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CENTRO DE INVESTIGACIÓN  
Gobernabilidad  
y Transparencia



# Center for Governance and Transparency


Hotel Emperador 4.15.2010  
Buenos Aires, Argentina

# Goals

- Research and Fostering of Business Ethics and Compliance in Argentina with a pragmatic approach:
  - Research and dissemination of results
  - Teaching
  - Support for companies

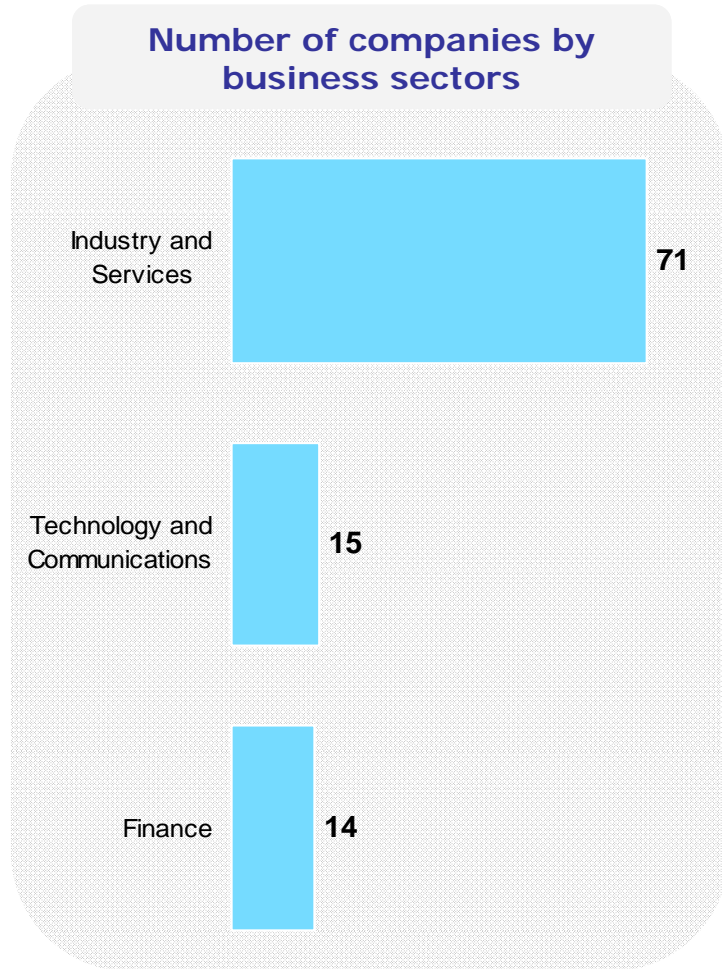
# **Quantitative Study of Transparent Practices and Compliance in large companies in Argentina**

# Transparent practices in leading companies in Argentina – Quantitative study

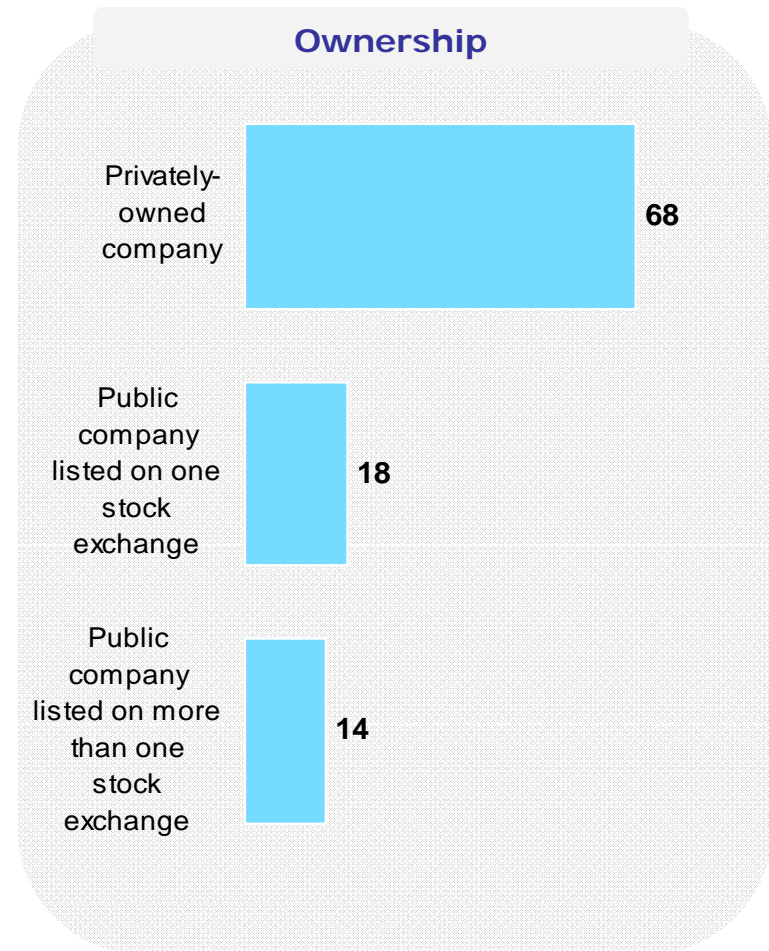
Survey conducted by	IPSOS - Mora y Araujo 
Date	November 23, 2009 – February 12, 2010
Universe	300 largest companies by revenue in Argentina.
Sample	104 cases
Method	Online, phone interviews

