

**EXEMPLARY COMPLIANCE PROGRAMMES IN
BRAZILIAN FIRMS IN THE WAKE OF BRAZIL'S ANTI-
CORRUPTION MOVEMENT**

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ABSTRACT

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Abstract <p>The involvement of companies in corrupt acts is one of the main threats to continued social support for private businesses. This study's literature centred on organisational-level corruption in Brazil - considered one of the most corrupt countries in the world - and its possible solution in the form of compliance programmes that detect and prevent corporate violations of law. The revised literature showed that, since 2013, the number of companies in Brazil with compliance programmes in place has increased significantly, mainly as a response to the growing implementation of anti-corruption legislation in Brazil, such as the enactment of the Clean Company Act ("CCA") law in 2013 and the fear of implication in major Brazilian ongoing corruption investigations which have already tarnished the reputations of many corrupt companies. This study's literature review also showed, however, that despite Brazil's growing adherence to corporate compliance programmes, a significant portion of companies in Brazil still have poor compliance policies in place. In order to address this problem, this study looked at the specific compliance processes implemented by a select group of companies in Brazil considered to have reputable compliance programmes in place. As well as assessing what sets these companies apart from most other companies in the country, this study looked at what motivated them to implement or reinforce their compliance programmes, as well as which benefits they reaped or difficulties they faced in the process, as a means of providing practical knowledge for other companies in Brazil that wish to join the country's current anti-corruption movement. This was done by analysing the reputable compliance programmes of 11 Brazil-based companies. Primary data was drawn from in-depth qualitative interviews with six companies, while publicly available secondary data in the form of interviews given by five other companies was also collected and analysed.</p> <p>The results of this analysis indicated that efficient compliance programmes in Brazil must be constituted of leadership, risk assessment, standards and controls, training and communication, oversight, and constant improvement practices. The fact that several companies were found to have been "pushed" into implementing or reinforcing compliance programmes, allied to the fact that, as well as numerous reaped benefits, they also faced certain cultural and operational difficulties in the process, corroborated previous research and testified to the importance of further studies being conducted into this same topic.</p>	
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CONTENTS

ABSTRACT	3
1 INTRODUCTION	5
1.1 Overview of the research	5
1.2 Former studies and need for the present and future studies	7
2 THEORETICAL BACKGROUND	10
2.1 Corruption	10
2.1.1 Definitions and types of corruption	10
2.1.2 The effects and causes of corruption	11
2.1.3 Theories on corruption	13
2.2 Corruption within companies	16
2.3 Solution for organisational-level corruption: compliance programmes	18
2.3.1 Five essential elements of corporate compliance	21
2.4 Corruption in Brazil	25
2.5 Compliance in Brazil-based companies	27
2.5.1 New anti-corruption legislation in Brazil	27
2.5.2 Further government-led compliance efforts in Brazil	29
2.5.3 Status of compliance efforts in Brazil	30
2.5.4 Difficulties in implementing compliance programmes	31
3 DATA AND RESEARCH METHOD	33
3.1 Qualitative research	33
3.2 Research methods and types of data	33
3.3 Data collection	35
3.3.1 Primary data collection	35
3.3.2 Secondary data collection	38
3.4 Method and analysis steps	39
3.5 Reliability and validity	41
4 RESEARCH FINDINGS	44
4.1 General information	44
4.2 Motivation to implement a compliance programme	44
4.2.1 Legislation-driven motivation	44
4.2.2 Corruption-driven motivation	45
4.2.3 Other motivational factors	46
4.3 Process of implementing a compliance programme	46
4.3.1 Easiness of implementing a compliance programme	46
4.3.2 Difficulties in implementing a compliance programme	47
4.4 Benefits reaped from having a compliance programme	48
4.5 Elements in common in compliance programmes	50
4.5.1 Leadership	50

4.5.2	Risk assessment.....	57
4.5.3	Standards and controls	59
4.5.4	Training and Communication	65
4.5.5	Oversight.....	68
4.5.6	Constant need for improvement	72
5	DISCUSSION	73
5.1	Overview.....	73
5.2	What motivated this study’s participant companies to implement or reinforce their respective compliance programmes?	73
5.3	Did the participant companies face (or still face) difficulties in the implementation or maintenance of their compliance programmes?.....	74
5.4	Which concrete benefits (if any) did the participant companies reap from implementing or reinforcing effective compliance programmes?	75
5.5	Are there elements in common in the participant companies’ compliance programmes that may serve as concrete examples for other companies in Brazil to copy?	77
5.5.1	Leadership	77
5.5.2	Risk assessment.....	79
5.5.3	Standards and controls	80
5.5.4	Training and Communication	82
5.5.5	Oversight.....	83
5.5.6	Constant need for improvement	85
5.6	Visual representation of the study’s findings.....	85
6	CONCLUSIONS.....	88
6.1	Concluding remarks	88
6.2	Limitations and future research.....	89
	REFERENCES.....	92
	APPENDIX 1: OUTLINE OF INTERVIEW QUESTIONS (PRIMARY DATA). 102	
	APPENDIX 2: OUTLINE OF INTERVIEW QUESTIONS (SECONDARY DATA)	106
	APPENDIX 3: THEMATIC ANALYSIS: SUB-THEMES AND THEMES EXTRACTED FROM THE DATA	108

1 INTRODUCTION

1.1 Overview of the research

Corruption is a phenomenon that “erodes democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish” (UNODC, 2004, p. iii). Even though it is not a recent phenomenon (Huntington, 1968), corruption remains a major global issue, since studies conducted by US international financial institution World Bank revealed that businesses and individuals pay approximately 1.5 trillion dollars in bribes every year, or 2% of the world’s global gross domestic product. (“Combating corruption”, 2017).

The involvement of companies “in corrupt acts, among themselves and with government officials”, is one of the main threats to “continued social support for private businesses”. (Collins, Uhlenbruck, & Rodriguez, 2009, p.89). Even though widespread forms of corruption, such as bribery and fraud, are illegal almost everywhere in the globe (Noonan, 1984), scandals involving top management teams and public officials engaging in self-dealing practices are widespread. (Shleifer, Djankov, LaPorta, & Lopez-de-Silanes, 2008)

Corruption has been present throughout most of Brazil’s political history (i.e. from the 1500 onwards), but the issue has become more evident since democracy was reinstated in the 1980s (Prado, Carson, & Correa, 2015). The high number of corruption incidents under current investigation in Brazil is an indicator that corruption is widespread and endemic across all levels of the Brazilian government, thus constituting a collective action problem (Prado et al., 2015; Prado & Carson, 2016). The country is characterized by considerable levels of social distrust and a notion that elites engage in corruption. (Carson & Prado, 2014). Some researchers have gone so far as to say that there is an “intrinsic culture of corruption” in Brazil, a “systemic norm rooted in distinctive social and cultural dynamics” (Tobolowsky, 2016, p.386).

As a result, Brazil has simultaneously empowered, in a reactive form, multiple institutions (i.e. institutional multiplicity) with the capacity to oversee, investigate, and penalize corruption, and this has resulted in a certain level of success in addressing Brazil’s collective action problem of corruption (Prado & Carson, 2016). However, the level of institutional multiplicity - more than one institution executing the same function - in oversight and investigation of corrupt practices was still significantly higher than the level of institutional multiplicity in punishment. (Prado & Carson, 2014). The inefficiency and slowness of the Brazilian judiciary system in punishing corrupt practices led to attempts to implement institutional multiplicity in punishment by making corruption punishments rely less on the judiciary and more on administrative and civil sanctions. (Prado et al., 2015) One of these attempts pertained to the enactment of Brazil’s anti-bribery law The Clean Company Act (“CCA”) in August 2013. (Tobolowsky, 2016).

This law, which only came into effect in January 2014, established administrative and civil sanctions on companies accused of foreign and domestic corrupt deeds, thus introducing corporate liability in Brazil. (Prado et al, 2015; De Almeida & Kim, 2014; “Brazilian Clean Company Act”, 2015). The CCA, considered a monumental movement in Brazil’s battle against corruption (Tobolowsky, 2016), has demonstrated how important it is for companies in Brazil to implement internal programmes, referred to as compliance programmes, that educate their employees, advance ethical norms, and uncover and avoid law violations within the company (Baer, 2009). This is because a convicted company in Brazil which already has in place a compliance programme that effectively prevents and uncovers violations may be freed from several sanctions within the scope of this CCA (“Brazilian Clean Company Act”, 2015).

Since the enactment of the CCA in 2013, an increasing number of companies have applied to integrate Brazil’s competitive National Registry of Companies Committed with Ethics and Integrity, referred to in English as the Pro-Ethics Company Registry (Santos, 2018), a registry created in 2010 to encourage companies which wish to integrate it to design efficient compliance programmes that meet a set of criteria (“CGU e Ethos lançam cadastro”, 2010). However, very few companies have met the compliance criteria that allows them to integrate this registry’s annual editions, thus indicating that compliance programmes in Brazil are still deficient. (Santos, 2018). For instance, in 2017, 375 Brazil-based companies went through the selection process to integrate this registry, but only 23 were selected (“Empresa Pró-Ética 2018-2019”, n.d., para.7).

Another indicator that few companies in Brazil have efficient compliance programmes in place was a study published in January 2018 by reputable non-profit anti-corruption organisation Transparency International, which analysed the transparency of the 100 biggest companies and 10 biggest banks based in Brazil in 2017 (Sanen & Donegá, 2018). The study, entitled “Transparency in Corporate Reporting: Brazil’s 100 biggest companies and 10 biggest banks”, analysed these companies and banks by ranking their anti-corruption compliance programmes and their organisational transparency and then attributing an average score of these two indicators to each company. Only 23 companies received high scores. (ibid.)

Considering that there were more than five million companies in Brazil between 2013 and 2016 (Laporta, 2018), and that 110 large companies and banks were analysed, the fact that only 23 companies had their compliance programmes highly marked by the Transparency International study suggest that the number of companies in Brazil with efficient compliance programmes in place is extremely low. This small number raised the broad question of what specific compliance processes these few companies have in place that set them apart from all the other millions of companies present in Brazil. Therefore, this study aims to answer the four following research questions: (1) What motivated this study’s participant companies – companies that have integrated the Pro-Ethics Company Registry and Transparency International’s 2018 study - to implement or reinforce their respective compliance programmes? (2) Did the participant companies face

(or still face) difficulties in the implementation or maintenance of their compliance programmes? (3) Which concrete benefits (if any) did the participant companies reap from implementing or reinforcing effective compliance programmes? (4) Are there elements in common in the participant companies' compliance programmes that may serve as concrete examples for other companies in Brazil to copy? Answers to these questions could thus help other companies in Brazil to join the country's current anti-corruption movement and to develop more effective anti-corruption compliance programmes.

More specifically, in order to answer these questions, this study obtained primary and secondary data from 11 companies with exemplary compliance programmes in place – nine from companies that integrated the Pro-Ethics Company Registry in 2017 and two from companies listed in the January 2018 Transparency International study. This data was then analysed through the lenses of previous research on corruption and compliance outlined in the theoretical background of this study.

1.2 Former studies and need for the present and future studies

Corruption is not a recent topic under study. Already in the 1960s, studies were conducted into the effects of corruption, with authors such as Leff (1964) and Huntington (1968) speaking about how corruption can sometimes reduce uncertainty, increase investment, and promote political development. By the 1990s, however, the vast majority of research viewed corruption in an extremely negative light. (Prado & Carson, 2014),

As well as its effects, numerous researchers have studied corruption through different lenses: whilst some have viewed corruption as a principal-agent problem (Banfield, 1975; Andvig & Fjeldstad, 2001; Aidt, 2003; Teorell, 2007; Rothstein, 2011), others have viewed it as a collective action problem (Mungiu-Pippidi, 2011; Persson et al., 2013; Sánchez, 2015). However, deficiencies in anti-corruption solutions inspired by both views have given way to anti-corruption solutions inspired by a relatively recent concept in the corruption literature called institutional multiplicity (Prado & Carson, 2016; Sánchez, 2011).

Institutional multiplicity was only relatively recently applied with a different meaning to the literature on corruption, where it acquired the meaning of a situation in which there is an overlay of anti-corruption functions carried out by different entities (Prado & Carson, 2016; Prado et al., 2015; Prado & Carson, 2014; Power and Taylor, 2011). The enactment of Brazil's anti-corruption law *The Clean Company Act* ("CCA") in August 2013 constituted an attempt to create institutional multiplicity in punishment for corrupt companies in Brazil (Prado & Carson, 2016).

Since the enactment of the CCA in 2013, bachelor and master law students, as well as law professors, have produced studies in Brazil on this new legislation and its intrinsic relation to compliance programmes, in which central parts of the CCA have been thoroughly explained, such as the leniency a corrupt firm can

receive when it discloses violations or has a compliance programme in place (Schramm, 2018; Ribeiro & Diniz, 2015; Xavier, 2015; Leal & Ritt, 2014).

In 2015, researchers said that there was a low number of studies on the system of accountability for private actors in Brazil due in part to the novelty of the CCA (Prado et al., 2015). In 2016, some researchers expressed their enthusiasm concerning the potential benefits of the CCA (Prado & Carson, 2016), whereas others argued that the CCA was incapable of motivating companies to adhere to compliance programmes (De Carli, 2016). Others affirmed that it was still too early to tell whether companies in Brazil would voluntarily join the country's anti-corruption movement or whether they would only do so if caught engaging in corrupt acts. (Tobolowsky, 2016).

In 2017 and 2018, Brazilian media, such as reputable mainstream newspaper *Estadão*, reported on the growing interest and adherence to corporate compliance programmes in Brazil within the past few years, as a response to the CCA and Brazilian corruption investigations, such as Operation Car Wash, which implicated major companies in Brazil and tarnished their reputations (Neira & Papp, 2018; Sodré & Donelli, 2018; Covac & Silva, 2018; "Empresas brasileiras aderem à era do compliance", 2017).

However, despite Brazil's growing adherence to corporate compliance programmes, the country still has a long path to trail before a culture of ethical corporate governance becomes part of the reality of all companies in the country (Neira & Papp, 2018; "Pesquisa indica", 2017). A study conducted by corporate governance consultancy Protiviti in 2017, for instance, found that at least 45% of companies in Brazil had poor compliance practices in place, despite their interest in reverting the situation ("Pesquisa indica", 2017). The companies in Protiviti's study, especially those small and medium ones, demonstrated their lack of knowledge regarding compliance programmes and their potential benefits, and also indicated their struggle to implement compliance policies (ibid.).

Therefore, this study attempts to shed light on the lack of knowledge regarding compliance programmes in Brazil by looking into 11 Brazil-based companies' motivational factors for implementing efficient compliance procedures, as well as the benefits they reaped and the difficulties they faced in the process, as explained further above. Furthermore, this study attempts to identify the compliance elements in common in these 11 companies that may serve as guidance for other companies in Brazil to implement and thus join Brazil's anti-corruption movement, as also mentioned earlier.

As demonstrated above, Brazilian newspapers and consultancies in Brazil have recently conducted research into the growth of compliance programmes in Brazil. However, there is a need for extensive academic research into the theme, especially from researchers in the field of business, since the majority of papers published since the enactment of the CCA have come from the field of law (Schramm, 2018; Ribeiro & Diniz, 2015; Xavier, 2015; Prado et al., 2015; Leal & Ritt, 2014). In 2015, for instance, law student Xavier (2015) wrote his bachelor's thesis on compliance programmes in Brazil in light of the CCA, and provided a case study on the compliance programme of a Brazilian car letting agency called Localiza, in order to assess if this company possessed the minimal compliance

requirements outlined in national and internal compliance guidebooks, such as the US Sentencing Guidelines, the FCPA, and the UK Bribery Act. Xavier described the steps Localiza was taking in implementing compliance programme policies, such as its risk assessment and training practices (ibid.)

Since Xavier (2015) only looked into one company, the present study aims to address this lack of practical knowledge regarding Brazil-based companies' compliance programmes by looking instead into 11 companies with exemplary compliance practices in place. It is important to note, however, that data drawn from 11 companies is still not necessarily representative of all the best compliance procedures in place in companies in Brazil. For this reason, it would be useful if further studies with bigger data samples could be conducted on the same topics discussed in this piece of research in order to expand on this study's findings.

2 THEORETICAL BACKGROUND

2.1 Corruption

2.1.1 Definitions and types of corruption

Corruption has become a major concern for most international organisations throughout the past decades. Well known international organisations such as the United Nations (“UN”), the European Union, and the Organisation for Economic Co-operation and Development (“OECD”) have all organised conferences in recent years to ensure its members commit to reducing corruption in all regional and international contexts. (Sánchez, 2015)

According to the website of reputable non-profit anti-corruption organisation Transparency International, corruption is the “abuse of entrusted power for private gain” (“How do you define corruption?”, n.d, para.1) A slight variation of this is Lamsdorff (2007, p.1)’s definition of corruption as “the misuse of public power for private benefit”.

Corruption is a complex and “multi-disciplinary” phenomenon that has been viewed as either a problem of economics or politics, or as a cultural or individual moral issue, which is why its different definitions range from broad explanations, such as abuse of public power, to more specific ones, such as “an act of bribery involving a public servant and a transfer of tangible resources.” (Andvig & Fjeldstad, 2001, p.4).

The table below depicts six definitions of corruption that cover most approaches described in the vast corruption literature (Mungiu-Pippidi, 2011):

	OF		FOR		
Betrayal	Public	Office/duty	Private	Gain	
Diversion	Common	Good/trust	Personal	Profit	
Misuse/Abuse	Communal	Funds/resources	Individual	Benefit	
Manipulation	Administrative	Influence	Unauthorized	Advantage	
Exploitation	Institutional	Power	Group	Interests/goals	
Bending	Formal	Rules	Informal	Network	

Fig.1: Definitions of corruption

Source: Mungiu-Pippidi, 2011 (adapted from Ledeva, 2009)
 (Read first line as “betrayal of public office/ duty for private gain”)

As well as having several definitions, corruption englobes a broad array of activities and kinds of behaviour, such as bribery, nepotism, embezzlement, collusion, extortion, fraud, and money laundering (Rose-Ackerman, 1999; Lambsdorff, 2007; “Anti-Corruption Glossary”, n.d.). Bribery, for instance, is defined on Transparency International’s website as “the offering, promising, giving, accepting or soliciting of an advantage” – such as loans, gifts, rewards, donations or favours – as an inducement for an action which is illegal, unethical or a breach of trust” (“Anti-Corruption Glossary”, n.d, para.1)

Corruption can be petty, grand, or political, depending on how much money was lost and in which sector it took place (“How do you define corruption?”, n.d, para.2). Petty corruption, for instance, may occur among low level government officials in transactions involving low amounts of money, whereas grand corruption may happen among the highest levels of government, in which public officials possess considerable influence and authority over many assets and revenues (Carson & Prado, 2014). As for political corruption, this pertains to a “manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth” (“How do you define corruption?”, n.d, para.3).

An efficient tool for measuring the levels of corruption in different countries is Transparency International’s annual corruption perceptions index, an index that ranks 180 countries from 0 to 100 based on their levels of transparency; the higher the ranking, the “cleaner” a country is (“Corruption Perceptions Index 2017”, 2018, para.2). Throughout the years, this index has shown that top-scoring countries, such as Denmark, New Zealand, Finland, and Sweden, are far outnumbered by countries in which corruption is present daily (“Corruption Perceptions Index 2017”, 2018, para.2). In 2017, for instance, this index found that most countries in the world were doing very little to end corruption, while journalists and anti-corruption activists from corrupt countries were putting their lives in danger on a daily basis to make themselves heard. (“Corruption Perceptions Index 2017”, 2018, para.1).

2.1.2 The effects and causes of corruption

As surprising as it may seem, studies have been conducted on the positive effects of corruption. According to Leff (1964), corruption may reduce uncertainty, increase investment, and function as a safeguard against the losses of bad economic policy. Huntington (1968) also wrote that, at times, some forms of corruption can promote political development by helping to strengthen political parties. However, such economic efficiency theories of corruption (Huntington, 1968; Leff, 1964) were discarded by the 1990s, and the vast majority of research on the theme views corruption in an extremely negative light. (Prado & Carson, 2014).

In recent years, corruption has been viewed as a phenomenon that “erodes democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish” (UNODC, 2004, p. 5). Corrupt practices have also been considered detrimental to businesses, regardless of whether they are small and local or large and multinational. (UNODC, 2013, p. iii). Corporate scandals receive significant attention from the public and media and affect the reputation of all those involved, in addition to negatively affecting financial markets and undermining investor confidence (*ibid*).

Corruption is therefore considered a major global issue, since studies conducted by US international financial institution World Bank revealed that businesses and individuals pay approximately 1.5 trillion dollars in bribes every year, or 2% of the world’s global gross domestic product. (“Combating corruption”, 2017). Because of its negative consequences for global economic activities, “foreign bribery has become a critical concern for many governments worldwide” (Hauser & Hogenacker, 2014, p.223). Its effect on the developing world is even more pernicious, since corruption in these countries results in funds intended for development and basic services being diverted elsewhere, thus affecting the poor and contributing towards inequality and injustice (UNODC, 2004).

