspected of money laundering and tax fraud	YLE



Date	Name of event	Criticality of event	Source
29.9.2018	Circa 400 authorities including Police participated in the raid related to Airiston Helmi	Airiston Helmi has connections to Russia and tax havens. Suspicion of multiple economic crimes	YLE
29.9.2018	Foreign statements about the operations of Airiston Helmi	Foreign experts evaluate the aims of Airiston Helmi including military purposes on top of money laundering	YLE
29.9.2018	Authorities informed the state management about the Airiston Helmi operation in advance	Primarily, the operation concerns investigations on economic crimes	YLE
27.9.2018	Airiston Helmi has purchased real estate funded by companies located in a tax havens	Beneficial owners of the companies remain unclear, yet the companies seem to be connected. Finance settlements are suspicious as the same Russian man seems to have sold and purchased the same properties in Finland	YLE
27.9.2018	Investigations contain a lot of data	Cooperation in terms of analysing and translating the data	YLE
26.9.2018	Prime Minister of Russia disclaims military purposes of Airiston Helmi	Russia participates in investigations only in the form of legal assistance and consular protection if requested	YLE
26.9.2018	Large-scale raid in the Archipelago of Turku was confirmed to relate to the company Airiston Helmi	Chief of the National Police Board talked about Airiston Helmi in the Parliament in a seminar handling security	YLE
26.9.2018	Large police operation related to an economic crime investigation	The National Bureau of Investigation investigates the case	YLE
25.9.2018	Members of the Parliament are concerned about national security in terms of foreign property ownership in tactical locations	Adjustments to foreign property ownership-related laws are prepared in the Ministry of Defence	YLE
25.9.2018	Two employees of Airiston Helmi into detention	Chief investigator states that the case is complex and many parties are involved. Even international ones	YLE
25.9.2018	The owner of Airiston Helmi is a Russian businessman who owns multiple companies in Russia, holds a Maltese passport and lives in Hungary	The company had been acquiring land in the Finnish archipelago between 2007 until 2014 worth circa €9.2 million	YLE
25.9.2018	International legal assistance has been requested in terms of investigating predicate offences behind suspected money laundering	Funds originate from abroad and their legitimacy is suspected	YLE
25.9.2018	Trials related to detention orders begin	Search of premises was conducted in 17 destinations	YLE
25.9.2018	Committee of Foreign Affairs requests expert statements related to Airiston Helmi investigations	Strategic importance of Airiston Helmi's real estate has been recognised	YLE
24.9.2018	An island and its vast constructions, owned by Airiston Helmi, has puzzled locals in the past few years	A search of premises was conducted in this island	YLE
24.9.2018	Suspicion of economic criminality of Airiston Helmi has been investigated since February 2018 by the National Bureau of Investigation	Report of an offence was filed earlier by the investigation unit of the grey economy in the Tax Administration. The National Bureau of Investigation continues with the investigations	YLE
24.9.2018	Large-scale investigations of Airiston Helmi's economic crimes aroused discussion among politicians	New laws will be proposed in order to improve the government's possibilities to intervene in land acquisitions threatening national security	YLE
24.9.2019	The President of Finland knew about the police operation in the archipelago of Turku in advance	The president stated that he had been worrying about the land acquisitions of Russians in strategic locations of Finland already before the case	YLE
24.9.2018	The Ministry of Defence prepares a set of new laws to ensure national security in terms of land property transfers	New laws are evaluated to come into effect by 2020	YLE



Date	Name of event	Criticality of event	Source
24.9.2018	The Minister of the Interior knew about the police operation in the archipelago of Turku in advance	The operation had been prepared since February 2018	YLE
24.9.2018	The police operation in the archipelago of Turku has attracted media attention also in Sweden	Swedish Security Service has warned about Russia as a national intelligence threat. They do not take a stand on the Finnish case	YLE
24.9.2018	Experts' comment on the police operation related to Airiston Helmi and new policies in the making	Cooperation between different authorities has been efficient during the police operation and investigations. New laws are needed	YLE
23.9.2018	Search of premises of Airiston Helmi has ended	Three people were apprehended, and one was released. Seven people have been examined	YLE
23.9.2018	Large police operations seem to be related to a Russian owned company Airiston Helmi	Vast international money laundering operations and economic crimes are suspected	YLE
23.9.2018	A local followed a large police operation from a neighbouring island	Construction projects of Airiston Helmi have attracted attention of the locals for many years. The premises of Airiston Helmi are told to be without occupants	YLE
23.9.2018	A large police operation was conducted in the archipelago of Turku	Police have not announced the object of the investigations yet	YLE
22.9.2018	Large-scale search of premises in the archipelago is ongoing and two people have been apprehended. A flight ban is ordered upon the searched area	A company located in Finland is suspected of tax fraud and laundering money internationally worth millions	YLE
22.9.2018	The National Bureau of Investigation is conducting a massive search of premises of a foreign owned company in the Finnish archipelago	Search is related to a pre-trial investigation conducted in cooperation with the Bureau and Tax Administration. Extensive money laundering and undeclared work are suspected	YLE
22.9.2018	Armed police officers stopped a local farmer	Due to a police operation, a local farmer was prohibited from attending his nearby farm. The eyewitness described the scene resembling a movie setting	YLE

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