# Sample structure (I)

Number of companies by business sectors



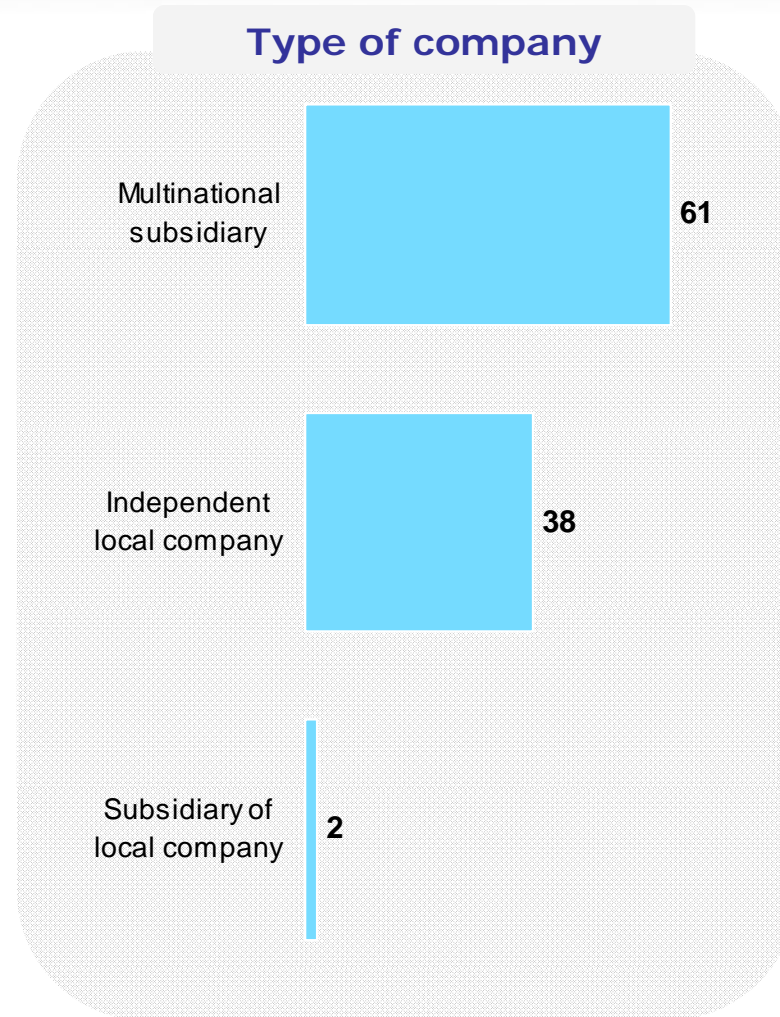
Ownership



Base: 104 cases.

Source: Survey "Transparent Practices in Argentina" - Ipsos Mora y Araujo

# Sample structure (II)



Base: 104 cases.