Corruption is not a recent problem. Huntington (1968) wrote that in most cultures corruption has been widespread throughout the most acute stages of modernization. In his view, modernization breeds/has bred corruption for three reasons (*ibid*.) The first reason is that modernization involves a shift in a society’s fundamental values, meaning that previously acceptable and legitimate/traditional behaviour start being considered unacceptable and corrupt (*ibid*.) For instance, at the start of the modern period in Europe, the distinction between public roles and private interests arose, thus transforming certain previously acceptable behaviour (e.g. an officer providing employment to his family) into unacceptable (i.e. the officer’s action would now be considered nepotism) (*ibid*.). Secondly, with the advance of modernization, new groups with new resources arise and begin engaging in corrupt efforts to make themselves effective in the political sphere. (*ibid*.) Thirdly, modernization encourages corruption because it involves the expansion of governmental authority and laws, and more laws multiply the possibilities of corruption (*ibid*.).

The question of what causes corruption have been studied by several fields, such as political science, economics, public administration, and social psychology (de Graaf, 2007). Some authors, however, argue that asking the question of “what causes corruption” is pointless; Mungiu-Pippidi (2011), for instance, argues that devotion to a particular interest (particularism) has always existed by default in all societies - people have limited resources, so they tend to share them with their closest relatives instead of with everyone. Mungiu-Pippidi (2011) further states that few societies have managed to distance themselves from this natural state of particularism to the ideal of modernity, which would consist on all citizens receiving fair and equal treatment from the government. Therefore, the question of what causes corruption could be refined to “what makes particularism evolve into universalism” (Mungiu-Pippidi, 2011).

2.1.3 Theories on corruption

Due to the increasing importance given to the worldwide fight against corruption, an “anti-corruption industry” has led numerous countries to implement anti-corruption institutional reforms. (Sánchez, 2015). However, many of these reforms have not been very successful because they are based on the idea that corruption is a principal-agent problem. (ibid.)

Corruption as a principal-agent (P-A) problem

Corruption has been extensively studied under the framework of the principal-agent theory (Banfield, 1975; Andvig & Fjeldstad, 2001; Aidt, 2003; Teorell, 2007; Rothstein, 2011; Prado & Carson, 2016), a framework which has strongly influenced the design of anti-corruption reforms. (Andvig & Fjeldstad, 2001; Rothstein, 2011).

This principal-agent (“P-A”) theory has been the prevailing mode of framing corruption within political science and economics for decades (Teorell, 2007), since already back in 1975 Banfield published a paper in which he conceptualized this concept as an agent failing to serve the interest of a principal (Banfield, 1975). Within this theory, corruption is understood as a criminal behaviour carried out by certain agents acting on behalf – but against the interests – of their principals (Teorell, 2007; Rothstein, 2011). An example would be when agents, such as public officials, take advantage of their principals (e.g. citizens who voted for them)’ inability to supervise their actions closely, and decide to promote their own interests (e.g. by using public funds to fulfil their own benefits) instead of their principals’ (Prado & Carson, 2016).

According to this theory, there are two intrinsic issues concerning a P-A relation: (1) it is common for principals and agents to have divergent interests, and (2) it is rare for a principal to be fully informed of all the decisions taken by its agent, leading to an information asymmetry (Sánchez, 2015). Problems arise firstly when a dishonest agent is selected and secondly when he/she engages in activities that go against the principal’s interest. (ibid.). Therefore, defenders of this P-A theory argue that there must be *ex ante* and *ex post* mechanisms of control when selecting agents, such as more information regarding candidates, and also adequate sanctions for those who are found guilty (ibid.).

Typical P-A anti-corruption reforms have focused on trying to align the interests of agents and principals or hinder the incentives for agents to engage in corruption (Prado & Carson, 2016). These hindering efforts have involved principals strengthening their monitoring and sanctioning methods of their agents, allied to general transparency improvements (Bobonis et al., 2015; Sánchez, 2015).

Nevertheless, this P-A model can be criticized for several reasons. Prado & Carson (2016) argue that the model implies that (a) the principal always has

good, benevolent principles, meaning that there would be a dichotomy of interests between principals and agents, and (b) that the principal would definitely choose to replace its corrupt agent (e.g. a politician) if his/her wrongdoings were proven. Concerning point a, previous research has shown that principals can also be viewed as non-benevolent and dishonest; in this more sceptical view, it is believed that a well-intentioned principal who creates good institutions and protocols does not exist, and that all agents are subject to corruption and dishonesty. (Aidt, 2003). In addition, in a corrupt system, it may be hard to determine who the benevolent principal and the evil agent are (Rothstein, 2011). As for point b, in many countries with weak democratic systems, voters do not replace widely known corrupt politicians (Søreide, 2014). Hence, these arguments demonstrate the validity of criticising the P-A theory of corruption.

Corruption as a collective action problem

There is a body of literature that defends that corruption should be studied as a collective action problem instead of a P-A problem (Mungiu-Pippidi, 2011; Persson et al., 2013; Sánchez, 2015). According to Sánchez (2015), successful anti-corruption solutions inspired by the P-A theory are usually restricted to social environments with lower corruption levels, such as the Nordic countries, where agents are generally expected to respect their principals' interests. When certain agents do not behave in such way, usually the introduction of one of the P-A policies is enough to decrease their incentives to corrupt; in this kind of context, principals make an effort to "control" the activities of their agents (Sánchez, 2015)

Quite different, however, is the situation in most other countries, in which there is a historical expectation by citizens that politicians will behave corruptly and prioritize their own interests instead of citizens' interests; in such systematically corrupt places, where the principal believes that all potential agents are prone to corruption, anti-corruption reforms based on the P-A theory are not sufficient (Sánchez, 2015). In such places, where governmental policies are usually partial, inefficient, and corrupt, a sense of "social solidarity", so common in Nordic countries, does not flourish, and trust is instead placed on certain social groups (e.g. on one's own family, political party, etc) instead of on society as a whole. (Rothstein & Uslaner, 2005). In these contexts, public servants lack sufficient capabilities or stimulus to implement strategies that encourage the creation of a sense of community, and policies are created based on individualistic and biased ways of thinking. (ibid). Within these kinds of scenarios, corruption is therefore more adequately defined as a collective action problem.

A collective action problem arises when a decision that might be rational at an individual level, such as being corrupt, creates a collective problem that harms society as a whole. (Prado & Carson, 2016; Sánchez, 2015). For example, if all fishermen in a certain region decide to increase their fishing activities within a short period, all of them, as well as the entire society, will suffer the consequences of there not being any fish left (Sánchez, 2015). For this reason, fishermen usually sign agreements in which they promise to collectively preserve the fish;

in other words, the solution for this collective action problem is for the rules to be followed by all fishermen, which means curbing opportunistic attempts to disobey the rule (ibid.)

Based on a study of two countries, namely Kenya and Uganda, where corruption is considered systemic, Persson et al (2013) argue that part of the reason why so many anticorruption reforms are not successful in fighting corruption in systematically corrupt countries is the fact that the notion of corruption as a P-A problem is behind these reforms, as opposed to the notion of corruption as a collective action problem.

According to Prado & Carson (2016), a collective action approach should be incorporated into anti-corruption reforms by altering informal rules and norms of a given society. However, the authors argue that this is a major challenge, since those in power usually have very few incentives to alter the current situation and may even undermine anti-corruption reforms, thus making it very hard to alter the old “rules of the game” (Prado & Carson, 2016). Furthermore, for there to be shifts in informal rules and norms, a society would require extensive reforms, and not only small initiatives (Sánchez, 2015). One possible but difficult anti-corruption collective action approach for highly corrupt countries to implement would be to find good leaders who tackle corruption through their intrinsic virtuous actions (Rothstein, 2011).

The collective action approach thoroughly explains how societal aspects affect people’s decisions to act honestly or not, as well as why many traditional anti-corruption reforms inspired by the P-A theory have been unsuccessful, but it does not provide clear guidelines on how this approach can be incorporated into the creation and application of better monitoring and sanctioning methods. (Prado & Carson 2016). Therefore, institutional multiplicity, a concept described in the section below, may be considered an effective strategy for addressing corruption as a collective action problem. (ibid).

Institutional multiplicity in addressing corruption

Prado & Carson (2014) refer to the situation in which more than one institution is responsible for executing the same function as institutional multiplicity. They argue that the situation makes institutions better at performing their particular tasks and creates interdependencies between different institutions, something also considered positive by Power & Taylor (2011).

Institutional multiplicity was already discussed back in the 1990s within the field of organisational theory (Scott, 1994), and was later studied by sociologists in relation to behavioural and social change (Clemens & Cook, 1999) and by political scientists in relation to institutional change and stability (Mahoney & Thelen, 2010), but only relatively recently was it applied with a different meaning to the literature on corruption (Prado & Carson, 2016; Prado et al., 2015; Prado & Carson, 2014; Power & Taylor, 2011).

Institutional multiplicity within the context of corruption comprises an overlay of anti-corruption functions carried out by different entities; for example,

“electoral sanctions, such as failure to win reelection; political but nonelectoral sanctions, such as congressional censure or removal from office; reputational sanctions, such as negative media coverage; and legal sanctions, such as criminal or civil judgments” are all sanctions from different “institutions” that depend on each other and address the problem of political corruption (Power and Taylor, 2011, p. 14). Institutional multiplicity permits institutions to collaborate, complement and even compete with each other, thus making up for each other’s failures or shortcomings. (Prado & Carson, 2014)

Institutional multiplicity is a pacific approach towards fighting corruption because it does not involve the displacement of one institution by another - it does not generate a significant amount of political resistance, since it only creates alternative paths for accomplishing the same results. (Prado & Carson, 2016). It also does not depend on the ability of a prominent leader or elite to convince others to change the old “way of thinking”, as argued by researchers of the collective action approach to corruption (ibid.).

Institutional multiplicity thus addresses challenges of policy recommendations informed by the collective action framework. (Prado & Carson, 2016). Institutional multiplicity provides reformers with several possibilities to combat corruption, thus decreasing the chances of one single institution facing resistance, and allows reformers to compare different options and determine which one(s) are more adequate. (ibid). In addition, due to institutional multiplicity, reformers can also identify anti-corruption policy allies they can work with to create further reforms. (ibid.)

Despite its positive aspects, some potential limitations might also be linked to institutional multiplicity. It may be linked to inefficient allotment of resources, since there is an overlap of duties between institutions, and it may also instigate unhealthy competition and incentive people from one institution to undermine the endeavours of people from other institutions (Sharkey, 2013). Furthermore, because the number of officials involved in the process of investigating and tackling corruption increases, this could translate into a heightened rate of corruption in the process of making corrupt individuals pay for their actions (Prado & Carson, 2016). Institutional multiplicity is further discussed below, in relation to recent legislation implemented in Brazil as part of its fight against corruption.

2.2 Corruption within companies

This study focused on corruption carried out at an organisational level. The “engagement of firms in corrupt acts, among themselves and with government officials”, constitutes one of the main threats to “continued social support for businesses”. (Collins et al., 2009, p.89). Even though widespread corrupt practices, such as bribery and fraud, are against the law in most parts of the world (Noonan, 1984), scandals involving top management teams and public officials engaging in self-dealing practices is widespread. (Shleifer et al., 2008).

At an organisational-level, corruption can result in the decrease of income growth for the poor and the increase of income inequality, as well as cause businesses to fail (Seligson, 2002).

Even though corruption has already been studied in the past from an organisational-level perspective (e.g. Brief, Buttram, & Dukerich, 2001; Baucus & Near, 1991), this kind of literature was still incomplete by 2008 (Pinto, Leana, & Pil, 2008). The organisational-level corruption literature can be divided into two common dimensions: (1) whether an employee or its organisation is benefitting from the corrupt practice and (2) whether the corrupt behaviour “is undertaken by an individual actor or by two or more actors.” (Pinto et al., 2008, p. 686).

The practice of an individual or organisation benefitting from a corrupt act (dimension 1) would fall within the category of organisational wrongdoing, which refers to actions committed by organisational officials (e.g. directors or employees) during the performance of their organisational duties that are considered illegal or unethical by prosecutors, judges, regulatory agency officials, and newspapers (Palmer, 2008). Organisational wrongdoing may advance the organisation’s own interests or the specific interests of those who commit it. (Palmer, 2008).

However, the predominant conceptualization of organisational wrongdoing is one that entails a set of employees performing corrupt practices on behalf of their organisation. (Pinto et al., 2008). Nevertheless, regardless of who benefits from the wrongdoing, at least one of the organisation’s many stakeholders, such as its stockholders, suppliers or customers, will be negatively affected by it. (Palmer, 2008). Organisational wrongdoing is commonly a collective issue, since unethical behaviour that requires coordinated actions from many participants is something frequent in society (ibid).

Organisational-level corruption would also fall within the category of white-collar crime, since the latter refers to corporate wrongdoings considered crimes (Palmer, 2008). Sutherland (1939), the researcher who coined the term “white-collar crime”, provided an offender-based definition of the term that focused on the characteristics of the offenders - generally individuals of high social status that impose respect - and the context where the wrongdoings occur - within an occupation. (Sutherland, 1939). His definition, however, was criticized throughout the years, and a more recent perspective sees white-collar crime as deceit and concealment for illegal advantage posing as legitimate actions within an organisation (Benson & Simpson, 2009).

Authors such as Finney & Lesieur (1982), Coleman (1987) and (Baucus (1994) argue that white-collar crimes occur with the presence of three factors: (1) a motive for the organisation to break the law, (2) the opportunity for the organisation to engage in illegal behaviour, and (3) the lack of effective controls in place to prevent or dissuade this behaviour.

There are several circumstances that may lead a firm to resort to white-collar crimes. For instance, a firm may decide to make unreported and unaudited payments to government officials – also known as bribery – in order to survive competition or respond to threats from authorities, or even to acquire more resources or gain public contracts. (Wu, 2016). Research has shown that executives

of corrupt companies are likely to justify their engagement in corruption as a requirement for their companies to be competitive. (Collins et al., 2009)

A piece of research conducted by Wu (2016) into manufacturing firms located in the BRICS countries - an acronym used to refer to Brazil, Russia, India, China, and South Africa, all considered to have reached comparable levels of economic development - showed that if a firm in one of these countries is small in size, is expanding at a slow pace, and has poor infrastructure, it is more likely to bribe public officials than those with different characteristics. His research also showed that a country's environment is a further factor in determining whether a company will pay bribes, since companies bribe more often in fast developing, corrupt, and politically-rigid countries, such as the BRICS countries. (Wu, 2016). Another piece of research on the circumstances that may lead a firm to resort to white-collar crimes, this time in India, showed that whenever executives in India have social links with civil servants, the probability that their companies will engage in corrupt practices increases. (Collins et al., 2009).

2.3 Solution for organisational-level corruption: compliance programmes

In the eighteen hundreds, the traditional common law rule was that companies could not be subject to criminal liability (Lafave & Scott, 1986). However, this changed after the turn of the century, when the US Supreme Court held that, from thereon, companies were to be considered criminally liable for the misdoings of their agents (Huff, 1996).

Corporate ethics scandals in American history in the nineteen hundreds resulted in the US government enacting the Foreign Corrupt Practices Act ("FCPA") in 1977, a regulation designed to increase business transparency (Weber & Wasieleski, 2013). Since then, corporations have been subject to an increasing amount of regulatory requirements (Huff, 1996), and they have increasingly faced the threat of being considered criminally liable for the illegal behaviour of their employees (Miller, 1979).

On 1 November 1991, the US enacted a set of sentencing guidelines for ethical behaviour in organisations called the US Federal Sentencing Guidelines for Organisations. (McKendall, DeMarr, & Jones-Ridders, 2002; Huff, 1996). This set of guidelines, enacted following loan scandals in the 1980s in the US, was designed to create a better sentencing uniformity and more penalties on companies that broke the law (Weber & Wasieleski, 2013; McKendall et al., 2002). These guidelines included the granting of a sentence reduction to a convicted company which already had in place an effective compliance programme to prevent and detect law violations. (McKendall et al., 2002; Huff, 1996).

A compliance programme refers to an internal programme that a corporation adopts to advance its ethical norms, instruct its employees, and identify and prevent law transgressions within its corporate environment (Baer, 2009). Compliance programmes can vary from codes of conduct stating general corporate

ethical guidelines to very specific policies intended to prevent employees from committing particular types of crimes such as insider trading". (Huff, 1996, p.1252-1253).

Since the enactment of these US guidelines in 1991, many business organisations have implemented corporate compliance programmes or revised existing ones in order to meet these guidelines' requirements. (Webb & Molo, 1993). By 1999, compliance programmes were already common among large US companies, since most companies had already adopted formal policy documents, such as codes of ethics, as well as designated high-level officers to manage ethics in their organisations (Weaver & Treviño, 1999). These US sentencing guidelines led to companies listed among fortune 500 – a ranking of the biggest US companies by total revenue published by Fortune magazine on an annual basis – to widely adopt codes of ethics (Hess, McWhorter & Fort, 2006).

Implementing an effective compliance programme in a company has several advantages: it promotes a positive, law-abiding corporate culture and helps identify improper behaviour as it takes place, so that the company can tackle it efficiently and reduce its negative effects. (Webb & Molo, 1993). An effective compliance programme is also considered a major attenuating element to a prosecutor assessing whether to charge an organisation that engaged in misconduct, since the organisation can refer to the programme as proof that it is an ethical corporate citizen and that the misconduct was simply an anomaly. (ibid.). In addition, if the company were to be prosecuted and convicted, the fact that it possessed an effective compliance programme at the time of the offense could significantly decrease its exposure at sentencing (Webb & Molo, 1993; Huff, 1996).

Furthermore, a strong compliance programme can create better employee morale and productivity, higher profits, and a stronger reputation among investors and consumers. (Biegelman, 2008, p.12). It can also identify problems before they escalate to a level where they can harm the company and its stock price. (ibid.) Once a company has implemented an effective compliance programme, it tends to gain more trust from investors and the market, thus reaching high levels of internal and external cooperation that lead to higher profits (Ribeiro & Diniz, 2015)

The implementation of an effective compliance programme requires specific technical expertise, maintenance, monitoring, training, and continuous management (Neves, 2018). A compliance programme must be viewed as a non-ending circle and not as a straight line with a definite point of arrival (ibid.). Therefore, companies must closely monitor updates and changes in legal jurisdictions and assess whether their anti-corruption policies need to be modified in case of new public reporting requirements or data protection laws, for example (UNODC, 2013).

Even though the US Federal Sentencing Guidelines are more than 27 years old, they remain a suitable source material for creating and sustaining an effective compliance programme. (Cassin, 2018). The ten elements of an efficient compliance programme described in the US Federal Sentencing Guidelines are:

1. A written compliance programme:	Companies need to possess certain standards and procedures as a means to prevent and detect corporate misconduct.
2. Board oversight:	It is essential for a company's board of directors or equivalent to have knowledge of the content of the organisation's compliance programme, as well as possess considerable oversight over its implementation and efficiency.
3.Responsible person(s):	At least one member of a company's high-level personnel should be responsible for the company's compliance programme.
4.Operating and reporting:	At least one employee should be assigned daily operational responsibility for a company's compliance programme. This employee must be required to frequently communicate the efficacy of the programme to high-level personnel, as well as to the company's audit committee and the board of directors. This employee also needs to feel like he or she has sufficient authority and resources to lead the company's compliance activities, as well as have a straight line of communication with the company's audit committee and board of directors.
5. Management's Record of Compliance:	A company should not hire or retain employees who they know - or are supposed to know after having conducted due diligence - have been involved in inappropriate or illegal behaviour.
6.Communicating and Training:	A company must regularly communicate its norms and policies and other details of its compliance programme in a practical manner to directors, officers, executives, managers, employees or agents. This communication can be conducted via effective training programmes and by disseminating information that is appropriate to employees' individual positions and responsibilities.
7. Monitoring and Evaluating; Anonymous Reporting:	A company should ensure its compliance programme is efficient by enforcing certain practices, such as monitoring and auditing practices that flag misconduct. A company should also have an anonymous and confidential whistleblowing system in place which allows its em-

	employees and agents to ask for guidance on potential or actual criminal conduct and also report those engaging in misdoings.
8. Consistent Enforcement - Incentives and Discipline:	An organisation's compliance programme should be continuously advanced throughout its corporate environment. This should be executed via (a) incentives for employees to behave in accordance with the programme and (b) disciplinary measures for those who engage in criminal conduct.
9. The Right Response:	After a company identifies a corporate criminal conduct, it should react accordingly to avoid similar misdoings from reoccurring. This could involve making necessary changes to its compliance programme.
10. Assessing the Risk:	A company should recurrently determine the risks of criminal conduct in its organisation, and subsequently take the necessary measures to draft, implement, and alter its compliance programme accordingly, as a way to prevent the identified risks from materialising themselves.