Source: Survey "Transparent Practices in Argentina" - Ipsos Mora y Araujo

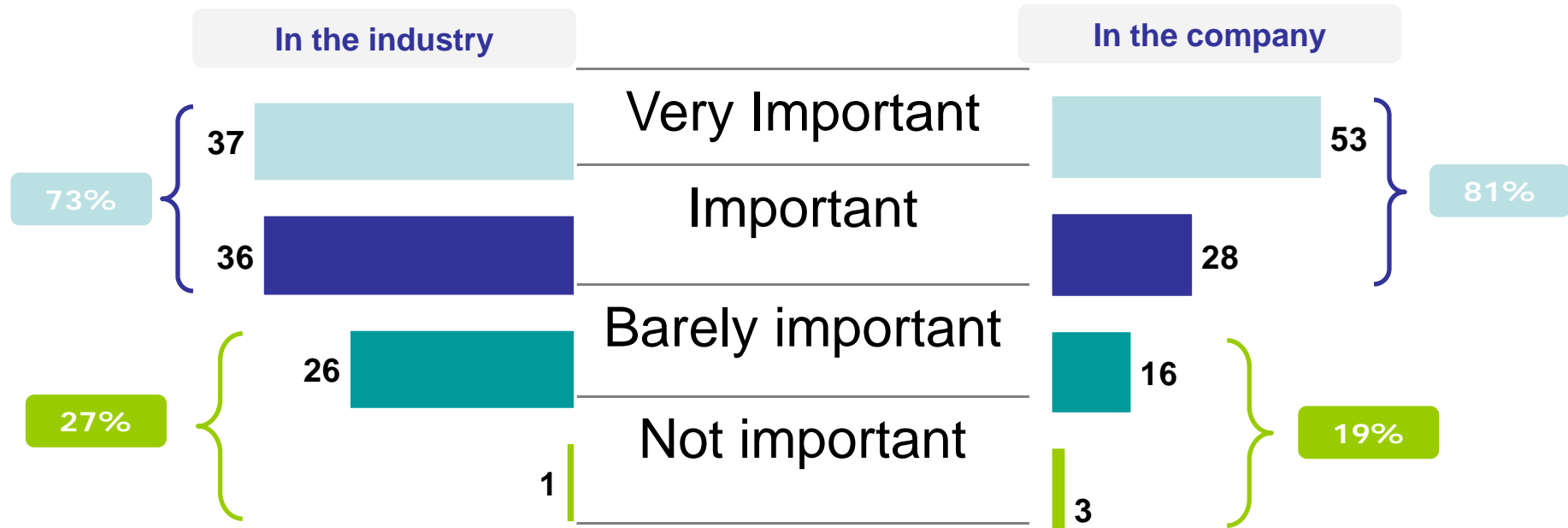


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# Opinion on Compliance and Transparency

# Importance of Compliance

*In your opinion, how important is the issue of compliance for competing in Argentina?*



Base: 104 cases.

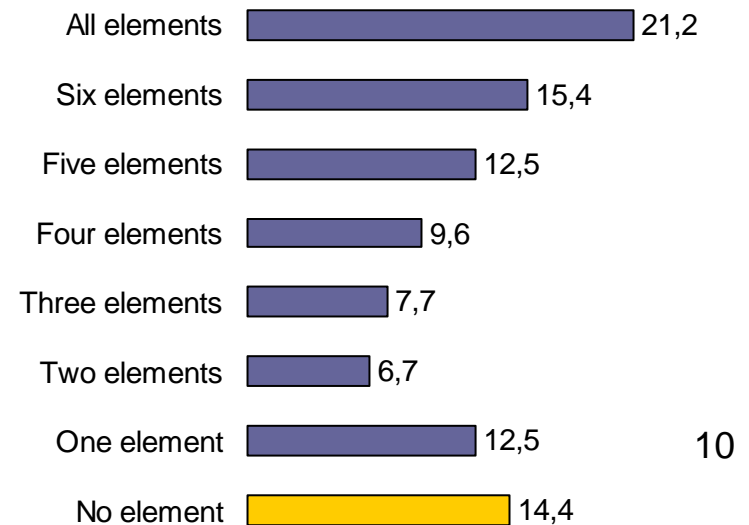
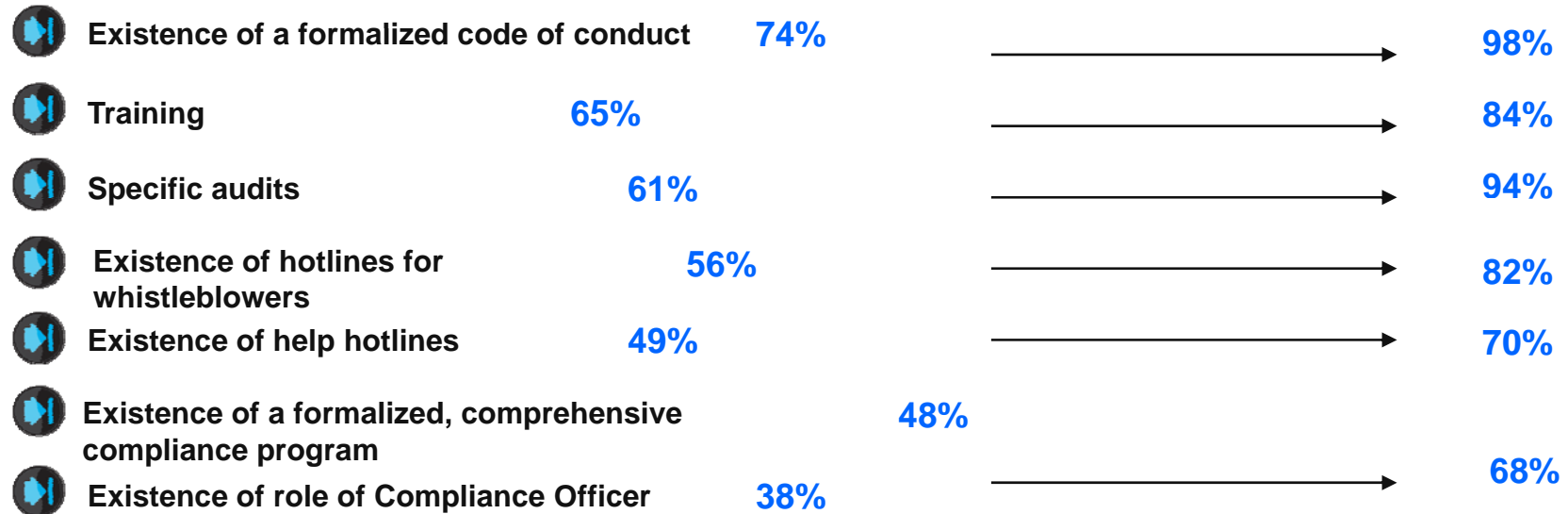
Source: Survey "Transparent Practices in Argentina" – Ipsos Mora y Araujo



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# Indicators

# Elements of Compliance



# Distribution of Compliance elements amongst companies

5 to 7 elements

49%



3 to 4 elements

17%



0 to 2 elements

34%



¿Which elements are in place?