Fig.2: The US Federal Sentencing Guidelines on compliance programmes
(Cassin, 2018)

2.3.1 Five essential elements of corporate compliance

According to international law firm Baker McKenzie (2018), there are five essential elements of corporate compliance that, if present in a company's compliance programme, satisfy the main worldwide anti-corruption law enforcements, such as US's Federal Sentencing Guidelines, UK's Bribery Act, and Brazil's Clean Company Act. These five essential elements are summarised below:

Leadership

Regulators around the world expect companies to have a significant number of full-time compliance employees spread across their subsidiaries, business units, and foreign countries, including compliance officers who have the necessary authority and resources to run the daily activities of their companies' compliance programmes (Baker McKenzie, 2018).

Those directly responsible for the daily-management activities of a compliance programme (i.e. compliance personnel) should be overseen by their company's board of directors, the body with the highest level of responsibility for advancing and ensuring a corporate culture of compliance (ibid.) In other words,

a board of directors must govern the execution of a company's compliance programme, guarantee that it is efficient in targeting possible risks encountered by the organisation, and directly oversee those responsible for the daily-management activities of the programme (ibid.). As well as board leadership, Baker McKenzie (2018) explains that a company's corporate culture is highly influenced by the way its senior corporate leadership (e.g. CEO, CFO, COO), through their words and actions, either encourage or discourage misconduct.

Furthermore, Baker McKenzie (2018) states that all functions in a company should collectively promote a culture of compliance and should have the know how to come together and take efficient action when required. In other words, companies with strong compliance programmes should ensure a meaningful collaboration between their several senior leaders and other stakeholders, such as business and operational managers, procurement, finance and human resources personnel. (Baker McKenzie, 2018).

Risk assessment

According to Baker McKenzie (2018), the purpose of a formal risk assessment is to determine the major compliance risks faced by a company, so that resources can be directed to these risky areas and policies and protocols can be subsequently established to reduce these risks. A risk assessment process should ideally be done once a year by a designated group, such as a compliance or internal audit area, and should assess several compliance issues, such as how many employees engage "in business with government officials, the company's use of third-party agents and intermediaries, the regulatory environment of the regions where the company operates, the compliance expectations of authorities in each country of operation, and the effects of any recent business developments such as joint ventures, corporate affiliations, or expansion into markets that could create additional risk." (Baker McKenzie, 2018, p.11).

After an approximate four to six-week assessment, contingent on the company's size and resources, all findings and recommendations should be compiled into a document to be delivered to the board of directors and chief compliance officer for revision and assessment of adequate programme improvements; afterwards, an action plan must be put in place to prioritize the risk-assessment recommendations and designate parties responsible for their implementation (Baker McKenzie, 2018).

Standards and controls

According to Baker McKenzie (2018), as well as having a written code of ethics - "an easy-to-read summary of corporate do's and don'ts for employees" (p.14) which addresses several concerns, such as money laundering, corruption, bribery, antitrust, conflicts of interest, and data privacy - , a company must also adopt compliance policies and procedures that are tailored to its important risk areas. For instance, best worldwide compliance practices require companies to

implement detailed guidelines on how their employees and agents should interact with government officials, as well as have due diligence procedures for screening third-party business partners for improper associations with the government, previous misconduct, criminal backgrounds, financial instability, etc. (Baker McKenzie, 2018).

Baker & McKenzie (2018) explains that due diligence must be carried out on all business partners and third parties, with higher-risk entities receiving an enhanced review, since they should be required to follow similar compliance standards as employees when acting on behalf of a company. To carry out appropriate due diligence, companies must ensure that all its third-party intermediaries and other business partners fill out background questionnaires containing questions regarding their financial stability and whether they have any government ties or history of investigations (Baker & McKenzie, 2018).

According to Baker & McKenzie (2018), companies should include compliance covenants in their third-party contracts that cover at least the following three aspects: the third party's observation of the anti-corruption laws that are relevant to the business relationship, the company's entitlement to inspect the partner's accounting books (i.e. audit rights), and also its entitlement to terminate the business relationship with the third-party in case it discovers that the latter is engaged in any form of misconduct.

Baker & McKenzie (2018) also states that some areas of importance for policy development pertain to business partner engagements, mergers and acquisitions, gifts and hospitality, conflicts of interest, and accounting and financial controls. More specifically, they argue that special attention should be paid to "transactions with consultants and business development agents, customs payments, charitable giving arrangements, political contributions, cash transactions, and gifts and hospitality involving government officials." (Baker & McKenzie, 2018, p.14)

Training and communication

A very important element of a compliance programme is providing training on regulations, laws, corporate policies and forbidden behaviour to company directors, officers, employees, and third parties (Baker McKenzie, 2018). Such training, which can be carried out via webinars, video conferences, online tests, and live, should be periodic (preferably on an annual basis), risk-based, organised by experts in the field, and documented accordingly (ibid.).

Training must be adapted to address issues intrinsic to a company's country, region, industry and employee responsibilities. (Baker McKenzie, 2018). Employees of Brazil-based companies, for instance, must be trained on how to deal with government officials who might expect to receive facilitation fees to expedite business processes. (ibid.)

It is also important for companies to prioritize which target group to train first, especially in the case of insufficient resources. (Baker McKenzie, 2018). As well as training country managers, it is important for a company's initial training

practices to focus on high-risk markets and officers, directors, employees of sales departments, and third-party business intermediaries who deal with government officials or government-owned institutions; afterwards, the company can expand its training to other employees and business partners that pose less of a risk. (ibid.)

Oversight (monitoring, auditing and responding)

According to Baker McKenzie (2018), monitoring, auditing, and responding are components that complement each other and that enforcement officials analyse when assessing if companies have appropriate oversight over their compliance programmes. A company's compliance area should have oversight of the company's compliance programme by working in close coordination with other business areas, such as internal audit and accounts payable. (Baker McKenzie, 2018).

Monitoring consists of identifying and addressing gaps in a compliance programme on a regular basis by implementing certain checks, protocols, and controls specific to a company's risks, whereas auditing consists of a more restrictive review that tackles a certain business area, region, or sector throughout a set period of time, with the objective of revealing or evaluating specific risks (Baker McKenzie, 2018). As for responding, this pertains to taking proactive remediation measures and updating policies, procedures, and training modules whenever necessary (ibid.)

Companies should monitor what their employees say and ask during training, since their comments or questions may reveal the existence of potential red-flags and may help companies to take actions to improve their compliance programmes (Baker McKenzie, 2018).

Baker McKenzie (2018) stresses the importance of having concrete investigation procedures in place that focus on identifying early signs of misdoings, determining the root cause of these misdoings, and implementing proactive remediation measures. Baker McKenzie also suggests companies create standalone internal committees to regularly meet and review current company investigations, as a means of ensuring that investigations are being conducted according to company policies and with appropriate rigor. Such committees are often led by legal department representatives, with employees from human resources, finance, and internal audit, as well as other relevant functions, taking part as committee members.

Baker McKenzie (2018) further speaks of the importance of a company testing its compliance programme in order to assess its effectiveness. For instance, a company can review whistleblowing reports and inquiries after an enhanced in-person compliance training process to determine whether more complaints and enquiries were made by employees who were not used to communicating with the company's compliance department before the training. (Baker McKenzie, 2018). Baker McKenzie (2018) also suggests companies carry out surveys to

assess their compliance cultures and employees' knowledge of compliance practices.

2.4 Corruption in Brazil

Corruption has been present throughout most of Brazil's political history, but this problem has become more evident since democracy was reinstated in the 1980s – the democratic institution of 1988 was the basis for the evolution of the country's current accountability institutions, including the development of the areas of oversight and investigation. (Prado et al, 2015).

This and other subsequent reforms have intensified the detection and investigation of corrupt activities in Brazil; however, the high number of corruption scandals still under current investigation in Brazil indicates that corruption is still widespread and endemic across all levels of the Brazilian government. (Prado et al, 2015). For instance, since 2014, a corruption investigation in Brazil dubbed Operation Car Wash has been investigating a corruption scandal involving more than 80 businessmen and politicians, who were allegedly guilty of paying or receiving bribes worth millions of dollars. ("Brazil corruption scandals", 2018).

Brazil is an optimal example of a country where corruption is systemic and resembles a collective action problem (Prado & Carson, 2016). The country is characterized by a high incidence of social distrust and a widespread notion that the elite is corrupt. (Carson & Prado, 2014). Some researchers have gone so far as to say that there is an "intrinsic culture of corruption" in Brazil, a "systemic norm rooted in distinctive social and cultural dynamics" (Tobolowsky, 2016, p.386). Indeed, a component of Brazilian culture is its unique "Brazilian way of doing things" (*jeitinho brasileiro* in Portuguese), which describes a common strategy for solving problems which consists of Brazilians using their social influence or mannerisms to reach their objectives, despite breaking legal norms along the way when doing so. (Rodriguez, Milfont, Ferreira, Porto, & Fischer, 2011).

As shown in figure 3 below, Transparency International attributed a corruption perceptions index score of 35 to Brazil in 2018, down from 37 in 2017 ("Corruption Perceptions Index 2018", n.d.), demonstrating that corruption in the Brazilian public sector has increased within the past couple of years, thus reinforcing the importance of studies being conducted on the topic of corruption in Brazil.

#	COUNTRY	REGION	2018	2017	2016	2015
99	Colombia	Americas	36	37	37	37
99	Philippines	Asia Pacific	36	34	35	35
99	Tanzania	Sub-Saharan Africa	36	36	32	30
99	Thailand	Asia Pacific	36	37	35	38
105	Algeria	Middle East & North Africa	35	33	34	36
105	Armenia	Eastern Europe & Central Asia	35	35	33	35
105	Brazil	Americas	35	37	40	38

Fig.3: Brazil's corruption perceptions index
 ("Corruption Perceptions Index 2018", n.d)

Within the Brazilian business culture, Brazilians appear to pride themselves with their capacity to identify forms to deviate from the intrinsic costs of conducting business, thus demonstrating that the "jeitinho brasileiro" strategy is perceived as a competitive strategy that benefits those who can discretely and effectively bypass Brazilian rules and regulations. (Carrasco & Williams, 2012). Furthermore, the business culture in Brazil is much more based on personal relationships than in other countries (Arrieta, 2014). This cultural perception thus facilitates both the offering and the solicitation of bribes by those who possess advantageous networks. (Tobolowsky, 2016).

Brazil has a substantial amount of anti-corruption legislation compliant with international standards, and several accountability institutions - institutional multiplicity - responsible for monitoring, investigating and punishing those guilty of corruption (Prado & Carson, 2014). By law, guilty individuals can undergo three kinds of legal punishment in Brazil: administrative, civil, or criminal, each of which determined by different and separate judicial or administrative processes. ("Art.125", 1990). According to Prado & Carson (2014), this independence that characterizes institutional multiplicity is positive, because if one of these processes does not perform correctly, another one might be able to compensate for it.

Even though leading non-governmental organisations have praised Brazil's extensive anti-corruption laws and regulations and classified them as models to be followed by other countries, there is a significant difference between Brazilian laws on paper and in action (Prado et al, 2015). In other words, despite the Brazilian anti-corruption legislative framework being characterized on paper by good anti-corruption policies and institutions responsible for investigating corruption, what happens in reality is quite different.

Brazil has simultaneously empowered, in a reactive form, multiple institutions which can oversee, investigate, and tackle corruption, and this appears to have been partially successful in addressing Brazil's collective action problem of

corruption. (Prado & Carson, 2016). However, the degree of institutional multiplicity in oversight and investigation of corrupt practices is significantly higher than the degree of institutional multiplicity in punishment; in reality, the latter is almost non-existent, since the ultimate competence to evaluate and alter penalties enforced by other institutions is in the hands of the Brazilian judiciary alone (Prado & Carson, 2014).

The deficiency of institutional multiplicity in punishment in the country can clearly reduce the chances of punishment, and despite efforts to address this, such as the law of administrative improbity, a created in 1992 to expedite the resolution of corruption scandals (Prado & Carson, 2014), very few civil corruption cases since then have reached a conclusion in Brazil - of the 572 actions brought forward by prosecutors in the capital city of São Paulo since 1992, less than 5 had been resolved by 2003. (Arantes, 2003)

Such inefficiency and slowness of the Brazilian judiciary led to attempts to increase institutional multiplicity in Brazil with regards to corruption punishments which rely less on the judiciary and more on administrative sanctions. (Prado et al, 2015) One of these most noteworthy attempts was the enactment of an anti-corruption law called the Clean Company Act (*Lei Anticorrupção* in Portuguese) in August 2013, the creation of which was mostly driven by massive demonstrations in Brazilian cities in June 2013 against political corruption, and by pressures made on Brazil by the OECD (Tobolowsky, 2016). For years, Brazil had been a signatory to OECD's Anti Bribery Convention - an international anti-corruption force that centres its attention on the 'supply side' of an act of bribery by establishing legally binding measures that prohibit bribery of foreign public officials in international business contexts-, but by 2013 the country still had not implemented measures to ensure the liability of legal persons (i.e. companies) for foreign bribery (OECD, 2010, 2011).

2.5 Compliance in Brazil-based companies

2.5.1 New anti-corruption legislation in Brazil

The new Brazilian Clean Company Act ("CCA"), number 12,846/13, was a law passed in August 2013 which came into effect in January 2014 (Prado et al, 2015; De Almeida & Kim, 2014; GAN, 2015). Therefore, in the world of legislation, especially in the anti-corruption scenario, the CCA still is considered a new law (Greenstein, 2017). The CCA established administrative and civil sanctions (not criminal sanctions) on legal persons (i.e. companies) accused of foreign and domestic corrupt deeds. (Prado et al, 2015; De Almeida & Kim, 2014; GAN, 2015). This means that, since then, corruption cases can be settled in administrative proceedings and/or civil courts, thus escaping the problems associated with the Brazilian judiciary (Prado et al, 2015).

Considered a gigantic step in Brazil's anti-corruption movement (Tobolowsky, 2016), this law introduced corporate liability in Brazil for the first time,

since before that, corporations could not be punished for corrupt deeds, only individuals (Prado et al., 2015). The CCA prohibits companies of committing fraud in public procurement; of financing, paying or subsidising a prohibited act; and of directly or indirectly bribing Brazilian - or even foreign - public officials ("Brazilian Clean Company Act", 2015; De Almeida & Kim, 2014).

As a point of reference, Finland introduced corporate liability into the Finnish penal law already in 1995 (Tolvanen, 2012), 18 years before Brazil. This means that, since 1995, a Finnish corporation has been subject to corporate fines if a member of its management team or an employee with sufficient authority to make decisions is found to be involved in an offense, or if the diligence required to avoid the offense was not followed (Tolvanen, 2012).

One of the central parts of the CCA is the leniency a firm can receive when it discloses violations itself or cooperates with the authorities; leniency agreements can result in fine reductions of up to 2/3 of the total fine, and a company may even be freed from several sanctions in cases when it possesses a compliance programme in place with criteria that abides by the law. ("Brazilian Clean Company Act", 2015). The CCA has thus drawn attention to how important it is for companies in Brazil to introduce efficient compliance programmes to avoid and identify possible law violations, as well as mitigate risks by implementing anti-corruption controls. (De Almeida & Kim, 2014)

According to De Almeida (2014), the CCA applies to both incorporated or not companies and sole proprietorships, associations of entities or persons, foundations, and even foreign companies with a presence in Brazil via branches, offices or representation. Furthermore, the law entails joint liability for corrupt deeds, meaning that controlling and controlled entities, companies in consortiums, and affiliates are also obliged to pay fines and fully retribute the damages caused by the corrupt entities they are related to. (De Almeida & Kim, 2014). In addition, the law also encompasses successor liability, which means that the entity's responsibility remains the same even in the situations of acquisitions, spin-offs, mergers, transformations, etc (De Almeida & Kim, 2014).

Within the CCA, guilty firms may have to pay fines ranging from 0.1% - 20% of their respective gross revenues of the year prior to when the administrative proceedings against them began, and may even be suspended or dissolved due to their misdoings. ("Brazilian Clean Company Act", 2015, para.4). The amount paid depends on, among other criteria, whether the firm's corrupt acts occurred several times throughout time and whether the company knew that the misconduct was occurring. (ibid.)

As well as fines when breaching the CCA, another potential administrative penalty that might be imposed on firms is the publication of their respective sanctioning decisions in the press (Prado & Carson, 2016). As for the civil penalties that might be imposed on unethical firms, these include companies paying back the benefits they attained illegally, the suspension of the companies' activities, their exclusion from government assistance or funding for a period of one to five years, or even their dissolution (Prado & Carson, 2016). Therefore, the combina-

tion of such administrative and civil penalties has created institutional multiplicity in punishment for corrupt acts conducted by companies subject to this law (Prado & Carson, 2016).

A point of interest of the CCA is that a company can be considered liable for a certain corrupt act without a finding of fault (De Almeida & Kim, 2014; "Brazilian Clean Company Act", 2015). In other words, there is no need to prove that managers or directors of a certain firm had the intention of being corrupt, since no proof of corrupt intent is needed, thus demonstrating how strict the law is.

The CCA has a lot in common with US's FCPA and UK's Bribery Act, both of which took strong stances against the bribing of government officials in their respective territories. (Deloitte, 2014).

In 2016, approximately two years after the CCA came into effect, Tobolowsky (2016) argued that the CCA was the "starting point for Brazil's new-found rejuvenation in the fight against corruption" (p.413). The section below describes further government-led efforts against corruption implemented in Brazil in recent years.

2.5.2 Further government-led compliance efforts in Brazil

In 2010, the Brazilian body with authority to address corruption issues in Brazil, namely the Office of the Federal Comptroller General ("CGU"), in partnership with privately-run Brazilian ethics institution Ethos Institute, launched the National Registry of Companies Committed with Ethics and Integrity (*Cadastro Nacional de Empresas Comprometidas com a Ética e a Integridade* in Portuguese, referred to as the Pro-Ethics Company Registry), an initiative to encourage the Brazilian private sector to engage in concrete actions to promote ethics, integrity and the prevention of corrupt practices in Brazil, as explained on CGU's website ("CGU e Ethos lançam cadastro", 2010). In order to integrate this so-called Pro-Ethics Company Registry, companies must voluntarily design efficient compliance programmes that meet a set of criteria, and those who are admitted into the registry commit to investing in means to prevent corruption within the Brazilian business environment. (ibid.).

Companies integrating the registry, whose first edition occurred in 2013, reap several benefits: (1) they receive public recognition for their anti-corruption efforts, (2) they have their images associated with ethical behaviour and can make use of the Pro-Ethics Company Registry brand, and (3) they have their compliance programmes thoroughly analysed and receive suggestions on how to improve them - even when not admitted into the registry, firms which applied are still advised on how to improve their compliance programmes. ("Empresa Pró-Ética 2018-2019", n.d., para.6).

In March 2015, Brazil's former president Dilma Roussef signed a decree, number 8.420/2015, which regulated certain aspects of the CCA and imposed criteria for the evaluation of a company's compliance system after it received sanctions ("Decreto nº 8.420", 2015) since, as mentioned above, a company which

already has a compliance programme in place prior to its involvement in corruption may have its penalties significantly reduced when found guilty of organisational wrongdoing. (“Brazilian Clean Company Act”, 2015, para.4).

The following month, in April 2015, CGU issued four new regulations pertaining to the CCA (Filho, 2015). One of them regulated the operations of two registries kept by CGU: the National Registry of Debarred and Suspended Entities (“CEIS”) and the National Registry for Sanctioned Companies (“CNEP”), two integrated databases that list the names of companies that have been fined for corporate misdoings under the CCA and another law. (ibid.).

In late 2015, CGU issued guidance clarifying the recommended elements of compliance programmes set forth in the CCA (Baker McKenzie, 2018). Since then, these recommended practices have gradually become more and more important and even compulsory in Brazil. In 2016, for instance, a law, number 13.303/2016 (*Lei das Empresas Estatais* in Portuguese), was passed that made it compulsory for state-owned companies in Brazil to implement corporate governance and compliance practices in their organisations, such as codes of conduct and whistleblowing channels. (Meyer, 2018).

This law was followed by the creation of regional laws that ruled on the same topic regarding privately-owned companies. In the southeast Brazilian state of Espírito Santo, for instance, a law was passed in December 2017 that determined the compulsory implementation of codes of conduct and integrity by companies providing goods and services to the government of that state (Meyer, 2018). Furthermore, between October 2017 and September 2018, three other Brazilian states, namely the Federal District, Rio de Janeiro, and Rio Grande do Sul, enacted laws that made compliance programmes compulsory for all companies located in these states that contract with the government. (Meyer, 2018; Martinelli Advogados, 2018).

2.5.3 Status of compliance efforts in Brazil

In 2014, the year the CCA came into effect, a study conducted by international consultancy Grant Thornton found that six out of ten Brazilian firms were not complying with the CCA (Rolli, 2014). Grant Thornton’s research, which analysed 300 Brazilian companies from different regions and sectors that year, found that they had not adopted compliance policies to increase their levels of transparency, train employees and punish transgressors (ibid.)

Similarly, a study conducted by corporate governance consultancy Protiviti and published in 2017 found that at least 45% of Brazilian companies had low compliance standards (“Pesquisa indica”, 2017). The study said that most participant companies wished to revert this situation, but had difficulties in implementing compliance policies (ibid.). Furthermore, Protiviti identified that many companies, especially small and medium ones, were oblivious to the meaning of a compliance programme, as well as to its potential benefits (ibid.)

In addition, a study published in January 2018 by Transparency International which analysed the transparency of the 100 biggest companies and 10 biggest banks based in Brazil in 2017 by ranking their anti-corruption compliance programmes and their organisational transparency showed that only 23 of these companies and banks received high scores. (Sanen & Donegá, 2018).

Furthermore, although an increasing number of companies have applied to integrate the abovementioned Pro-Ethics Company Registry since the enactment of the CCA, very few companies have been admitted into its annual editions so far, thus indicating that corporate compliance programmes in Brazil are still deficient. (Santos, 2018). For instance, CGU's website showed that in 2016, 195 Brazil-based companies requested access to the platform, of which 91 submitted answers to a compulsory questionnaire; of these 91 companies, 74 complied with the requirements, but only 25 companies were admitted to integrate the registry ("Ministério da Transparência divulga empresas", 2016, para.4). The following year, in 2017, 375 Brazil-based companies requested access to the platform, but only 98 submitted the compulsory questionnaire; of this total amount, only 23 were accepted to integrate the registry. ("Empresa Pró-Ética 2018-2019", n.d., para.7).

Indeed, Brazilian media outlets in 2018, such as reputable mainstream newspaper *Estadão*, highlighted that Brazil had a long path to trail before a culture of ethical corporate governance became part of the reality of all companies in the country. (Neira & Papp, 2018).

Nevertheless, the gradual growth of compliance in Brazil is undeniable. A study conducted by professional services company Deloitte found that in 2013, only 30% of Brazilian companies had compliance programmes in place; three years later, in 2016, this figure had grown to 65% ("The Rise of Compliance", 2018, para.2).

Brazilian compliance authors (Mendes & Carvalho, 2017; Neves, 2018) and journalists from reputable Brazilian newspapers (Neira & Papp, 2018; Sodré & Donelli, 2018; Covac & Silva, 2018) have written about the increasing adherence to corporate compliance programmes in Brazil within the past few years, as a response to the growing implementation of anti-corruption legislation in Brazil (e.g. the CCA) and to the increased risks of companies finding themselves guilty of involvement in illicit activities, as well as to the fact that executives and public agents are now better educated about the importance of clean business transactions. The involvement of major companies in Brazil in recent corruption scandals, such as Operation Car Wash, tarnished their reputations and share value and forced them to pay hefty fines, thus also serving as an incentive for companies in Brazil to implement or reinforce compliance programmes that identify and address corporate misdoings before they become known in the press or are scrutinized by Brazilian authorities (Sodré & Donelli, 2018).

2.5.4 Difficulties in implementing compliance programmes

Amid the gradual growth of compliance programmes in Brazil, it is important to highlight that many compliance officers have seen the implementation of compliance programmes in their organisations suffer cultural resistance from employees. (“The Rise of Compliance”, 2018, para.10). Compliance officers in Brazil have stressed that the implementation of compliance programmes in their companies has sometimes led employees to question the importance of compliance policies and to complain about the number of auditing and control procedures already in place in their organisations. (ibid.). To counteract this cultural resistance, employees must accept their companies’ new compliant reality, and senior management must demonstrate the importance of compliance by leading by example (ibid.).

Another aspect of cultural resistance that may have been keeping Brazil from lowering its corruption levels and improving its compliance culture is the fact that Brazilian elites have disseminated a social dynamic in which whistleblowers fall victims of threats and persecution. (Tobolowsky, 2016). In other words, those who currently report corruption in Brazil do so knowing that they will potentially face retaliatory repercussions, meaning that courage - and maybe even protective legislation - is required in the country for uncovering misdoings (ibid.). Furthermore, whistleblowing complains are not culturally accepted in Latin American countries (Trench Rossi Watanabe, n.d), since employees frequently consider those who execute them as traitors (Tobolowsky, 2016) or snitches acting in an insubordinate manner (Trench Rossi Watanabe, n.d)

However, cultural resistance is not the only barrier against Brazil’s plans to improve its compliance culture. Recent research has shown that some Brazilian professionals lack the necessary knowledge of corporate governance and of internal compliance control methodologies. (Assi, 2018). This lack of knowledge can be viewed as a barrier for the advancement of compliance in Brazil, since a recent study conducted with 51 Brazilian companies of varied sizes and fields of business showed that 88% of them believed that a manager’s lack of technical knowledge of internal controls could be considered a barrier for the adoption of internal controls in Brazilian companies. (Pinheiro, Carvalho, Pinto, & Ferreira, 2018).

3 DATA AND RESEARCH METHOD

3.1 Qualitative research

Qualitative research is research that chiefly relies on qualitative data and inductive theorizing (Bansal et al., 2018). According to Bansal et al. (2018), qualitative data is non-reduceable text, such as words and visuals in a static or dynamic form, which can be digitized, synthesized or counted (but not manipulated); doing so requires the researcher to first interpret the data to discern patterns and insights. (ibid.). Similarly, Flick (2007) states that qualitative research uses text as empirical material for a study. Qualitative data thus differs from quantitative data, since the latter is numerical, and may be manipulated or adapted to data displays. (Bansal et al., 2018).

As for inductive theorizing, Bansal et al. (2018) explain that this concept is usually a basic element of qualitative research, since qualitative research may generate new insights that often lead theories in new directions, as opposed to quantitative research, which usually deduces new knowledge that depends to a great degree on logical reasoning based on previous insights, and expands a theory along existing or similar paths. (Bansal et al., 2018) Moreover, as well as producing new knowledge for scientific purposes, qualitative research also aims to produce or advance solutions to practical problems (Flick, 2007).

Qualitative findings can stem from three kinds of data collection: (1) in-depth, open-ended interviews; (2) direct observation; and (3) documents. (Patton, 2002). Researchers can subsequently draw on data observations to produce abstracted knowledge that may be generalized beyond the specific contexts of the research. (Bansal et al., 2018). Qualitative research includes many genres, such as variance-based case studies, historical studies, process studies, and discourse studies, each of which offering a unique lens through which the researcher can view phenomena. (Bansal et al. 2018).

This study falls well within the category of a qualitative piece of research, since texts - and not numbers - were analysed in order to provide new insights and practical knowledge on compliance programmes in Brazil that address the fact that a significant portion of companies in Brazil still have poor compliance policies in place. The primary and secondary data of this study resulted from open-ended interview answers and written documents from 11 companies present in Brazil which have exemplary compliance programmes in place. In other words, this study's data stemmed from case studies. The overall objective of this study was to, through inductive theorizing, advance the promotion of ethical business in Brazil by providing practical knowledge to Brazilian companies still struggling to implement effective compliance programmes in their companies in the aftermath of the CCA, thus addressing the intrinsic problem of corruption in the Brazilian business scenario.

3.2 Research methods and types of data

Case studies can be defined as “an exploration of a ‘bounded system’ or a case (or multiple cases) over time through detailed, in-depth data collection involving multiple sources of information rich in context”. (Creswell, 1998, p. 61). According to Flick (2007), a case can be a person, an organisation or institution, a community or an event, depending on the study’s topic and research question(s). Case studies are a way of getting in-depth information on specific cases; they can be either intensive – when one or a few cases are explored, thus yielding thorough and deep knowledge – or extensive – when several case studies are analysed as a means of finding common patterns of information between them. (Erikson & Kovalainen, 2008). When case studies are extensive, they use a “replication-and-comparison logic to see patterns in a data set” (Bansal et al., 2018, p. 1190).

The present study can be classified as a study of extensive cases, since it gathered primary and secondary data from 11 companies in Brazil and looked into the characteristics in common – as well as the diverging characteristics – of their exemplary compliance programmes.

According to Hox & Boeije (2005), primary data is data gathered to answer the specific research problem(s) or question(s) being addressed, using procedures that best fit the research problem(s) or question(s) of a study. The primary data for this thesis consisted of answers from two in-depth Skype interviews and four in-depth written interviews provided by email. Each set of data came from a different company, totalling six company cases. Four of these companies integrated the Pro-Ethics Company Registry in both 2016 and 2017 or only in 2017. The other two received good average scores on Transparency International’s abovementioned 2018 study “Transparency in Corporate Reporting: Brazil’s 100 biggest companies and 10 biggest banks” for their anti-corruption compliance programmes and their organisational transparency.

This study’s primary data was combined with secondary data, which is research material gathered for a different reason than for the study under discussion (Hox & Boeije, 2005; Erikson & Kovalainen, 2008). This study’s secondary data consisted of written interviews available on CGU’s website given by five other companies that integrated the Pro-Ethics Company Registry both in 2016 and 2017, as well as by one company who also integrated the registry those two years and whose information on compliance already comprised part of the study’s primary data.

Therefore, this study’s primary and secondary data together provided in-depth information about the exemplary compliance programmes of nine companies that integrated the Pro-Ethics Company Registry both in 2016 and 2017 or only in 2017. In addition, primary data also stemmed from two companies whose compliance programmes were highly ranked by Transparency International’s 2018 study, as mentioned above. Therefore, in total, primary and secondary data from 11 companies belonging to different sectors in Brazil constituted the object of this study’s analysis.

The formulation of in-depth and specific questions for the six (oral and written) interviews that constituted this study’s primary data required the previ-

ous reading and analysis of information available on these six companies' websites concerning their respective compliance programmes. More specifically, documents such as their codes of ethic were read and analysed in order for the interview questions to be tailor-made to each company's reality. However, a set of generic questions was also elaborated and asked to all companies, in order to allow for comparisons to be made between their respective answers.

The two oral interviews, conducted with the compliance officers of two Brazil-based companies, were executed in a guided, semi-structured format, since questions were asked in an unstructured order and were phrased in a manner suitable to the flow of conversation. According to Erikson & Kovalainen (2008), the benefit of conducting interviews in a guided, semi-structured manner using an outline of questions that are made in a free manner is that the conversation is more informal in tone but still guarantees that the data collected is systematic and comprehensive (Erikson & Kovalainen, 2008). Furthermore, in these kinds of interviews, respondents are free to provide additional information on topics they consider relevant to the subject being discussed (*ibid.*), as happened during the two oral interviews of this study.

The four written interviews were answered by compliance personnel belonging to four other companies present in Brazil. Since they were written interviews, they had a fixed structure, and thus respondents were less likely to provide additional information on their respective compliance programmes than if they had been interviewed in person or via Skype. Nevertheless, some of the interview questions encouraged the interviewees to speak of an interesting aspect of their choice regarding their companies' respective compliance programmes, in order to gain further insights from them.

3.3 Data collection

3.3.1 Primary data collection

According to Patton (1990), qualitative analyses typically focus in depth on a few - or even single - cases that are selected purposefully. There are several strategies for selecting specific information-rich cases, and the one used in this study was "criterion sampling". Patton (1990) explains that the reasoning behind "criterion sampling" is to assess cases that abide by some preselected criteria. For this study, the sample selected - companies located in Brazil - were required to meet the criteria of having exemplary compliance programmes in place. Therefore, several companies listed in the aforementioned Pro-Ethics Company Registry were contacted via email and asked to take part in this study, since they were all regarded as companies with efficient and exemplary compliance programmes in Brazil in 2017.

Four companies belonging to this registry, namely Alubar, Radix, Siemens, and a fourth company which requested their name be kept anonymous (hereafter referred to as "CompX") accepted the invitation and were given the choice to

engage in oral Skype interviews or to answer written interview questions regarding their compliance programmes. Both Alubar and Radix agreed to be interviewed via Skype, whereas Siemens and CompX decided to answer written interview questions.

All the companies which integrated the Pro-Ethics Company Registry in 2017, including the four companies that participated in this study (Alubar, Radix, Siemens, and CompX, the company whose name has been kept anonymous) are depicted in figure 4 below:



Fig.4: Companies that integrated the Pro-Ethics Company Registry in 2017
 (“Empresa Pró-Ética 2018-2019”, n.d)

Furthermore, a few companies which received high or considerably high scores for their organisational transparency in Transparency International’s 2018 study were also contacted and invited to take part in this research. Of these companies, Copel and Gerdau accepted the invitation. When offered the choice to either grant Skype interviews with their respective compliance officers or to answer written interview questions, both Copel and Gerdau chose the latter option.

The table below (figure 5) lists some of the organisational transparency average scores attributed to the companies listed in Transparency International’s 2018 study, including the good scores received by Copel and Gerdau.

EMPRESA	PAC	TO	MÉDIA	EMPRESA	PAC	TO	MÉDIA
Neoenergia	100%	100%	10,0	Eletrobras	100%	50%	7,5
Votorantim Cimentos	100%	100%	10,0	Odebrecht	100%	50%	7,5
EDP - Energias do Brasil	92%	100%	9,6	BASF	73%	75%	7,4
CPFL Energia	88%	100%	9,4	Samarco	85%	63%	7,4
ArcelorMittal Brasil*	100%	75%	8,8	Copersucar	69%	75%	7,2
Embraer	100%	75%	8,8	Suzano	69%	75%	7,2
Oi	100%	75%	8,8	Usiminas	69%	75%	7,2
Copel	96%	75%	8,6	Gerdau	85%	56%	7,1
Fibra	96%	75%	8,6	Magazine Luiza	38%	100%	6,9
BTG Pactual	96%	75%	8,6	Santander	88%	50%	6,9
Cemig	69%	100%	8,5	WEG	88%	50%	6,9
Light	69%	100%	8,5	Latam Airlines	62%	75%	6,9
Banco do Brasil	92%	75%	8,4	Construtora Queiroz Galvão	85%	50%	6,8
Petrobras	92%	75%	8,4	GPA	85%	50%	6,8
Telefônica Brasil	92%	75%	8,4	Klabin	58%	75%	6,7

Glossary:**PAC:** anti-corruption compliance programme**TO:** organisational transparency**Média:** average

Fig.5: Transparency International's 2018 study

(Sanen & Donegá, 2018)

After all six companies agreed to be interviewed on their respective compliance programmes, specific compliance information available on each one of these six companies' websites was compiled and analysed. This set of information on each company was subsequently used in the formulation of specific questions that were asked in the oral and written interviews, as already mentioned in the section above.

Figure 6 below provides details on the six participant companies that comprise this study's primary data:

Companies	Industry	Sector	Interviewee	Type of interview	Date
Company 1: Radix	Technology	Private	Compliance officer	Oral interview (65 minutes long = 12 pages of transcribed data)	14.03.18
Company 2: Copel	Energy	Public	Compliance "coordinator"	Written interview (8 pages of transcribed data)	09.04.18

Company 3: Alubar Metais e Cabos ("Alubar")	Energy	Private	Compliance officer	Oral interview (99 minutes long = 14 pages of transcribed data)	12.04.18
Company 4: Gerdau	Metal-lurgy	Private	Compliance officer	Written interview (5 pages of transcribed data)	02.05.18
Company 5: CompX	Finance	Private	Compliance employee	Written interview (7 pages of transcribed data)	13.06.18
Company 6: Siemens (Brazil)	Technol-ogy	Private	Compliance employee	Written interview (5 pages of transcribed data)	03.08.18

Fig. 6: Overview of the study's primary data

The six oral and written interviews were conducted throughout a period of approximately five months, from March to August 2018, mainly due to the busy schedules of the study participants. Compliance departments of major companies like the ones selected for this study are usually extremely busy monitoring and improving their compliance programmes in a country where corruption is widespread, as explained earlier. A second factor that led to this lengthy period of interviews was the sensitivity of this study's theme. For instance, some of the interviews had to be approved by several layers of employees before they were allowed to occur.

Since the formulation of tailored oral and written interview questions required the previous analysis of content available online regarding the companies' compliance programmes, the long intervals between when each interview response was obtained was extremely useful, as it allowed time for each company's compliance programme to be thoroughly analysed and understood. In addition, this online content, available on each company's website, provided a general overview of the six companies' current status with regards to their compliance practices.

3.3.2 Secondary data collection

As mentioned above, this study's secondary data consisted of written interview answers available on CGU's website given by five other companies that integrated the Pro-Ethics Company Registry in 2016 and 2017, in addition to one company - Company 1 (Radix) - which also integrated the registry those two years and whose compliance information already constituted part of this study's primary data. ("Entrevistas", 2017) The secondary data on Company 1 (Radix) was used to complement the primary data obtained from the interview with this company's compliance officer.

Figure 7 below showcases the names and industries of the five other companies from which this study's (secondary) data was drawn:

Company	Industry	Sector
Company 7: ABB	Technology	Private
Company 8: 3M	Industry, health care, and consumer goods	Private
Company 9: Chiesi Farmacêutica ("Chiesi")	Pharmacy	Private
Company 10: Granbio	Biotechnology	Private
Company 11: Technew Consultoria em Informática ("Technew")	Information technology ("IT")	Private

Fig.7: Overview of the study's secondary data

("Entrevistas", 2017)

3.4 Method and analysis steps

Following the collection of both primary and secondary data, each company case was studied individually with regards to their compliance programmes. This is because "information must first have explanatory force in one case, since no idea or insight about data can be used to interpret a data set until it has first been shown to be important in individual experience" (Ayres, Kavanaugh, & Knafl, 2003, p. 872). Insights gathered from one case make the researcher more aware of akin information as it presents itself in other contexts; therefore, if an idea materializes itself several times in different situations, the investigator thus identifies the idea as a theme. (Ayres et al., 2003). According to Ayres et al. (2003), themes that are credible in both particular and several cases have more chances of being applicable beyond a specific study.

Following Ayres et al. (2003)'s findings about themes, the research method selected for the data analysis of this study was a thematic analysis. Viewed as a foundational method for qualitative analysis, a thematic analysis allows the researcher to pinpoint and assess themes within data by organising and describing the data in great detail. (Braun & Clarke, 2006, p.6). According to Braun & Clarke (2006), this form of analysis has several advantages: (1) it is flexible, (2) accessible to researchers with little prior experience in conducting qualitative research, (3)

allows for both similarities and differences to be identified across the data set, and (4) can generate unexpected insights.

A theme encapsulates something important about a data set with regards to a study's research question(s), and represents patterned responses or meanings drawn from the data set (Braun & Clarke, 2006). Braun & Clarke (2006) argue that there are no strict guidelines on what can be viewed as a theme or not, so it is up to the researcher to decide what proportion of a data he or she considers to be evidence of a theme.

Within the thematic analysis of this study's data, themes were mainly identified via an inductive approach, meaning that the identified themes were closely linked to the data, as suggested by Patton (1990). In this type of analysis, the processing of the data does not try to accommodate an existing coding frame or the researcher's assumptions, meaning that the research is data-driven instead of theory-driven (Braun & Clarke, 2006).

Furthermore, themes were singled out in a semantic or explicit manner - instead of in a concealed or interpretative manner -, meaning that the analysis did not seek anything beyond what the participants said, as explained by Braun & Clarke (2006). Usually in such semantic or explicit approaches, the thematic analysis of data starts off with the description of the data, in which it is organised and summarised in a way that shows patterns in semantic content; this is then followed by the theorisation (i.e. interpretation) of the data (Patton, 1990).

The analysis of this study's data was mainly based on Braun & Clarke (2006)'s six phases of a thematic analysis. We note, however, that these six phases only served as guidelines, since qualitative research requires a flexible analysis of data that fits its research question(s) (Patton, 1990).

The first step in Braun & Clarke (2006)'s thematic analysis consists of the researcher's familiarisation with the data, which can be done by transcribing it when necessary, followed by reading and re-reading it and making notes of initial ideas about what is in the data and is worth making note of. For this study, the audio-recorded interviews with Alubar and Radix were transcribed in Portuguese. In sequence, they were translated to English, as were the written answers given by the four companies interviewed by email. The transcriptions of the two oral interviews, each of which filled at least 12 pages, were then compared against their respective recordings to ensure they had been accurately transcribed. Since the remaining companies answered written interviews, their answers were already in writing and thus did not need to be transcribed into a written format.

The second step in Braun & Clarke (2006)'s thematic analysis consists of the researcher generating initial codes from the data, something that differs from the themes, which are usually broader. According to Ayres et al. (2003), coding is well fitted to capture the commonalities of experience across cases, even if it is less fitted to grasp the individual uniqueness within cases. In this study, several codes were derived from reading and re-reading the collected data and highlighting possible patterns in common.