	5 to 7 elements	3 to 4 elements	0 to 2 elements
Formalized code of conduct	Yes (100%)	Yes (83%)	Yes (31%)
Formalized compliance program	Yes (88%)	Yes (22%)	Yes (3%)
Compliance Officer	Yes (73%)	Yes (11%)	Yes (0%)
Training	Yes (96%)	Yes (72%)	Yes (17%)
Help hotlines	Yes (80%)	Yes (44%)	Yes (6%)
Hotlines for whistleblowers	Yes (92%)	Yes (50%)	Yes (6%)
Specific Audits	Yes (88%)	Yes (72%)	Yes (14%)

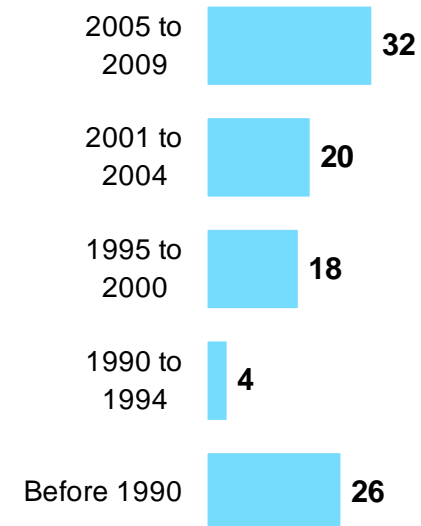
# Aspects of Compliance Programs

## Aspects

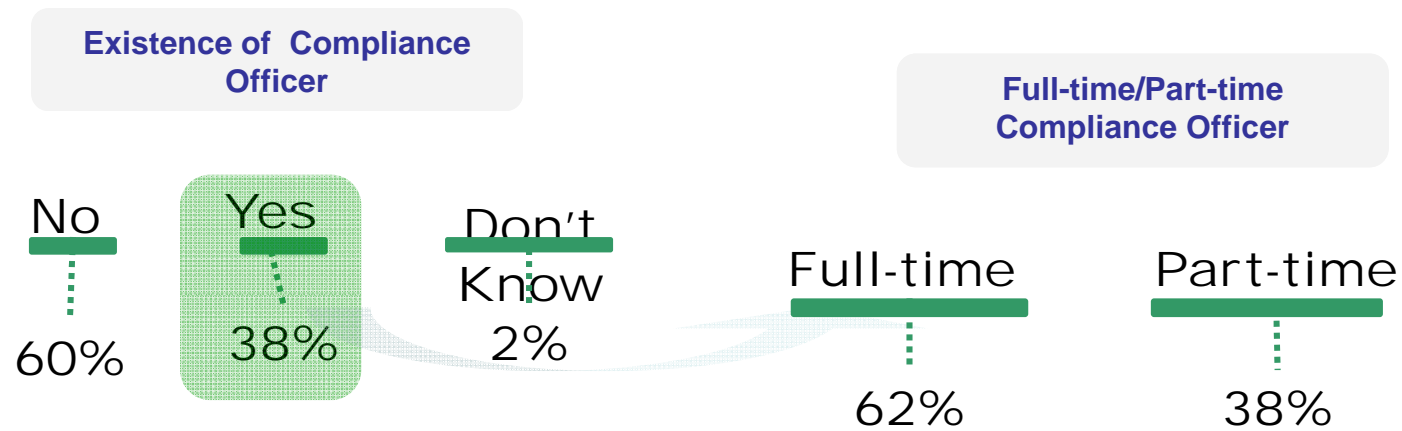
Identify the main aspects included in your company's program

● Business Ethics/Codes of Conduct/Transparent Practices	24%
● Finance/Accounting transparency	18%
● Conflicts of interests	18%
● Health-, security-, and environment-related policies	16%
● Third party relationships	16%
● Internal control/Personal conduct/Protection of company assets	14%
● Compliance with internal and external norms	12%
● Fraud policy/Illegal payments	10%
● Information confidentiality and privacy	10%
● Business risk	8%
● Good business practices	8%

## Compliance programs by year of introduction



# Role of Compliance Officer



Base: Business firms with a Compliance Officer (39 cases)

# Responsibilities of a Compliance Officer

## Responsibilities

*Which are the three main activities the Compliance Officer is responsible for in your company?*