The process of coding depends to a certain extent on whether the themes derived from a data set are more "data-driven" (themes are reliant on the data set) or "theory-driven" (data might be interpreted as a form of answering certain

questions), as well as whether the researcher plans to code the whole data set or whether he/she is coding to yield more singular aspects of the data set (Braun & Clarke, 2006). This study mostly coded its data following a “data-driven” method, so that patterns and themes could be drawn from the data. Furthermore, almost the entire data set – and not only a certain part of it – was coded to provide an accurate representation of the interviewees’ thoughts on compliance. In this study, the coding of extracts of data was carried out manually with the help of highlighters, which helped to identify possible patterns in the data.

The third phase of Braun & Clarke (2006)’s thematic analysis consists of allocating the various codes into candidate themes, and gathering the pertinent coded data extracts within the selected candidate themes. Therefore, in this stage of the present study, the codes were analysed to see how they could combine and fit into potential sub-themes and themes.

The fourth phase of Braun & Clarke (2006)’s analysis consists of the researcher reviewing its set of potential themes and subsequently refining them, since he/she may find that some candidate themes merge into one or split into two or more or are not actually themes (e.g. when there is a lack of sufficient data to back them.) Indeed, in this phase of the analysis, a few themes merged into one.

As for the fifth phase of Braun & Clarke (2006)’s analysis, this consists of the researcher defining and naming the final themes of his or her study. This study’s numerous codes resulted in 24 sub-themes and 5 themes, as shown in this study’s appendix (appendix 3).

Finally, the last phase of Braun & Clarke (2006)’s thematic analysis consists of the researcher actually producing the analysis section of his or her study by selecting rich extract examples and subsequently analysing them. In this study, such analysis was produced by creating links between the identified themes, the study’s research questions, and the literature review content.

3.5 Reliability and validity

In qualitative research, verification – the practice of analysing, confirming, and ensuring that something is accurate – refers to the “mechanisms used during the process of research to incrementally contribute to ensuring reliability and validity and, thus, the rigor of a study” (Morse, Barrett, Mayan, Olson, & Spiers, 2002, p.17). A study is “only as good as” its author, since “it is the researcher’s creativity, sensitivity, flexibility and skill in using verification strategies that determine the reliability and validity of the evolving study” (ibid). Morse et al. (2002) add that an investigator’s responsiveness at all stages of a research process is essential for a study to reach an optimal level of reliability and validity.

Reliability can be viewed as the “extent to which results are consistent over time” and “an accurate representation of the total population under study” (Joppe, 2000, p.1, as cited by Golafshani, 2003, p.598). If a researcher can reproduce the “results of a study under similar methodology”, that means that the

research instrument utilized in the study can be considered reliable. (*ibid.*). As for validity, this concept pertains to the degree to which an instrument assesses what it was meant to assess and the degree to which the conclusions reached by a study correctly describe or explain the case under study (Kirk & Miller, 1986).

According to Golafshani (2003), definitions of reliability and validity in qualitative research raise two basic questions: regarding reliability, the question raised is whether the study can be replicated; regarding validity, the question raised is whether the mechanisms for measuring the study were correct and measured what they were intended to measure.

Morse et al. (2002) explain that there are several strategies for verifying whether a study's data has reliability and validity, such as making sure that the study has (1) methodological coherence and (2) sampling sufficiency, as well as (3) advancing an optimal dynamic between sampling, data collection and analysis, (4) thinking in a theoretical manner, and (5) advancing a theory.

In order to make sure that this study had methodological coherence, it was essential to ensure that the research questions were congruent with the selected method of analysis, which also had to be in line with the data and the analytic procedures of the study. The selection of companies in Brazil which possess exemplary compliance programmes ensured that the participants of the study had a thorough knowledge of the research topic, thus leading to an optimal quality of data. Furthermore, the number of companies selected - 11 in total - meant that a considerable amount of data was collected (sampling sufficiency) to account for the majority of aspects of the phenomenon.

Thirdly, the process of collecting and analysing the primary data took place more or less concurrently, in line with Morse et al. (2002)'s guidance that collecting and analysing data in a dynamic manner contributes towards achieving reliability and validity in a study.

Throughout the primary data collection of this study, ideas stemming from the data were later corroborated in new data, thus resulting in new thoughts that were later verified in data already collected. This required what Morse et al. (2002) view as thinking in a theoretical manner, which in turn required the constant checking and rechecking of all processes.

Even though this study did not develop a new theory, as recommended by Morse et al. (2002) as the final - and fifth - verification strategy for ensuring reliability and validity of data, the study's findings were converted into a simple visual representation of the 11 companies' answers regarding their compliance programmes (see figure 10). The main aim of this visual representation was to serve as a straightforward guide on the compliance elements that companies in Brazil must implement in order to have a satisfactory compliance programme in place that adequately tackles corruption and other misdoings.

Since the five verification strategies proposed by Morse et al. (2002) were fully (or almost fully) followed, it is possible to state that aspects of reliability and validity were ensured in this study.

According to Eriksson & Kovalainen (2008), thoroughly describing the research process of a study and how its results and conclusions were produced can ascertain its reliability. This was the case in this study, since an illustration of this

study's data analysis, which followed the six steps advocated by Braun & Clarke (2006), can be found in the section above. It is worth highlighting, however, that the size of this study's sample (11 companies in total) cannot be considered representative of all companies in Brazil with reputable compliance programmes in place, thus minorly affecting this study's reliability.

In line with Kirk & Miller (1986)'s concept of validity, this study measured what it was supposed to measure – key aspects of reliable corporate compliance programmes, and its conclusions shed some light on the adoption or reinforcement of exemplary compliance programmes by companies in Brazil. It is important to note that due to the sensitive theme of this study – essentially the implementation or reinforcement of compliance programmes in Brazil as a means of preventing corporate corruption – some delicate questions were not asked or were refused to be answered by some participants, possibly affecting the validity of this study's primary data to a certain degree.

Another aspect that may have minimally affected the validity of the study pertains to the fact that all primary and secondary data had to be translated into English. In line with the Italian expression “traduttore, traditore” (“translator, traitor”), which views translators as traitors of a texts' original meanings (Rissatti, 2015), it would not be far-fetched to argue that some small aspects of the original content of the data may have been lost in translation.

Further limitations regarding this study's research method are discussed towards the end of this study.

4 RESEARCH FINDINGS

4.1 General information

This following chapter showcases the themes of this study that arose from the six-step approach to analysing data advocated by Braun & Clarke (2006). As mentioned above, the themes emerged from a thematic analysis of the study's primary and secondary data. Closely reading and re-reading the data, as well as making notes of initial ideas that arose from the reading, resulted in codes being generated from the data. In sequence, these codes were sorted into potential sub-themes and themes. All candidate sub-themes and themes were then reviewed and refined, resulting in the actual 24 final sub-themes and five themes of this study (see appendix 3). These themes and sub-themes correspond to the headings and sub headings of this chapter, which contains several extracts from the study's primary and secondary data.

4.2 Motivation to implement a compliance programme

4.2.1 Legislation-driven motivation

Most participant companies in this study disclosed the factors that motivated them to implement and/or reinforce their compliance programmes in recent years. It is interesting to note that six participant companies said they implemented or reinforced their compliance programmes sometime between 2014 and 2017, in the aftermath of the CCA's enactment.

Four participant companies, namely Alubar, Granbio, Copel, and CompX, mentioned the CCA or other legislations as factors that motivated them to implement or reinforce their compliance programmes, as demonstrated in the extracts below:

"[In August] 2013 the CCA was enacted. Up to that point I had no idea what compliance was. (...) In "[January] 2014 the law came into effect, in March we took our first [compliance] course, and throughout the year we kept on thinking about this anti-corruption law. So at the end of the year we decided to do something related to compliance. [Initially] we were not sure whether to hire a consultancy to develop a compliance programme for us or to develop the programme ourselves. In 2015 we decided to take a six-month course in São Paulo to learn how to create a compliance programme from scratch. [Then] we began putting this knowledge into practice and implementing actions that were necessary for the efficiency of the programme." (Alubar)

"[After the enactment of the CCA], some compliance risk prevention measures were implemented or reinforced in our company, as a means of mitigating the risks of the

company finding itself involved in any fraudulent or illicit schemes, as well as a way of reinforcing its commitment to transparency and ethical business.”(Granbio)

“Copel, in line with the United Nations Global Compact’s guidelines – [an initiative that stimulates businesses around the globe to embrace socially responsible procedures] -, the CCA, and law number 13.303/2016 [a specific Brazilian law for state-owned entities], constantly strives to excel in its activities and promote an ethical and transparent environment. [It does this] by carrying out actions for the insertion of the best corporate governance practices in its daily activities, and by adopting continuous methods of prevention, detection, and correction of possible fraudulent and corrupt actions. Copel implemented its compliance programme [in December 2017] within a legislative context that highlighted the importance of preventing and fighting corruption and fraud.” (Copel)

“CompX was motivated to implement its compliance programme due to anti-corruption international laws, such as the UK Bribery Act and the FCPA.” (CompX)

4.2.2 Corruption-driven motivation

Of the six participant companies interviewed for this study (primary data), two of them, namely Siemens and Gerdau, referred to previous corruption cases that took part in their companies and that led them to implement or reinforce their compliance programmes.

Siemens explained that a major corruption case occurred in its German head office in 2006, which led the company’s subsidiary in Brazil to implement a compliance programme in 2007. This compliance programme was then reinforced in 2015 to comply with the CCA. Siemens explained that small changes were added to the programme in 2015, such as an increased monitoring of meetings held between Siemens’ executives and politicians or public sector employees, as well as the creation of training to educate employees on the content of the CCA.

As for Gerdau, even though the company already had a compliance programme in place since 2009 – back then, its shares were already traded in the US stock exchange, thus making the company subject to the FCPA - its compliance programme in Brazil was strengthened after one of its executives, André Gerdau, was charged with corruption in 2017 within the scope of Operation Zelotes, a Brazilian investigation that began in 2015 and looked into alleged tax fraud committed by a number of Brazilian companies. (Cunha, 2017).

“[after the indictment of some of Gerdau’s executives], the company’s compliance area was reinforced and began reporting directly to the chairman of the board of directors. Certain actions became more frequent and more focused on mitigating instances of corruption and bribery.” (Gerdau)

As well as the strengthening of its compliance programme, Gerdau also appointed a new CEO as from January 2018 in replacement of André Gerdau

(who was the son of the company's founder), after he was charged with corruption. (Cunha, 2017).

4.2.3 Other motivational factors

Differently to companies above, Technew said that it begun to introduce compliance control procedures in its corporate environment already in 2010, since its business partners were major multinationals that already had compliance covenants on their contracts at the time. In other words, Technew was "pushed" to adopt compliance due to the prevalence of compliance efforts in its sector.

As for Radix, the company explained that even though it had never been involved in any corruption scandals, its main clients had, thus serving as a motivational factor for it to create a compliance programme as a means of reinforcing its good reputation and distinguishing it from its clients, as shown in the extract below:

"Radix's sector is highly affected by Brazil's [ongoing corruption investigation] Operation Car Wash. Our main clients are all involved in it...Petrobras, BRF, which has just been implicated in a serious anticorruption investigation called Operation Weak Meat, in which it was completely in the wrong. GRS, Cine...many clients are involved....and our main market when the company was incorporated was the oil and gas sector. So in 2015 we decided to implement a compliance programme in order to highlight our ethical conduct. The biggest drive for us to implement a compliance programme was to highlight our already existent ethical posture". (Radix)

Even though Alubar indicated that it had decided to implement its compliance programme as a response to the enactment of the CCA, it highlighted that it decided to do so on its own accord and that there had been no external force pressuring it into creating a compliance programme, as demonstrated in the extract below:

"Our compliance programme has a very good thing, which is that there was no external pressure for us to implement one. In other words, there was nobody forcing us or asking us to create one. There were no accusations against us and we weren't involved in any scandals or interrogations, so it was our own decision to implement one. Things can be done in two ways: either on one's own accord or by force. We created a compliance programme because we wanted to." (Alubar).

4.3 Process of implementing a compliance programme

4.3.1 Easiness of implementing a compliance programme

Radix, Gerdau, Copel, Alubar, and Technew all stated that their new or strengthened compliance procedures or programmes were well received by employees and suffered no resistance from them, as exemplified in the extracts below:

"[Our] employees embraced the company's programme very easily and adapted very fast to its policies." (Radix)

"We didn't face any problems when implementing our compliance programme. The support from the top management enabled directors, managers and chief executives to align their thoughts regarding compliance. All relevant suggestions were taken into consideration and the appropriate resources were made available." (Gerdau)

"No, [we didn't face any difficulties], since the company already had several ethics and integrity procedures in place, as well as internal controls, audit and risk management processes, among others. These pre-existent procedures, allied to the new ones, are all compiled in a constantly updated document describing the company's compliance programme." (Copel)

"Our new code of ethics and conduct was very well received, because it outlined ethical actions that we already executed prior to its creation." (Alubar)

"The impact generated after the implementation of our anti-corruption policy was low, firstly because it was gradually introduced throughout the years, and secondly because it's a well-known topic with significant media appeal." (Technew)

4.3.2 Difficulties in implementing a compliance programme

Some participant companies, however, including some that highlighted the easy aspects of implementing a compliance programme, also spoke about some difficulties faced in the process and indicated that upper management support was essential in counteracting them, as shown below:

"A few directors didn't embrace compliance very well and decided to leave the company. A strong restructuring process took place. Cultural changes are never easy. What helped was the requirement to have training and processes in place. Upper management support was also essential". (Siemens)

"When we implemented the programme, we had to be very patient, because people initially thought that it was one more control. They thought it was yet another type of audit, since we have so many audit processes here (...) There was some initial resistance to the programme, but when we became part of the Pro-Ethics Company Registry, a lot of employees began feeling proud of it. (Radix).

“Operational difficulties always exist. However, because the company’s senior management is committed to the theme, and being ethical is in our culture and our way of doing business, I believe operational difficulties shouldn’t be considered obstacles.” (CompX).

“There are always difficulties. Creating a compliance programme internally [like us] is different to hiring an external consultant to do the work (...)[When you] have to do everything from scratch, you learn as you go. So there were difficulties related to this. (...) But in the end your learning curve ends up being higher (...) We asked people [for guidance] and spoke to people who wanted to help us. [But] there were some difficulties in terms of putting our plan into action (...)(Alubar).

4.4 Benefits reaped from having a compliance programme

Almost all participant companies said they reaped numerous benefits from the implementation or reinforcement of their respective compliance programmes. Among the positive aspects mentioned, five companies highlighted the benefits they reaped from integrating the Pro-Ethics Company Registry, viewed as a direct consequence of having efficient compliance policies in place, as shown in the extracts below:

“I don’t know whether to attribute the benefits we reaped solely to our compliance programme or to the fact that we also integrate the Pro-Ethics Company Registry. One thing is connected to the other (...) I’m going to try and focus on the benefits reaped from integrating the Pro-Ethics Company Registry, but you should know that we wouldn’t be part of this registry if it wasn’t for our compliance programme. So, one of the benefits reaped is that we’ve received positive media coverage [of our brand]. Our contracting processes are also much faster and smoother, because now our business partners and clients trust us more after conducting due diligence into us and learning that we have a compliance programme in place and that we integrate the Pro-Ethics Company Registry. In the past, we didn’t manage to sign a contract with a big energy multinational because we didn’t have a compliance programme in place. After implementing our programme, we managed to sign off a deal with them. So this was also something positive.” (Alubar).

“[After the implementation of our compliance programme] we managed to integrate the Pro-Ethics Company Registry two years in a row. (CompX).

“One of the main benefits of integrating the Pro-Ethics Company Registry is having the opportunity to publicly demonstrate our commitment to integrity and ethical business practices. It is an important recognition of our efforts in the field. Integrating this registry also enables us to promote our brand and be more credible in the market.” (3M)

“After two or three years of having implemented a programme we had already integrated the Pro-Ethics Company Registry twice. (Radix).

“[Becoming part of the Pro-Ethics Company Registry] brought us several benefits. Firstly, it gave us the certainty that our compliance programme was adequate, since it was audited, tested and investigated by the Brazilian state (CGU). We also gained visibility, since reputable national and international companies are interested in partnering up with companies that take a serious stance against corruption. Moreover, we’ve also received “free marketing” of the company’s commitment to ethical principles. Another benefit was the fact that we received a detailed feedback report [on our compliance programme] from CGU, which allowed improvements to be made to the programme. (Tecnew)

Similarly to Technew, Alubar also spoke of the benefits of receiving a detailed feedback report on its compliance programme from CGU, after its failed attempt to integrate the Pro-Ethics Company Registry in 2016. More specifically, Alubar explained that this detailed report served as a “free consultancy service” for the company to improve its compliance programme and thus manage to become part of the Pro-Ethics Company Registry in 2017.

Participant companies also spoke about other benefits reaped from having efficient compliance programmes in place, such as winning compliance-related awards, receiving good rankings in transparency studies, and seeing the trust deposited in them by other stakeholder increase, along with the volume of business conducted with them, as shown in the extracts below:

“We have been recognized as a “top of mind” company in one of the annual international compliance conferences organized by [Brazilian compliance coaching company] LEC. The biggest advantage reaped [from or compliance programme] was ensuring that we wouldn’t end up involved in something unethical without even realizing (...). Silly things [can happen], like a conflict of interest. [For example], someone from Radix working in a project for Petrobras could end up establishing a personal relationship with a Petrobras project manager. Somebody could then say that their relationship constitutes a “conflict of interest”, because it could potentially enable Radix to override a competitor. Simple things like that that we sometimes don’t even realise that we’re involved in (...). So precautions need to be taken.”(Radix).

“Copel already had a positive track record [in terms of conducting business in an ethical way], so our compliance programme further enhanced our way of doing business. A study conducted by Transparency International which assessed the levels of organisational transparency in the 100 biggest companies and 10 biggest banks in Brazil ranked Copel as the most transparent state-owned company (...) Copel’s anti-corruption compliance programme was ranked 96% (in a ranking from 0 to 100%), and its organisational transparency was ranked 75%.” (Copel).

“We are considered a success story, because our effective compliance programme allowed us to return stronger to the market [after the 2006 corruption scandal in Germany].” (Siemens).

“There’s no doubt that the main benefit reaped by us after we implemented a compliance programme was the increase in the levels of trust demonstrated by our suppliers, clients, employees and other stakeholders towards ABB. After they learn about ABB’s ethical principles, as well as its compliance mechanisms of control and the recognition it has received for its compliance efforts (such as integrating the Pro-Ethics Company Registry), they are more inclined to initiate a business relationship with ABB. This is because they know that all necessary measures are taken to ensure that we don’t become involved in any misdoings that may tarnish our reputation as a serious and ethical company.” (ABB)

Radix further explained that, ever since it became part of the Pro-Ethics Company Registry and thus became recognized as a company with an exemplary compliance programme, it had received site visits from other companies wishing to implement or improve their own compliance programmes. Radix’s compliance officer said during his interview in March 2018 that representatives of a Brazilian telecommunications company had come that same week to Radix’s office to learn about the company’s compliance programme. He explained that Radix gave them a presentation about several aspects of their programme, as it had done with several other companies that had previously visited Radix’s premises due to its reputation as a company with an exemplary compliance programme in place.

As well as all the benefits listed above, two companies, namely Alubar and Technew, made predictions of future benefits that could be reaped by companies with exemplary compliance programmes in Brazil. More specifically, Alubar’s compliance officer predicted that, as well as the Brazilian state of Rio de Janeiro, other states would also implement regional laws that make compliance programmes compulsory for all local companies that contract with the government. As for Technew, the company claimed that, in future, *“companies that become part of the Pro-Ethics Company Registry may receive priority over others in terms of being awarded contracts with the Brazilian government (...) and receiving government-related loans”*.

4.5 Elements in common in compliance programmes

4.5.1 Leadership

Compliance personnel

It was interesting to note that some participant companies referred to their compliance officers by different names. Alubar’s compliance officer, for instance,

said people referred to him as the company's compliance manager, whereas Copel and Siemens said that their compliance officers were referred to as the "corporate integrity superintendent" and the "compliance director" of their respective companies. Nevertheless, regardless of what they are called, all participant companies had one individual or more in charge of leading daily compliance efforts in their companies.

As expected, all companies interviewed varied significantly in terms of the sizes and structures of their compliance areas, since they have different sizes, business activities, and are present in different sectors and regions of Brazil and abroad, as exemplified in the extracts below:

"Our compliance programme is global, and all our [compliance] efforts are always carried out in the three languages in which Gerdau's units operate (Portuguese, English and Spanish). These efforts are promoted simultaneously. We have a compliance team in Sapucaia do Sul (city in the Brazilian southern state of Rio Grande do Sul), as well as compliance agents in all of Gerdau's units, both in Brazil and abroad. The majority of compliance employees are located in Brazil." (Gerdau)

"We have approximately 170 compliance employees in Brazil, and local compliance officers in our foreign branches." (CompX)

"(...) there are six people responsible for compliance, two for exports control – an area for which our compliance sector is now responsible –, and one compliance officer. Most of us work from our Anhanguera office, and we take turns at working from the Jundiá office (both offices are in the Brazilian southeast state of São Paulo). When there are meetings or training we go to other locations. We also rely on our compliance "ambassadors", employees who devote 15% of their time to compliance-related themes. Today there are almost 40 ambassadors spread around the whole of Brazil." (Siemens)

"There are three people [in our compliance team]. Myself (compliance officer) and two more." (Alubar).

Radix explained that the majority of its employees – 300 out of a total of 532 – are located in the Brazilian southeast city of Rio de Janeiro, which is why the company's compliance efforts are concentrated there. Radix's compliance officer explained that two other people help him run the company's compliance programme in Rio de Janeiro, and that there are also compliance employees located in offices in other Brazilian states.

Compared to Radix, Copel's compliance structure is more complex. The company's daily compliance activities are run by its corporate integrity coordination department (*Coordenação de integridade Corporativa; "CIC"*), which has 21 employees in total: one corporate integrity "superintendent", five employees forming the compliance team (*Coordenadoria de Compliance; "CCOM"*), five forming the corporate risks team (*Coordenadoria de Riscos Corporativos; "CRCC"*), and ten forming the internal controls team (*Coordenadoria de Controles Internos;*

“CCOI”). The CIC is coordinated by the company’s governance, risk and compliance board (*Diretoria de Governança, Risco e Compliance* in Portuguese; “DRC”), monitored by the internal and external audit departments, and subordinated to the company’s audit committee. Figure 8 below (in Portuguese), provided during Copel’s written interview, demonstrates the company’s sophisticated compliance structure:

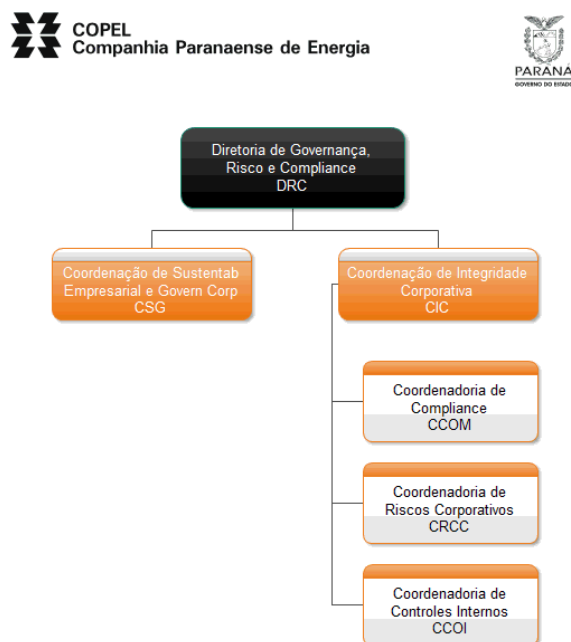


Fig.8: Copel’s compliance structure

(Source: Copel’s written interview)

Most companies provided similar answers with regards to their compliance personnel’s daily activities. Overall, they all transmitted the idea that their compliance areas are responsible for implementing and ensuring the efficiency of their corporate compliance programmes, in cooperation with employees of other areas.

Radix’s compliance officer stated that it is important for compliance officers to be independent from other areas and be left outside of the company’s formal structure so that they have enough autonomy to make decisions. He explained that he reports directly to the company’s board of directors and ethics committee, and highlighted that other companies may have different reporting structures, such as compliance officers reporting directly to their CEOs.

It is interesting to point out that, according to Radix’s compliance officer, there are no clear guides in Brazil on what compliance officers’ precise daily activities should be. Compliance officer’s responsibilities are something very subjective, and the best corporate compliance policies are those that work, according to him. He did, however, provide examples of daily activities carried out by Radix’s compliance area. For instance, he said that they send emails on compliance to employees and also request directors and managers to send compliance-

themed emails to their teams so that all employees are made aware of the importance of compliance, among other activities, as shown below:

“We send emails to employees, speak to them, and also answer their doubts and provide new compliance concepts. We can’t spend the whole time speaking about compliance, because we have a thousand and one other things to do. We do, however, always talk about compliance when there are events and training (...) We also use a lot of emails and wall posters to promote compliance...we have several posters with information about the Pro-Ethics Company Registry, our compliance programme, and compliance themes promoted by senior management”.(Radix)

Radix further added that its compliance area also promotes compliance on social media, and that it supports and receives support from other areas of the company, as shown below:

“We promote compliance on Facebook and LinkedIn, and also send corporate emails, so we make use of several channels. And we do all these compliance-related activities with the support of other areas. Do you know which area helps us a lot? Our human resources (“HR”) area, when new employees join the company. HR talks to new employees about compliance, because the latter are requested to read and sign a document that outlines the company’s compliance policies. Or if someone from another area needs to sign a deal, we must make them aware that, depending on the value of the contract, someone from the company’s ethics committee must sign it (...) Our marketing area also helps us to send emails, prepare fliers...nothing is done alone. There is a very strong commitment from the other sectors that support us.” (Radix)

Siemens spoke about its compliance area’s daily responsibilities in more generic terms. It said that this area is responsible for safeguarding the effectiveness of the company’s compliance programme, as well as reporting to the company’s internal audit and control areas. Every three months, Siemens’ compliance personnel hold a compliance meeting with the company’s board of directors in order to present general developments of the programme. Furthermore, among its numerous activities, its compliance personnel participate in monthly meetings held by managers of the company’ different business units.

Gerda stated that its compliance officer was the person responsible for outlining the company’s compliance programme, which required the approval of the company’s board of directors to be functional. Gerda also said that its compliance area works closely with the company’s internal audit, legal, and HR sectors in order to actively avoid risks identified by the company that involve these areas.

As for CompX, the company explained that its compliance area – together with its internal control area – is responsible for (1) identifying and analysing risks and key compliance indicators, (2) creating new policies, (3) coordinating with other areas in order to co-implement and monitor controls that avoid risks to the company’s business and supporting areas, and (4) implementing commu-

nication vehicles and compliance training. As is the case with Siemens and Gerdau, CompX's compliance area regularly informs the company's board of directors or other boards or committees of its daily compliance activities. Its compliance area also discusses compliance issues with strategic areas and is present at committee meetings with representatives of different business areas.

Just like Radix, Gerdau, and CompX, the compliance areas of Copel and Granbio also work closely with other business areas. Granbio stated that, in its company, its compliance personnel regularly meets up with leaders and managers of other areas in order to guide them on compliance issues, as well as give and receive feedback. Granbio added that its compliance area presents compliance policies and guidelines, including those related to the CCA, to the company's ethics and conduct committee.

Boards and committees' roles

The majority of participant companies highlighted the role played by their board of directors or other appropriate boards or committees, such as their ethics committees, in approving and monitoring the companies' compliance programmes, as well as in promoting corporate compliance in general, as shown in the paragraphs below.

Gerdau's compliance officer, for instance, said that *"monthly meetings are held with our chairman, and two meetings a year are held with the board of directors, during which we (Gerdau's compliance area) present our compliance plan and the results achieved."* As well as assessing the company's compliance programme twice a year, the board must also approve of its activities and suggest improvements or changes to it.

Siemens, in turn, explained that its board of directors looks at the key performance indicators ("KPIs") presented by the company's compliance area during their quarterly meetings. As for CompX, the company said its board of directors must approve all policies and guidelines related to integrity and ethics, as well as policies and guidelines related to the prevention or fighting of illicit acts. As mentioned above, CompX's compliance area regularly reports to the board or other subordinate boards or committees (e.g. audit committee) on its compliance activities.

Alubar's compliance officer stressed that:

"if the tone at the top really works, you'll see that everything becomes easier. It is one thing for me to say alone "let's create a gift policy", for example. Now, it's something very different if I say this with the seal of approval of the board directors and shareholders. Things flow better. So the interaction between people becomes smoother when [the board is] involved (...)".

In Alubar's case, the company has a specific ethics committee comprised of seven members, among which its coordinator, who is the same person as the company's compliance officer. This committee, which meets at least once every

three months, usually discusses issues related to the company's whistleblowing channel, as well as policy approvals or alterations. The committee is informed of all decisions implemented by Alubar's compliance area, and all of their meeting minutes are reported to the board of directors. Therefore, there is an open communication line between the company's compliance function and its board of directors.

Because of the company's small structure, two members of Alubar's ethics committee are also members of its board of directors. In this ethics committee, one of them represents the interests of the board per se, whereas the other one represents the interests of the company's audit committee, since he/she is also part of this committee. This way, all information converges to the top, allowing board members to know everything that is occurring in the company. Even though Alubar's board members are Argentine, they spend four days a month in Brazil, during which time they attend meetings, events, the ethics week, and also supervise the management of the company. During official events, the board, usually represented by its chairman, speaks about the importance of ethics.

Similarly to what occurs at Alubar, Granbio's ethics committee is also informed by its compliance area of the company's compliance-related developments, as well as about generic compliance issues or changes in legislation, such as the CCA. This committee, formed by the company's upper management, including its CEO, meets up regularly to discuss compliance-related matters. The committee also has the autonomy to investigate, examine, judge and punish possible corporate infringements. During its meetings, the committee discusses compliance key-performance indicators, as well as practices that require more attention from leaders, and even possible dismissals.

Copel explained that, in line with good corporate governance guidelines, its board of directors created auxiliary boards, such as its audit committee, to help it with its functions. Another auxiliary board created by the company is its governance, risk and compliance board (*Diretoria de Governança, Risco e Compliance* in Portuguese; "DRC"), to which Copel's compliance team reports. The DRC "*promotes several lectures on corporate integrity. In 2017, it started sending "compliance alert" emails to employees. These emails are used to promote information on integrity amongst its employees, such as compliance-related themes (...)*", as reported by Copel's compliance coordinator.

Senior corporate leadership

Most companies in this study provided examples of how their leaders actively promote corporate ethics and integrity. For example, they said that their CEOs, key officers, and managers send messages of ethics and integrity to their employees. When a company's leader promotes corporate ethical behaviour, he or she ends up influencing its employees to behave in such way, thus spreading compliance throughout the entire entity, as indicated by Radix and other four companies and showcased in the paragraphs below:

“A compliance programme only works if upper management is involved and interested. If upper management isn’t interested, there is no point in fighting (...) A compliance programme only works if upper management actively promotes compliance”.(Radix).

“One of the pillars of ABB’s compliance programme in Brazil is the involvement of its higher management in matters related to business ethics (...) Our CEO leads by example by promoting in person the company’s code of ethics, as well as its compliance policies and campaigns. [By doing so] he also reinforces our commitment to integrity and transmits the message that ethical and compliance breaches shall not be tolerated. We note that our CEO often reinforces the importance of business ethics on his personal Twitter and LinkedIn accounts, as well as during interviews to mainstream newspapers (...)” (ABB)

“Our CEO gives lectures on the importance of working for an ethical company. Furthermore, our senior management must actively participate in compliance campaigns, either replicating compliance-related emails or recording motivational videos.” (Siemens)

“There’s no point in having a code of ethics if those who make the decisions in the company don’t respect it or promote opposite ideals. Therefore, a huge effort is made for the company’s key principals to encourage the type of behaviour promoted in the company’s code of ethics through their words and actions. We encourage our key principals to transmit compliance messages and to take concrete actions that demonstrate their compliance efforts, thus making them examples of ethical behaviour. This is done in several ways: principals are encouraged to participate in compliance committees, head training and discussions related to compliance, transmit videos containing messages on compliance, open sessions in business meetings, engage in strategic planning of compliance matters, and monitor compliance metrics (e.g. making sure online courses were taken and the code of ethics read).”(3M)

“The company’s senior management sends messages on ethics and integrity to employees”.(CompX)

Compliance spread amongst all

A theme that emerged from the answers of four participant companies, namely Alubar, ABB, Siemens, and Radix, is that compliance should be top-down and promoted by all areas and employees. In other words, senior management, with the support and incentive of its company’s compliance area, should promote compliance to its subordinates, who in turn should promote compliance to their own subordinates, until all employees are made aware of the importance of being ethical in their daily working lives, as indicated in the extracts and paragraphs below:

“Let’s remember that compliance should be everywhere. The board of directors isn’t physically present at our factory plant, but our CEO is. Every month there is a senior

management meeting where the CEO talks to all managers and entrusts them with tasks. These managers then do the same with their subordinates, and so on.” (Alubar)

“Our company believes that integrity must be put in practice in all of its corporate levels, from its blue-collar employees to its senior management” (ABB)

Similarly, Siemens’ compliance officer said he believed that it should be every employee’s responsibility to comply with compliance policies. He also said that *“monthly presentations of compliance-related themes take place during managers’ meetings with their respective teams.”* He added that the company also has a compliance activity in place referred to as an ‘integrity dialogue’, which consists of managers speaking about pre-defined compliance themes with their teams once a year.

As for Radix, the company’s compliance officer explained that its compliance area encourages its senior management to promote compliance, and added that the latter does so with the help of other business areas, such as HR and marketing.

4.5.2 Risk assessment

Six participant companies, namely Radix, 3M, Siemens, Gerdau, Alubar, and Copel, provided details surrounding their respective risk assessments. Their answers demonstrated that their risk assessments have different time frames of completion, are performed by different business areas, and cater for their own respective realities.

Radix, for instance, through quarterly risk assessments, identified that the company is subject to risks that are typical to public tenders, since some of its clients are government-owned companies. It also identified that some of its employees who are part of projects for these government-owned companies represent potential corruption risks. Therefore, Radix created a public sector code of ethics in order to mitigate these risks.

Radix’s compliance officer added that there have been cases in which some of the company’s employees have been accused of psychological harassment by clients, since some of their employees spend a lot of time working on projects inside clients’ premises and end up having occasional disagreements with them. Radix’s compliance officer explained that these cases were dealt with by talking to their own employees and telling them to be more cautious in future when dealing with clients.

As well as the corruption risks of providing services to state-owned companies and of having employees involved in arguments with clients, Radix also identified small daily corrupt acts as a risk to the company. As an example, Radix’s compliance officer spoke about how a company could have its image severely tarnished if one of its employees were to commit an illegal or dishonest act while representing the company (e.g. when wearing the company’s logo).

This is because this employee's misdoing would then become associated with Radix.

Radix's compliance officer explained that risks are always latent and mutable, since something that is not a risk today might constitute a risk tomorrow. For instance, he said that Radix used to have a much higher number of contracts with government-owned companies in the past, meaning that its risk of being involved in corruption used to be much higher than now. At the time of his interview, the company had 50 employees exposed to this kind of risk, whereas in the past, when there were fewer employees in total working for Radix, there were 100. However, even though Radix's exposure to this kind of risk is now lower, its possible impact remains high. Especially because, as mentioned earlier, Radix's main clients have all been involved in corruption schemes, uncovered by investigations such as Operation Car Wash. Radix's compliance officer explained that, whilst the period of tension surrounding this major ongoing corruption investigation does not die away, even a small act of misconduct by the company could have big detrimental media repercussions.

3M's risk assessment also takes into consideration the risks of interacting with the public sector, as well as the risks of entering new markets. 3M takes Transparency International's annual corruption perceptions index into consideration when conducting its risk assessment, since this index shows that entering a business relationship with a Brazilian company is riskier than establishing a business relationship with a Norwegian company, for example.

Neither Radix nor 3M specified by which departments their risk assessments are performed, whereas Siemens and Gerdau stated that their risk assessments are conducted by their compliance areas. Alubar said that its risk assessment is performed by its audit area, but failed to provide any further details, whereas Copel specified that its corporate risks team is the one responsible for its risk assessments.

Siemens' compliance area conducts a risk assessment of the company's risks twice a year together with all other corporate areas. This analysis is conducted by using a simple matrix, which assesses the probability of certain risks occurring and their possible impacts. Siemens explained that its compliance area assesses risks inherent to the company's presence in Brazil and to its sector of operation, as well as the risks involved in engaging with the public sector and establishing new business relations. The company also assesses compliance risks in general, such as data privacy and money laundering risks. More specifically, risks are compiled during workshops conducted with every corporate area throughout one entire month, after which all risks intrinsic to Siemens' operations in Brazil are compiled at a national level. These risks are then subsequently analysed at a global level.

Gerdau's yearly one-week-long risk assessment, conducted by the company's compliance area, assesses the risks faced by the company through a more complex matrix, which involves three variables instead of two, namely the risks faced by the company, the countries in which it operates, and the operations it engages in. Gerdau's compliance area assesses several risks, such as *"conflicts of interest (including corruption, bribery and fraud, both within public and private sectors);*

trade with sanctioned countries; competition; management of third parties, including risks related to slavery, child labour, bribery, corruption and money laundering; discrimination, harassment, and bullying.”

Finally, Copel’s risk assessment, conducted once a year by its abovementioned corporate risks team (“CRCC”) – part of the corporate integrity coordination department (*Coordenação de integridade Corporativa*; “CIC”) – assesses several risks faced by the company, among which corruption and fraud. In its written interview, Copel disclosed the following five steps that comprise its risk assessment process: (1) context setting, (2) identification of risks, (3) assessment and evaluation of risks, (4) treatment of risks, and (5) monitoring, as detailed in the image below (figure 9), which was provided by Copel together with its answers to this study’s interview questions.

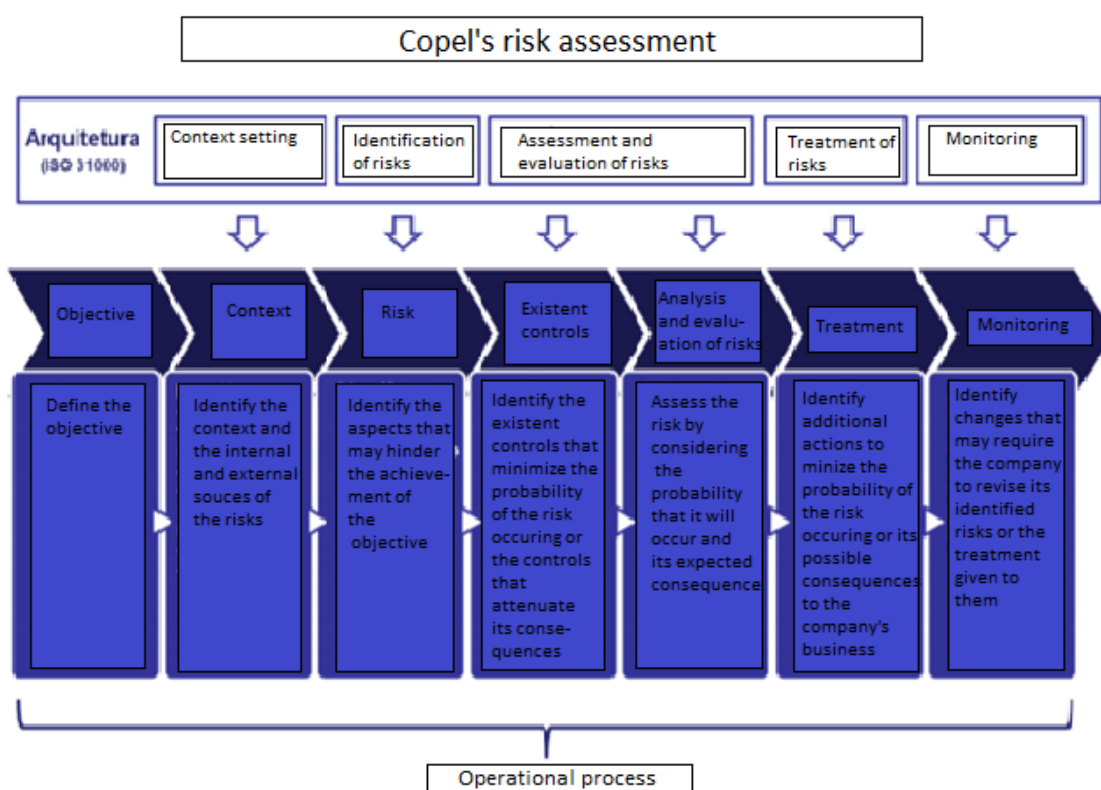


Fig.9: Overview of Copel’s risk assessment process

Within the context setting step of Copel’s risk assessment, some of the internal sources of risks identified by Copel were its organisational structure, its corporate culture, its internal processes and guidelines, and its human resources. As for Copel’s identified external sources of risks, those included the legal, regulatory, and economic contexts in which the company operates, as well as its competitors and the environmental advancement in technology. Copel’s complex risk matrix and subsequent mitigation procedures are assessed by the company’s audit committee on a quarterly basis, and twice a year by its board of directors.