## To whom reports the Compliance Officer

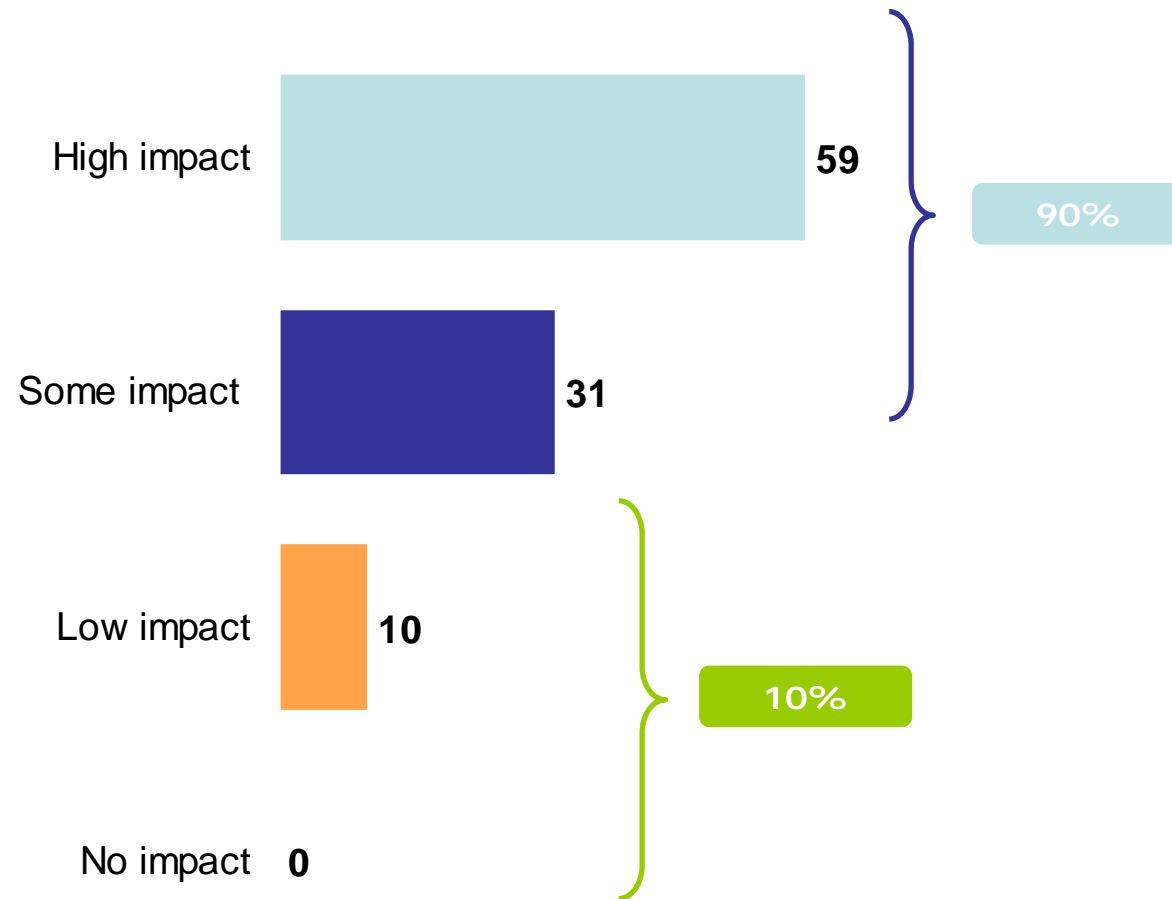


Base: Companies with a Compliance Officer (39 cases)

Source: Survey "Transparent practices in Argentina" - Ipsos Mora y Araujo

# Impact of the Compliance Officer

*How much impact would you say the Compliance/Ethics Officer has in your organization?*