4.5.3 Standards and controls

Codes of ethics and other codes

Most companies of this study indicated that their written codes of ethics are an intrinsic part of their compliance programmes. Granbio and Alubar, for instance, explained that the first thing they did after deciding to implement a compliance programme was create their respective codes of conduct.

Six companies, namely Granbio, Alubar, ABB, Copel, Radix, and Siemens all stated that their new employees receive a copy of their respective codes of ethics. Granbio, Alubar, Radix, and Siemens also ask their new employees to sign a document declaring that they have read their respective codes and that they agree with them. New employees are also informed that their companies' codes of ethics can be easily found on their respective websites and intranet pages. CompX added that its employees and suppliers must confirm electronically that they assent to follow CompX's code of ethics and code of relationship with suppliers, respectively.

Alubar explained that nobody starts working for the company without first being exposed to its written code of ethics. Alubar also shows its new joiners a 10-minute video summarising the company's entire code, and encourages them to consult the pocket-version of the code both at home and at work whenever necessary. Similarly, Radix gives out to its new employees a little pocket-sized card summarising on one side what employees can do and on the other side what employees cannot do.

ABB explained that the first contact their new employees have with the company's compliance programme occurs right on their first day of work: at some point throughout their first day, they receive a copy of ABB's code of ethics and are provided with an explanation of its content. Radix's and Gerdau's new employees are also trained on the company's code of ethics straight after being hired by the company.

Granbio's code of ethics outlines the ethical values and the standards of conduct that should be followed by Granbio's stakeholders, and also informs its readers of the consequences of violating these values and standards. Similarly, 3M's code of ethics, called "be 3M", explains the company's values and contains messages on such values from the company's upper management.

Whenever Copel or Alubar update their codes of ethics, they require all their employees to reread them. In Copel's case, for instance, its code is updated every two years, and its new version is then handed out to all employees, executives and board members. Similarly to Copel's case, Gerdau explained that it requires all employees to reread the company's code of ethics every two years.

It is worth highlighting an interesting strategy implemented by Radix to ensure its new employees have read its code of ethics: before candidates go to Radix's offices to be interviewed, they are instructed to read the company's code of ethics. Even though Radix does not tell them that they will be asked questions related to the code's content during their interviews, that's precisely the hidden message the company tries to convey. Therefore, all candidates attend interviews

having read and understood Radix's code of ethics in order to increase their possibilities of getting hired.

In addition to their standard codes of ethics, companies such as Granbio, Technew, Copel, Gerdau, Radix, and CompX mentioned or spoke about additional codes of ethics and compliance-related policies that they have in place, such as codes of ethics for suppliers and specific anti-corruption codes. Granbio, for instance, created an anti-corruption code of ethics at the end of 2014 which outlines how strictly forbidden it is for the company's employees to engage in corrupt acts with employees of public and private sectors in Brazil or abroad. This code also outlines the behaviour Granbio's employees should have when faced with situations that pose a risk to the company, such as when offering gifts to public officials, or when dealing with issues that involve sponsorships, political donations, participations in tender processes, conflicts of interest, money laundering, etc.

Still regarding additional codes, Technew has both an anti-corruption code of ethics and a supplier's code of ethics, whereas Copel and Gerdau indicated that they only have the latter. Copel explained that its supplier's code of ethics is given to every new supplier after they sign a contract with Copel. This code has references to Copel's standard code of ethics, thus demonstrating the correlation between the company's different codes. Similarly, Gerdau explained that it asks its third parties to read a specific code of ethics created especially for them, after which they must sign a consent form, thus proving that they have read this specific code.

Gerdau and Radix further added that they have written policies outlining how to adequately deal with public agents. Gerdau's policy contains clear rules for monitoring contracts signed between Gerdau's employees and employees of public entities. As for Radix, the company explained that it has a guidebook in which it states that its employees cannot be alone when holding meetings with public agents and that the content of such meetings - which must take place during working hours - must be summarised in meeting minutes.

Due diligence and background checks

3M, Granbio, Radix, CompX, and Siemens all screen their prospective business partners and associated third parties when considering entering a business relationship with them. 3M explained that it conducts a "stakeholder integrity assessment" of all prospective business partners and third parties, such as prospective suppliers, clients, intermediary agents, distributors, and sales agents, including, as from 2015, those that receive donations or sponsorships. This assessment, contingent on the type of relationship 3M wishes to establish with each business partner, identifies and compiles all the risks it would face by engaging with these partners. It also compiles all steps 3M should take to address any of the identified potential red flags. 3M carries out this stakeholder integrity assessment to protect itself, take more informed decisions, and ensure that it is looking into establishing business relations with companies that share its ethical values. Stakeholders considered high risk are submitted to this integrity assessment at

least once every two years, whereas those that pose less of a risk are only submitted to it every three or four years. Furthermore, some high-risk stakeholders are constantly monitored, meaning that any new red flags that may arise are immediately identified and analysed. 3M's whole stakeholder integrity assessment is done by a system integrated to the database where the prospective stakeholders registered themselves. In order for high-risk stakeholders to be constantly monitored, the system sends notifications of any newly identified red flags for them, and 3M's compliance area subsequently monitors these metrics by issuing reports. This whole process is audited to ensure that all metrics are being followed.

Granbio specified that it created an internal policy to specifically regulate the recruitment of third parties acting as agents for the company and that hence pose a high risk to the company, since Granbio could be held accountable for any possible illicit actions performed by these agents. This includes a compliance questionnaire that should be filled out and signed by these prospective agents, as well as a subsequent anti-corruption due diligence investigation into them. Granbio explained that its due diligence process has undergone considerable improvements, since the process now also involves accessing international and national databases such as the CEIS and CNEP - the two abovementioned Brazilian government-owned databases that list the names of companies that have been fined for corporate misdoings under the CCA.

As also done by 3M, Radix's prospective suppliers must fill out a check list outlining whether they have compliance programmes in place and whether they have been involved in any misdoings. They must also state in this check-list whether they are aware of Radix's compliance policies. Afterwards, depending on the value of the products or services Radix wishes to purchase from them, the company will conduct a background screening on them which includes accessing the CEIS and the CNEP databases.

CompX, just like 3M and Radix, indicated that it screens its prospective suppliers. More specifically, CompX has a process in place called "know your supplier" ("KYS"), which consists of a set of rules, procedures and controls deployed by the company to assess suppliers and other third-parties when hiring their services. These suppliers and other third-parties are periodically monitored to ensure they are being compliant with CompX's rules and regulations.

While Siemens said that it goes so far as to screen its prospective high-ranking new employees before deciding whether to hire them, Alubar, ABB and Gerdau explained that they only conduct due diligence investigations into their riskier business partners and third parties. Alubar, for instance, said that any company that argues that it conducts detailed due diligence investigations into all its suppliers and third-parties is lying. *"If a guy is going to sell me a box of pens, why would I conduct a due diligence investigation into him?"*, argued Alubar's compliance officer. He explained that Alubar only conducts due diligence into suppliers and business partners that are classified as risky by the company's risk assessment process, such as companies or individuals selected to act or speak on behalf of Alubar. In such cases, Alubar will ask them to fill out due diligence forms consisting of background questionnaires, and will then conduct background checks on them and even talks to them when necessary.

As for ABB, the company explained that it only conducts due diligence reviews into its riskier suppliers with the aim of identifying whether they have been involved in any way in corruption, bribery, antitrust acts, etc. As for Gerdau, the company said it conducts a “reputational assessment” and a background check on partners with whom “risky” contracts are signed. In some cases, Gerdau also audits business partners after having contracted their services.

Differently to the companies above, Copel said that it does not conduct due diligence and background checks on any of its business partners and third parties. Nevertheless, the company stated that it does not engage in business relations with unethical companies or with companies that were banned from providing services to the Brazilian government.

When asked what it does after encountering red flags when conducting due diligence into business partners and third parties, Siemens answered that it looks into the matter and requests the company whose red flags were identified to provide appropriate explanations and clarifications

Compliance covenants in third-party contracts

Five participant companies, namely Copel, Alubar, Radix, Gerdau, and Granbio stated that the contracts they sign with business partners and third parties have anti-corruption covenants, as shown in the extracts below:

“Contracts [signed between Copel and third-parties or business partners] have anti-corruption covenants and quotations of the company’s code of conducts.” (Copel)

“All of our contracts have anti-corruption covenants. All of them. I (compliance officer) did an inventory of all contracts...this is something we do at the beginning of the year. We go through the company’s old contracts one by one. (...) Those contracts that don’t have anti-corruption covenants are immediately amended (...)” (Alubar).

“In the documents we ask clients to sign there are always compliance covenants requesting that the client be careful [about compliance-related topics]” (Radix)

“All of our contracts have compliance covenants. For more complex or riskier contracts, we have additional and more comprehensive covenants.” (Gerdau)

Granbio’s contracts also include anti-corruption covenants and ethical conduct guidelines, as well as the company’s anti-corruption code of ethics as an attachment. In this attachment, a covenant recommends the adoption of integrity mechanisms by the contractor, with the aim of preventing, detecting and addressing possible irregularities and illicit practices committed against the Brazilian and international public administrations.

Generic compliance controls

Five companies – Radix, Siemens, CompX, Gerdau and ABB - answered affirmatively when asked whether they have controls in place to reduce their risks of becoming involved in corruption and internal fraud, such as ensuring their corporate departments quote several suppliers when planning to acquire a product or service, making sure contracts are signed by more than one person, and ensuring employees disclose any corporate interests held in other companies.

One of the controls implemented by Radix and Siemens is to ask prospective employees to disclose any possible conflicts of interest they may possess, so that they are made aware of the possible risks involved in hiring new people. Another control in place at Radix is the requirement for its major contracts to be approved by the company's compliance area and by its directors, who happen to also be Radix's owners, meaning that they will most likely do what is in the company's best interests. Depending on how much these contracts are worth, they also have to be signed by Radix's ethics committee.

Similarly to what happens at Radix and Siemens, CompX asks its employees and directors to disclose any corporate interests held in other companies. CompX does not allow its employees and directors to be shareholders of companies that are in the same field of business as CompX or in companies whose activities are conflicting with those carried out by CompX. CompX's employees and directors can, however, be shareholders of companies that are in different business fields to CompX's as long as there are no conflicts of interest and that their performance at work is not affected by this. These employees and directors are not allowed to promote the corporate interests they hold in other companies to other CompX employees, clients, suppliers or commercial partners, and must not use any of CompX's resources, such as machinery or equipment, for matters related to these corporate interests.

Radix, Siemens and Gerdau all stated that they must quote new services and products with three different prospective suppliers. Gerdau added that the company has set policies on how the purchase process of a service or a product must be conducted, from its request to the signature of its final contract. Each step must be approved by people from Gerdau's different areas, and this entire process is regularly verified by the company's internal audit area.

Copel also said it has internal controls in place when purchasing services or products from suppliers, in order to mitigate fraud and corruption risks. Copel's internal controls are annually revised and submitted to internal and external audit evaluations, the results of which are reported to upper management.

Financial compliance controls

Six companies, namely CompX, Siemens, Gerdau, ABB, Copel, and Radix, showed that they have internal controls in place to ascertain that their financial records are correct. CompX, for instance, said that it has policies, procedures and internal controls in place that regulate payments made to consultants, agents, and charity organisations. As well as these kinds of payments, Siemens and Gerdau also monitor money spent on corporate gifts. Siemens explained that the money

spent on such gifts must be registered first on its internal designated tool, which is subsequently assessed for any possible irregularities.

Similarly, ABB explained that, when dealing with sales agents is part of some of its employees' daily tasks, these employees are told to register all necessary information regarding the company's use of sales agents and to obtain necessary approvals on ABB's "sales agents' database". Furthermore, ABB stated that whenever its employees plan to give or receive a gift, organise an event, or cover the expenses of a client or supplier, they are requested to register these activities on the company's "gifts, entertainment and expenses database".

As for Copel, the company's operations are annually assessed for possible mistakes or fraud that may have altered the company's annual accounts. Copel said that the company inserted compliance processes in all its business areas, including its financial area, which undergoes both internal and external audits. This has led to appraisals and improvement suggestions from the company's internal and external auditors, which help Copel further develop its compliance programme.

4.5.4 Training and Communication

Eight participant companies – ABB, Radix, 3M, Granbio, Gerdau, Siemens, CompX, and Copel - stressed the fact that they periodically train their new and/or old employees on compliance-related matters, either in person or online (or even both), as shown in the extracts below:

"Throughout an employee's first months at ABB, he/she is submitted to several online and in person training on integrity. Periodically, this new employee receives newsletters and information on ethics and integrity, and also has access to real case compliance examples, which are available on the company's intranet and are designed to educate employees on what is right and wrong." (ABB)

"Those who have just entered the company receive weekly training on our compliance policies (...). As for our older employees, we send them documents by email and occasionally invite them to participate in the training organised for the new joiners. When there aren't many new joiners, we also invite some of the old ones for these training (...) Radix also carries out training close to the 8th October and 9th December, which are considered the Brazilian anti-cartel enforcement day and the international anti-corruption day, respectively. We also have sporadic training. We usually train our employees based in other offices once a year." (Radix)

"[Our] leaders lead several compliance-related training and discussions."(3M)

"In order to promote the types of behaviour outlined in our code of conduct, [we] train our employees in person. [We also] perform internal compliance communication campaigns which involve the use of compliance wall posters in order to reinforce certain compliance topics." (Granbio)

“We conduct online compliance training two to three times a year, each of which on a different compliance theme. There is also a yearly meeting for the company’s executives and managers (up to 60 people in a plant) to discuss compliance matters. All training and presentations are available on our compliance channel on Gerdau’s intranet page.” (Gerdau)

“There are several types of training, both in person and online, which last from 20 minutes to three hours, some of which are for all employees and others for specific ones. As for our business partners and suppliers, they must undertake an online training before signing a contract with Siemens. Throughout the year, our business areas promote internal events with the company’s third parties, during which time Siemens’ compliance area promotes the company’s code of ethics.” (Siemens)

“We communicate and train our employees on our code of ethics through online and in person courses. Training are compulsory and are periodically revised (...) In person training are our preferred form of training” (CompX)

“Every year online and in person training on the company’s code of ethics, anti-corruption policies and other topics are made available [to Copel’s employees]. These are elaborated based on Brazil’s reality and legislation (...) A list of compliance-related frequently asked questions (“FAQ”) is available online for everyone.” (Copel)

As well as official training, companies such as Siemens, Radix and Granbio also spoke of the importance of speeches, interactive games, emails, social media, and wall posters for spreading compliance information amongst their employees. Siemens explained that games and speeches are perceived as good means of training their employees on compliance issues, but added that emails are also necessary to inform people about important compliance themes and any compliance-related changes. Radix shares this view with Siemens, since it mentioned that it makes use of emails to train people on compliance matters, as mentioned in the extract above.

As for the use of wall posters, Radix and Granbio explained that they create wall posters on compliance-related matters to reinforce specific compliance topics. Radix further publishes compliance content on its Facebook and LinkedIn social media profiles as a means of making compliance content reach all its stakeholders in a more approachable manner.

Annual training events

Several participant companies spoke of events that they organise once a year to train their employees on compliance-related matters and foster a culture of ethics in their companies. These companies pertain to Alubar, ABB, Chiesi, and Radix.

Alubar, for instance, has hosted an annual ethics week every year since it implemented a compliance programme. This is Alubar’s main way of training its

employees on compliance matters. Throughout a whole week or more, Alubar repeats several speeches on compliance to all its employees, including its blue-collar workers, so that they all have the chance to participate regardless of their different work shifts. Each year's ethics week is on a different compliance theme, such as corporate ethics. The company also takes advantage of these annual events to talk about its code of ethics and about compliance in general, among other related themes. Alubar's shareholders even come from Argentina to attend the annual opening sessions of these events.

Similarly, ABB has a yearly event called Integrity Week where all employees are invited to take part in several educational games, presentations, and competitions.

Chiesi also organises a particular annual training event: it hosts an annual national conference which brings together all of Brazil's medical propagandists, who are professionals responsible for promoting medical scientific and clinical information amongst doctors, hospitals and public health bodies. Prior to the event, all propagandists are requested to take an online course on Chiesi's internal policy concepts and rules. Then, at the event, role play simulations are carried out with these propagandists in order to test the knowledge they acquired from the online course. More specifically, previously trained senior members of the company carry out the role of doctors and make improper requests to propagandists, such as gift requests in exchange for medical prescriptions, in order to assess how they would react when or if faced with unethical and risky situations. This way, inadequate types of behaviour are immediately reprimanded, and appropriate types of behaviour, reinforced. After these role play simulations, Chiesi carries out a feedback session to discuss how propagandists should deal in real life with the same simulated situations. In 2016, a quiz was also carried out after this session, in which groups competed among themselves to answer compliance related questions faster than their opponents. Chiesi said it believes that these kinds of practical exercises help its propagandists to internalize better the company's compliance rules.

As for Radix, the company organises several annual events. At the beginning of every year, it organises an event that outlines the company's plans for the year. At this event, compliance is also discussed, and a short compliance training is given to employees and upper management. Furthermore, Radix also hosts an annual compliance week at the end of every year, during which videos and messages on compliance are displayed on employees' computers, and decorations are put around the office to draw attention to the topic of compliance.

Training for specific employees

Five participant companies, namely Alubar, Siemens, CompX, Gerdau, and Radix, explained that they give specific enhanced training to their higher-risk employees, such as managers, employees of their purchasing or finance areas, or those who must deal with public agents. Furthermore, Copel added that it was

currently in the process of organising training for its higher-risk employees. The extracts below showcase these companies' answers:

"Not all of Alubar's employees need to be trained. This is a basic guideline in our programme. For instance, imagine if I were to train a blue-collar worker on due diligence investigations or on the company's policy for dealing with public agents. It wouldn't make any sense. But all our managers receive training on the company's compliance pillars and policies". (Alubar)

"[Siemens has] specific training for employees with key functions in the company". (Siemens)

"[CompX] has some generic training and other more specific ones to certain areas of the company on examples of compliant behaviour." (CompX)

"Our training are designed for specific target audiences" (Gerdau).

"Some of our most critical areas are trained twice a year, once in the first semester and once in the second. These areas pertain to those employees who are in contact with the outside world, such as the purchasing, HR and commercial areas. The commercial area is a critical area because it takes part in public tenders, signs contracts with clients, etc. Upper management is also a critical area, because it is always exposed. Any misconduct from an executive may have horrendous repercussions (...) Our ethics committee, which comprises some of our board members, is trained twice a year (..) (Radix)

Example of a specific form of training

Alubar has in place a very specific way of training its blue-collar workers on compliance-related topics once a month. Alubar explained that most blue-collar workers in Brazil who risk their lives every day by operating machines or working at construction sites must take part in daily short discussion groups before starting their work shifts. During these discussion sessions, Alubar's blue-collar workers learn how to avoid and to react to possible labour accidents they may suffer. Alubar takes advantage of the fact that its blue-collar workers gather around in a circle every day for these daily discussions to introduce a compliance-related theme to them at least once a month. Alubar's compliance area produces the compliance content to be used at these monthly compliance-related discussions, and also keeps track of who attends the sessions. Alubar further detailed that sometimes, instead of producing a compliance content for these discussions, it simply summarises one of the company's compliance policies and asks the workers to read them out loud. Each worker reads a part and summarises it in his or her own words, after which they all discuss the theme. Therefore, this means that Alubar's blue-collar workers are exposed to compliance-related themes at least 12 times a year.

4.5.5 Oversight

Whistleblowing channels

A common theme that emerged from all participant companies' answers was their use of whistleblowing/hotline channels to monitor their compliance programmes. These channels are commonly used to receive anonymous compliance-related doubts and misconduct complaints, thus helping companies identify and subsequently address possible compliance gaps.

Alubar raised an interesting cultural aspect regarding the use of whistleblowing channels in Brazil. More specifically, Alubar's compliance officer said that Brazilian employees tend to think that reporting on their colleagues' misdoings might make them "snitches", whereas employees in other countries tend to focus on the benefits that doing so might bring to the companies where they work. Nevertheless, Alubar's compliance officer stated that, as Alubar's employees underwent training, they gradually began using the company's whistleblowing channel more.