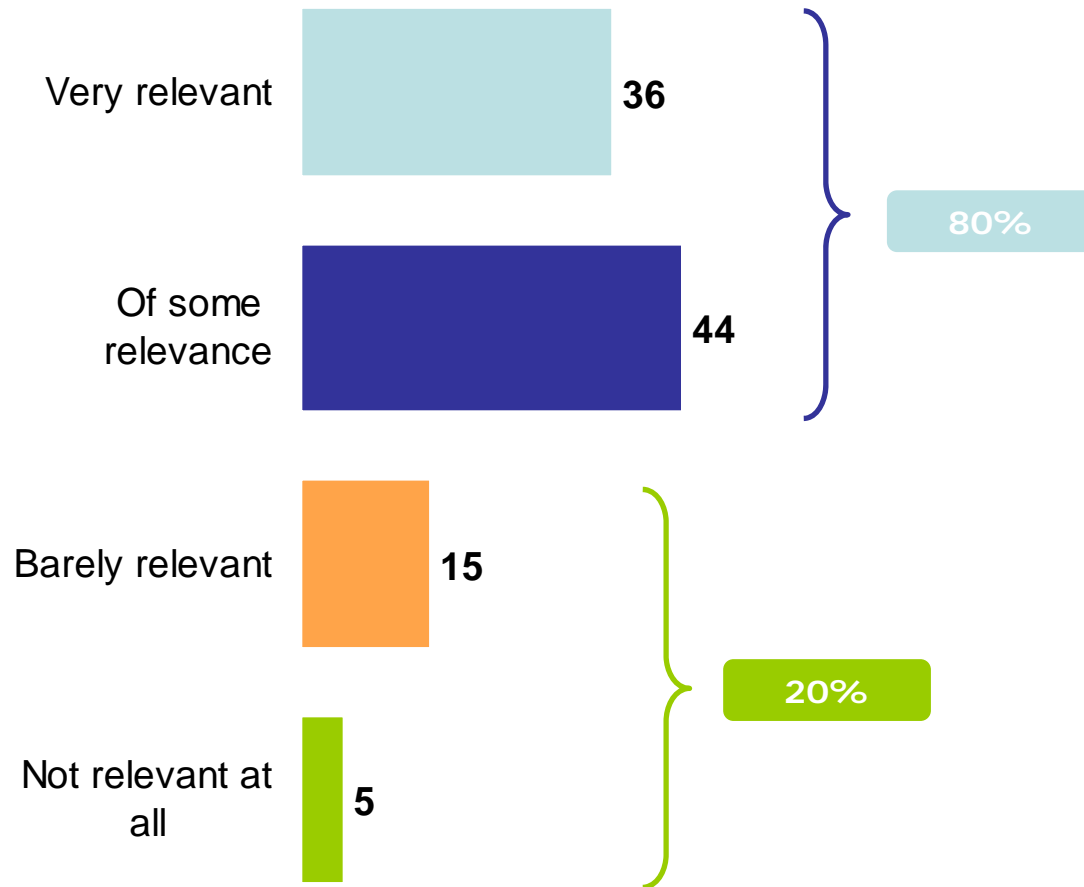


Base: Companies with a Compliance Officer (39 cases)

Source: Survey "Transparent practices in Argentina" – Ipsos Mora y Araujo

# Cooperation amongst Compliance Officers

*To what extent is the cooperation amongst Compliance Officers from different companies relevant? It is...*



Base: Companies with a Compliance Officer (39 cases)

Source: Survey "Transparent practices in Argentina" – Ipsos Mora y Araujo



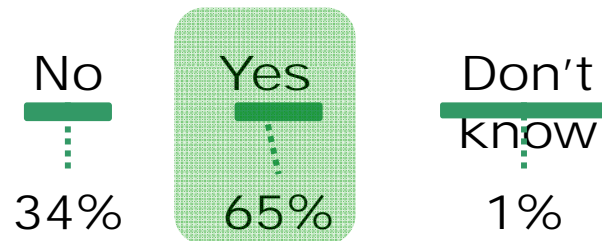
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# **Training in codes of conduct and transparent business policies**

# Training in Business Ethics

## Training development

*Do you develop or have developed training for employees concerning your company's business ethics and transparency policies?*



## Types of Training

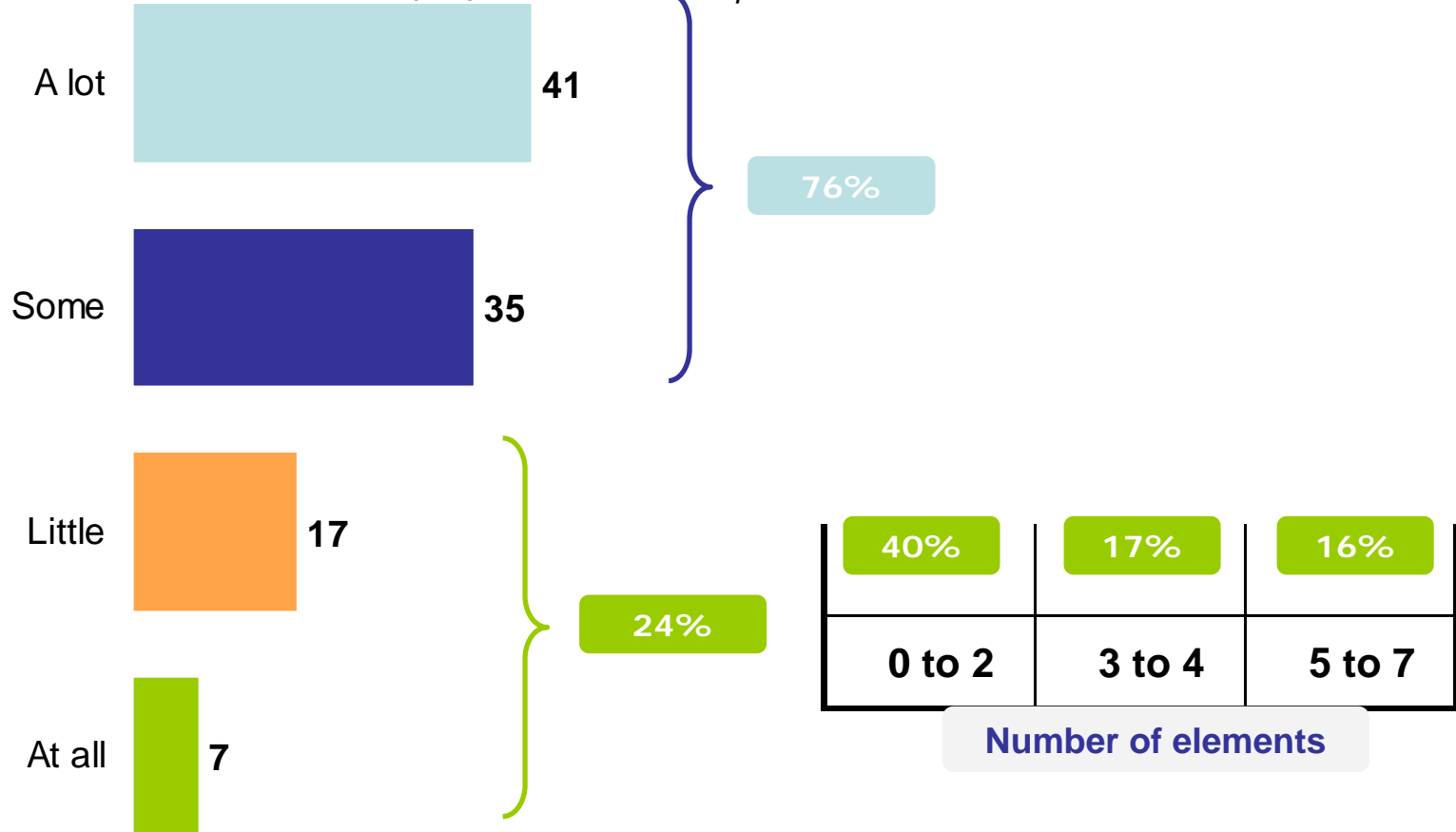
*Have the trainings been performed face-to-face or online?*

<b>Face-to-face</b>	29%
<b>Internet</b>	22%
<b>Both</b>	49%

Base: Companies that have in place training programs (68 cases)

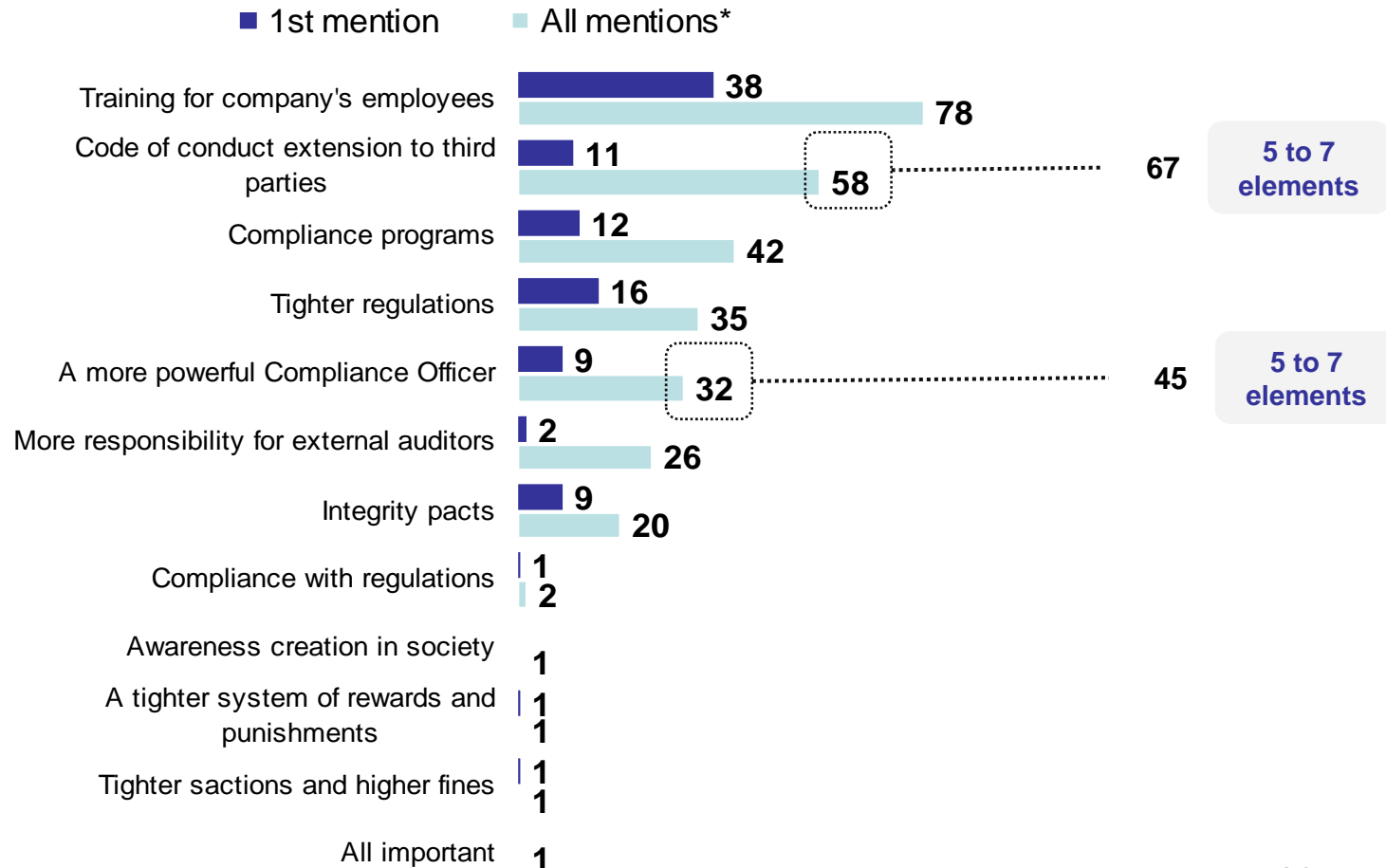
# Unethical behavior and risk assessments

To what extent would you say that unethical behaviors fall within the scope of your company's risk assessment processes?



# How to improve Compliance Programs

*Which of the following are for you the three most important issues to improve the development of compliance practices in Argentina?*





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# Analysis and conclusions



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# Positive Aspects

- 100% of surveyed companies are working and/or interested in the subject
- Compliance issues are considered important to compete in the industry (73%) and in the company (81%)
- Codes of conduct are in place in 74% of companies
- Compliance program implementation growing strongly: 32% (2005-2009)
- Training in 64% of companies, mainly performed face-to-face and online.
- Specific audits in 61% of companies
- Hotlines for whistleblowers in 56% of cases
- The role of the compliance officer (CO) has high impact in companies' practices (90%)
- The CO directly reports to the CEO in 49% of the cases
- Unethical behavior in the scope of risk assessment processes in 76% of the companies

# Opportunities for Improvement

- Percentage of companies with less than three elements of compliance is high
- Few compliance programs elements in medium- and small-sized business firms
- Low number of formalized, fully-implemented compliance programs (48%)
- Low number of Compliance Officers positions (38%)
- Legalistic approach in defining role of Compliance Officers
- Lack of information/knowledge of integrity pacts (18%)

# Conclusions

- Business firms' sensitivity is growing
- Certain factors accelerate the sensitivity to these issues
- There is a “drainage” effect from larger to smaller (including medium-sized) companies
- Companies implement compliance elements “one by one”
- The more important elements to enhance compliance programs are:
  - training (78%);
  - extension of codes of conduct to third parties (58%; among companies with a full compliance program, 67%);
  - more compliance programs (42%);
  - higher importance of the CO position;
  - cooperation amongst COs (80%).



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# **Action Lines - Center for Governance and Transparency**


# Research

- Research on current situation in Argentina and South America; local and international trends in:
  - Governance and Transparency
  - Good Business Practices
  - Compliance
- Dissemination of results in academic and non-academic publications

# Teaching

- Teaching in modules in both open and in-company programs
- Organization of:
  - Focused programs
  - Workshops and seminars

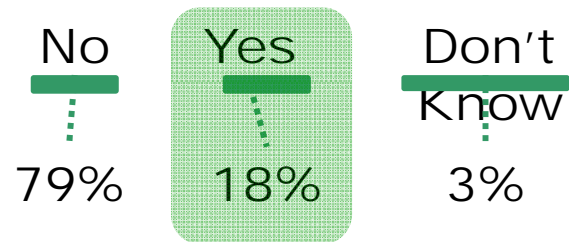
# Support of business firms

- Fostering of Integrity Pacts 
- Platform for cooperation amongst Compliance Officers
- Building a learning community with local and foreign universities, NGOs and interested companies

# Integrity Pacts

## Knowledge of the Instrument

*Do you know or are you aware of the existence and implementation of integrity pacts?*



Base: 104 cases.

Source: Survey "Transparent practices in Argentina" – Ipsos Mora y Araujo



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# Work Plan 2010

- **Research in current situation and trends in Argentina**
  - Survey of the 300 largest companies by revenue in Argentina
  
- **Teaching in modules in open and in-company programs**
  - MBAs, EMBA, PDDs, PAD, SEP Miami
  - Focused Programs: Good Practices in Business and Compliance
  
- **Platform for exchange of information and networking for CEOs, CFOs and COs**
  - Workshop with CEOs/CFOs/COs – June 17, 2010
  - Regular discussion meetings for CEOs, CFOs and COs
  - Fostering of network/association for COs – July 2010
  - Webpage with blog for exchange of experiences, publication of results and database
  
- **Business ethics/compliance program design for companies**
  
- **Training/Education for companies**
  
- **Coordination of integrity pacts**
  - Individual projects
  - Sector projects in cooperation with industry chambers and associations

## The Center on the Web

- Dissemination of projects, activities and events
- Use of specific channels of communication such as **blogs** and **webcasts**
- Meeting point/platform for network of **compliance officers**
- Database with information about the field in the form of glossaries, papers, press articles, etc.
- Links to centers, organizations, publications and other relevant similar initiatives.

[www.iae.edu.ar/transparencia](http://www.iae.edu.ar/transparencia)

[transparencia@iae.edu.ar](mailto:transparencia@iae.edu.ar)



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# Associated Institutes and Initiatives



european corporate governance institute

European Corporate Governance  
Institute



European Business  
Ethics Network



Ethisphere



United Nations  
Global Compact



Principles for Responsible  
Management Education



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## Center for Governance and Transparency

### Professors:

Matthias Kleinhempel

Lorenzo Preve

Fernando Zerboni

### Coordinator/Research Assistant:

Gabriel Cecchini

**IAE Business School – Austral University**

**Campus Pilar - Buenos Aires - Argentina**

**Contact: [transparencia@iae.edu.ar](mailto:transparencia@iae.edu.ar) / [www.iae.edu.ar/transparencia](http://www.iae.edu.ar/transparencia)**