As well as Alubar, other seven companies disclosed information pertaining to their whistleblowing channels, as shown below:

"If an employee has any concerns or has witnessed a situation which goes against ABB's principles of ethics and integrity, we recommended they report this situation on our hotline channel (...) Our hotline channel is available 24 hours a day, seven days a week, and does not possess any tracking devices, so that the confidentiality of complaints is ensured. The channel can also be used in different languages; it is operated by an independent third party that specializes in this type of service (...) An employee may also be invited to collaborate with a possible investigation by providing us with information or documents if necessary."(ABB)

"At 3M we believe that a compliance programme can only be effective if the company's employees and third-party associates have the liberty to bring forward their concerns, questions and complaints. Therefore, 3M has several channels, including a phone line and a website, where these concerns, questions or complaints can be made in a confidential and anonymous manner. Channels like this exist because 3M is interested in knowing what goes on in the company, so that it can guarantee that its operations are in line with the company's code of ethics. This is one of the ways we have of reinforcing an ethical and compliant corporate culture." (3M)

"Our whistleblowing channel is one of the most important pillars of our compliance programme, since it allows Granbio's employees and external public to communicate with the company while also maintaining their confidentiality and privacy. This tool helps Granbio's compliance area to identify and address misconduct, especially those related to fraud and corruption." (Granbio)

"A channel for clarifying compliance-related doubts was created to provide more transparency to our policies, since in small companies [such as ours] compliance

measures are simplified and result -driven. This channel straightens the connection between employees and upper management, since it offers a direct communication line between employees and the company's executives (...) (Technew)

"[Our whistleblowing] channel is trusted and used by our employees. [We encourage our employees to clarify compliance doubts and report suspected code of ethics breaches by constantly speaking about the importance of doing so. [Our channel] is run on a global scale by a third-party company, managed by our headquarters in Germany. This channel provides its services in 13 different languages, including Portuguese. We initially make an internal confidential assessment which includes interviews and document searches to assess whether accusations made to the channel are credible. The process is the same for all complaints: after receiving a complaint, we verify whether it is realistic enough to be co-investigated, in conjunction with the company's legal department. Everything must be reported to our headquarters in Germany, even if no misdoings are identified." (Siemens)

"In my opinion the channel is used a lot. [We encourage the use of the channel] by promoting it to our employees and directors during our frequently held institutional campaigns, as well as during in person and online training on how to avoid corruption, fraud, money laundering and terrorism practices." (CompX)

"Here we have a channel that employees use to clarify compliance doubts and make complaints, so that we know what is going on (...) We don't receive many complaints from the channel, because we work inside an office, not a plant. And we also have a very unified and trustworthy commercial area and directors also happen to be the owners of the company (...), [something] which reduces the risk of having third party [unethical people] managing the company." (Radix)

Some companies, such as Siemens and CompX, refused to disclose the number of whistleblowing complaints they receive per year, arguing that this type of information is confidential. Technew, on the other hand, said it received no complaints in 2016. As for Alubar, the company said that it is irrelevant for it to keep track of how many reports are made to its channel, since the indicator that actually matters for the company is the number of complaints addressed by its internal auditing area, and not simply the number of complaints made to the channel.

Oversight over training

Three participant companies, namely Alubar, Gerdau, and Copel, said they supervise those employees who take part in their compliance training or activities. In Alubar's case, if employees choose not to take part in the company's official compliance events, they lose 30% of their yearly bonuses. This penalty encourages everyone to participate. In 2017, the company's ethics week was fully attended by all its employees.

As for Gerdau, the company explained that it issues monthly ethics pop up activities on the company's intranet page which must be completed by all employees. If employees fail to do so, their internet connections are blocked, thus encouraging them to be compliant.

Regarding Copel's oversight over training practices, the company says it keeps track of those employees who take online compliance courses and those who do not. Furthermore, Copel also provides a list of compliance-related frequently asked questions ("FAQ") on its website, demonstrating that it monitors its employees' compliance doubts.

Other oversight measures

In addition to whistleblowing channels and training-related monitoring procedures, most companies in this study indicated that they have other compliance oversight procedures in place. Gerdau, Alubar, Siemens, Copel, Radix, and 3M, for instance, all indicated that they conduct internal and/or external audits to flag up circumstances that can constitute compliance risks.

Furthermore, Gerdau, Alubar, Siemens, and CompX also spoke about oversight measures that are intrinsic to their own companies. Gerdau explained that its compliance area maintains close links to the company's internal audit, legal, and human resources areas, in order to address all identified compliance risks in an efficient manner.

As for Alubar, the company stated that it has an audit and compliance committee that gathers once a month to discuss ongoing auditing and compliance issues. At the time of his interview, Alubar's compliance officer said that, during one of the audit and compliance committee's most recent meetings, he had informed the other committee members of the development of the company's compliance e-learning platform, so that they could exert some kind of oversight over the development of the company's compliance programme.

Siemens added that journal entries and other business activities and areas within the company are assessed for any irregularities, whereas CompX said it monitors its anti-fraud compliance practices.

Compliance committees

Alubar, Granbio, and Radix indicated that they have multidisciplinary ethics committees whose members regularly meet up to discuss matters related to their compliance programmes, as well as ongoing investigations and even possible employee dismissals, as previously mentioned above.

More specifically, Alubar said that it has a specific ethics committee comprised of seven members from the following areas: auditing, board of directors, executive board, HR, legal, and compliance. This ethics committee meets at least once every three months to mainly discuss issues related to the company's whistleblowing channel and compliance area, as well as compliance policy approvals or alterations. As an example of its daily activities, Alubar said that its ethics

committee might request the company's audit department to investigate certain issues following complaints made on Alubar's whistleblowing channel.

Similarly to what occurs at Alubar, Granbio said that its ethics committee, formed by its upper management, among which the CEO, regularly meets up to discuss matters related to the company's compliance programme. Key performance indicators and possible dismissals are also amongst the subjects discussed by Granbio's committee, which has the autonomy to investigate, examine, judge and punish possible corporate infringements.

Testing a compliance programme

Four participant companies, namely Siemens, Copel, Gerdau, and CompX, provided examples of how they test their companies' integrity cultures. Siemens and Copel both said that they test their companies' integrity culture by asking their employees to answer compliance questionnaires containing questions on the companies' codes of ethics and other compliance-related subjects, something Gerdau said it was also planning to implement.

Siemens also explained that it verifies the efficiency of its compliance programme by frequently conducting audits of the company's compliance and other areas, as well as by weekly assessing its compliance key performance indicators ("KPIs").

Gerdau added that it monitors the efficacy of its compliance programme by assessing the number of irregularities identified during the company's internal audit processes. As for CompX, the company explained that it tests its integrity culture by conducting internal research on the subject.

4.5.6 Constant need for improvement

Radix's compliance officer claimed that a compliance programme should be constantly updated and improved. In his view, *"a compliance programme may appear to be good, but it's like an organism. You have to always revise it and see if there's anything new that you can do, or if an old methodology isn't efficient anymore."* Radix - and also Alubar - reported on their future plans for their compliance programmes, as shown below:

"From April 2018 onwards, our directors will start sending out emails on certain compliance-related topics or on their compliance experience to their respective teams, and the managers of these teams will in turn also send emails to their own teams." (Radix).

"At this precise moment, we're trying to develop an e-learning platform. This platform is being designed for us to reach as many people as possible in the simplest way possible. If we manage to create this platform it will save us a lot of time. We're still deciding the best way to proceed... if we create, for example, a policy for gifts and then create a video on it, we can upload it to the platform and ask people to take a pre-test, watch the video, and then take another test. This way we would be able to assess how much someone has learnt and evolved after watching the video." (Alubar).

5 DISCUSSION

5.1 Overview

This study was designed to shed light on the specific practices adopted in recent years by certain companies in Brazil whose compliance efforts have been considered exemplary by the Brazilian government and Transparency International, the abovementioned non-profit organisation known for fighting corruption on a global scale. By looking into these exemplary companies' compliance programmes, this study aimed to answer the questions of (1) What motivated these companies to implement or reinforce their respective compliance programmes? (2) Did such participant companies face (or still face) difficulties in the implementation or maintenance of their compliance programmes? (3) Which concrete benefits (if any) did they reap from implementing or reinforcing effective compliance programmes? (4) And are there elements in common in the participant companies' compliance programmes that may serve as concrete examples for other companies in Brazil to copy?

The answers to such questions, provided in the following four sections of this wider discussion section, shed light on the compliance processes companies with exemplary compliance programmes in Brazil have in place that set them apart from most other companies in the country. Therefore, these answers, analysed in light of information provided in the theoretical background of this study, could thus help other companies in Brazil to join the country's current anti-corruption movement.

5.2 What motivated this study's participant companies to implement or reinforce their respective compliance programmes?

This study found that six participant companies implemented or reinforced their compliance programmes sometime between 2014 and 2017, in the aftermath of the enactment of the CCA in Brazil in 2013 and its enforcement in 2014. Indeed, of these six companies, four stated that they implemented or reinforced their compliance programmes mainly as a result of current Brazilian and international anti-corruption legislation, such as the CCA, the FCPA, and the UK Bribery Act. In other words, their motivation was legislation-driven. Two other companies explained that corruption cases that had occurred in their companies in the past served as motivation for them to implement or reinforce their compliance programmes.

Unlike these six companies, whose incentives to implement compliance programmes were legislation or corruption-driven, three companies provided different explanations. One of them stated that it implemented its compliance programme in order to stress its ethical posture in the market, since its main clients had all been involved in corruption scandals in the past. Another company

said that it decided to implement a compliance programme due to external pressure received from business partners that already had compliance programmes in place, whereas the third one simply said that it implemented a compliance programme because it wished to do so.

In other words, seven companies in total – the six ones mentioned in the first paragraph and the one which said it received external pressure from business partners – were “pushed” into implementing or reinforcing their compliance programmes by external forces, indicating that their desire to fight corruption and misdoings was not a natural desire that came from within, but from external pressure. This partly justifies why previous studies show that corruption in Brazil is widespread and thus constitutes a collective action problem (Prado et al., 2015; Prado & Carson, 2016) best addressed by institutional multiplicity solutions (overlay of anti-corruption functions), such as the CCA (Prado & Carson 2016).

All the above-mentioned companies’ motives to implement compliance programmes are in line with previous research described in this study’s theoretical background. As explained above, Brazilian compliance authors (Mendes & Carvalho, 2017; Neves, 2018) and journalists from reputable Brazilian newspapers (Neira & Papp, 2018; Sodré & Donelli, 2018; Covac & Silva, 2018) have written about companies’ increasing adherence to corporate compliance programmes in Brazil within the past few years due to (1) the growing implementation of anti-corruption legislation in Brazil, (2) the high number of widely reported corruption scandals in the country, and to (3) the fact that executives and public agents in Brazil are now better educated on the importance of clean business transactions. Therefore, this study’s findings largely corroborate what has been said in recent studies and media regarding Brazil-based companies’ recent incentives to adhere to compliance.

5.3 Did the participant companies face (or still face) difficulties in the implementation or maintenance of their compliance programmes?

While some participant companies said that the corporate changes that resulted from the implementation or reinforcement of their compliance programmes or policies were well received by their employees, others spoke about cultural and operational difficulties faced in the process.

With regards to the cultural difficulties, two companies highlighted the initial lack of upper management and employee commitment, respectively, regarding the changes brought about by their new compliance programmes. One of these two companies, for instance, said that some of its employees initially resisted the implementation of the programme, thinking that it consisted of yet another bureaucratic audit control. This is in line with recent findings that cultural resistance is a common problem faced by compliance officers in Brazil. (“The Rise of Compliance”, 2018, para.10). As mentioned earlier, compliance of-

ficers in Brazil have reported on employees questioning the importance of compliance policies and complaining of the number of auditing and control procedures in place after the implementation of compliance programmes in their companies (ibid.)

The other company raised the issue that Brazilian employees tend to worry that reporting on their colleagues' misdoings (through a whistleblowing channel, for example), might make them "snitches". This is in line with previous studies that showed that whistleblowing complains are not culturally accepted in Latin American countries such as Brazil (Trench Rossi Watanabe, n.d), since employees frequently consider those who perform them as traitors (Tobolowsky, 2016) or snitches acting in an insubordinate manner (Trench Rossi Watanabe, n.d). In Tobolowsky's (2016) opinion, this way of thinking in Brazil constitutes a cultural obstacle for the country's endeavour to decrease corruption and boost its compliance culture.

As for the operational difficulties of implementing compliance programmes in Brazil, one company specified that it faced practical difficulties when trying to put its compliance plans into action, since it had decided to execute its compliance programme without the exterior help of a consultancy, despite its lack of experience in compliance-related matters. This meant that the company had to learn everything about compliance on its own and as it went along. Furthermore, another company mentioned, without going into details, that it also faced operational difficulties when executing its compliance programme for the first time.

The operational difficulties faced by these two companies are in line with Assi (2018)'s abovementioned finding that some Brazilian professionals lack the necessary knowledge of corporate governance and of internal compliance control methodologies. These operational difficulties also corroborated to a certain extent Pinheiro et al. (2018)'s abovementioned study, which showed that a lack of technical knowledge of internal controls by a company's manager could be a barrier to the company's adoption of internal controls. (Pinheiro et al.,2018)

It is possible to affirm that this study's findings regarding the cultural and operational difficulties faced by some compliance teams when implementing compliance programmes had already been flagged by previous studies, thus demonstrating the soundness and veracity of this study's identified difficulties, even if they were only mentioned by four participant companies.

5.4 Which concrete benefits (if any) did the participant companies reap from implementing or reinforcing effective compliance programmes?

Since most of the companies selected for this study - 9 out of 11 - integrated the Pro-Ethics Company Registry, the benefits they reaped from having an efficient compliance programme in place and from integrating the Pro-Ethics Com-

pany Registry were correlated, since they only managed to be listed in the registry thanks to their efficient compliance programmes. Indeed, three companies indicated that integrating the Pro-Ethics Company Registry was an important recognition of their compliance efforts. Three companies also said that, after they became part of the registry, their brands received positive (and free) media coverage. One of them stated that its increase in public visibility had enabled it to publicly demonstrate its commitment to integrity and ethical business practices.

The detailed compliance programme feedback reports handed back to companies which applied to integrate the Pro-Ethics Company Registry were mentioned as an added benefit reaped by two companies. More specifically, they said that the feedback reports they received from CGU, the Brazilian government department that manages the registry, had allowed them to make improvements to their compliance programmes. Furthermore, one of them said that integrating the Pro-Ethics Company Registry had given it the certainty that its compliance programme was adequate.

The benefits of integrating the Pro-Ethics Company Registry outlined by the companies of this study corroborated the abovementioned benefits listed on CGU's website, which are the fact that such companies (1) receive public recognition for their anti-corruption efforts, (2) have their images associated with ethical behaviour and can make use of the Pro-Ethics Company Registry brand, and (3) have their compliance programmes thoroughly analysed and receive suggestions on how to improve them, even when not admitted into the registry ("Empresa Pró-Ética 2018-2019", n.d., para.6).

As well as integrating the Pro-Ethics Company Registry, two companies stated that they benefitted from having efficient compliance programmes in place by winning compliance-related awards or receiving good rankings in transparency studies, respectively.

Two other companies spoke about how the levels of trust deposited in them by other stakeholders, such as their suppliers, clients and employees, increased after they implemented their compliance programmes. With a growth in trust came an increase in the volume - as well as on the smoothness and rapidity - of business between these companies and their business partners and clients. This is relatively similar to what aforementioned Biegelman (2008) said, which is that a strong compliance programme can create better employee morale, higher profits (from more business), and a stronger reputation among investors and consumers. It also agrees with Ribeiro & Diniz (2015)'s finding that a company with a strong compliance programme tends to gain more trust from investors and the market, thus leading to high levels of internal and external cooperation that result in higher profits.

Furthermore, three companies respectively explained that having a compliance programme in place enhanced their ethical way of doing business, strengthened their position in the market (in the aftermath of its implication in a corruption scandal), and provided them with the assurance that they would not find themselves involved in something unethical without even realizing, such as a conflict of interest. These companies' answers are in line with Webb & Molo (1993)'s findings that a successful compliance programme promotes a healthy

and lawful corporate culture and helps identify improper behaviour as it takes place, so that the organisation can efficiently tackle it and reduce its harmful repercussions.

As well as listing the benefits already reaped from having a compliance programme in place and integrating the Pro-Ethics Company Registry, one participant company said it believed that, in future, Brazil-based companies that integrate the Pro-Ethics Company Registry would receive priority over those which do not with regards to winning public tenders and receiving loans from the government. Even though this has not yet happened, a movement in more or less that direction can certainly be seen from the abovementioned regional laws enacted in the Brazilian states of Rio Grande do Sul, Rio de Janeiro, and the Federal District between October 2017 and September 2018 (Meyer, 2018; Martinelli Advogados, 2018). As explained earlier, these regional laws made compliance programmes compulsory for all companies located in these three states that contract with the government (*ibid.*). Interestingly enough, another participant company predicted that several Brazilian states would start implementing these regional laws, even though at the time of its interview only the state of Rio de Janeiro had so far enacted this law. This demonstrates this company's knowledge of the changes in Brazilian legislation with regards to corporate governance and compliance.

As exemplified above, this study's findings about the numerous benefits a company can reap from having an effective compliance programme in place were largely corroborated by previous studies, thus corroborating the soundness of this study's results.

5.5 Are there elements in common in the participant companies' compliance programmes that may serve as concrete examples for other companies in Brazil to copy?

This following section shows the elements in common in the participant companies' compliance programmes that could possibly serve as concrete examples of elements that other companies in Brazil can implement when designing efficient compliance programmes. The themes that arose from the data which helped answer the question of whether there are elements in common in the participant companies' compliance programmes were mostly in line with international law firm Baker McKenzie (2018)'s abovementioned five essential elements of corporate compliance, which are: (1) leadership, (2) risk assessment, (3) standards and controls, (4) training and communication, and (5) oversight, as described below.

5.5.1 Leadership

All companies disclosed information regarding how their compliance personnel are spread across their different units, in line with Baker McKenzie

(2018)'s assessment that regulators worldwide expect companies to have a significant number of full-time compliance employees spread across their subsidiaries, business units, and foreign countries.

Even though companies in Brazil may refer to their compliance officers by different names, as exemplified by the answers of three participant companies, they must all possess senior compliance officers with the power and means to oversee the daily activities of their compliance programmes, as advocated by Baker McKenzie (2018). Indeed, all participant companies had one individual or more in charge of leading their daily compliance efforts. One of the participant companies even highlighted that it is important for compliance officers to be independent from other business divisions and be kept outside of the company's formal structure so that they have enough autonomy and freedom to make decisions.

The 11 companies selected for this study have offices in different Brazilian states and cities and vary significantly in terms of their sizes and business activities. Consequently, they also have different structures and numbers of compliance employees carrying out specific compliance activities from offices in several areas of Brazil and abroad, as shown from the answers of six participant companies.

Five companies said that their compliance areas constantly inform their respective boards of directors or other specific boards or committees of the development of their compliance programmes, or even request their permission for the implementation of certain compliance policies. This usually takes place during the several meetings held a year between these companies' compliance personnel and boards or committees. Indeed, Baker McKenzie (2018) advocates that a company's board of directors has the highest degree of responsibility for developing and ensuring a corporate culture of compliance. As such, a board should supervise the creation of a corporate compliance programme, guarantee that it is successful in tackling possible risks encountered by the company, and directly oversee those responsible for the daily-management activities of the programme (ibid.)

In addition to having a high-ranking compliance officer and board leadership, a company's corporate culture is also highly influenced by the way its senior leaders either encourage or discourage compliance-related misconduct, as mentioned further above (Baker McKenzie, 2018). Indeed, five companies in this study provided examples of how their leaders – especially their CEOs – actively promote corporate ethics and integrity. They said that their higher management transmit compliance messages and take concrete actions that demonstrate their compliance efforts, thus making them examples of ethical behaviour.

As also mentioned further above, Baker McKenzie (2018) adds that all functions in a company should collectively promote a culture of compliance and should have the know how to come together and take efficient action when required. Therefore, companies with a solid compliance programme should ensure a meaningful collaboration between their several senior leaders and other stakeholders, such as business and operational managers, procurement, finance and human resources. (Baker McKenzie, 2018). In line with these recommendations,

five companies said that their compliance personnel are supported by other business areas, who come together to mitigate compliance risks that may affect their companies as a whole. Two of these companies said that their managers speak about compliance with their respective teams, so that compliance is top-down and encompasses all employees.

In sum, high-ranking compliance officers, together with attentive boards of directors and senior leaders whose compliance efforts are supported by all business areas, were identified as characteristics present in the abovementioned participant companies, thus demonstrating that their practices are in line with Baker McKenzie (2018)'s best recommendations for ensuring compliance leadership.

5.5.2 Risk assessment

As previously mentioned, a risk assessment should ideally be done once a year by a designated group, such as a compliance or internal audit area, and should assess several compliance risks, such as how many of the company's employees do "business with government officials, the company's use of third-party agents and intermediaries, the regulatory environment of the regions where the company operates, the compliance expectations of authorities in each country of operation, and the effects of any recent business developments such as joint ventures, corporate affiliations, or expansion into markets that could create additional risk." (Baker McKenzie, 2018, p.11).

Some of these guidelines are followed by the six participant companies that disclosed information regarding their risk assessments. Four of them, for instance, said that they conduct risk assessments at least once a year. Two companies specified that their risk assessments are carried out by their compliance areas, whereas the third one said that it has a specific corporate risks team tasked with this role. The fourth company added that this task is conducted by its audit area.

Even though these six companies' risk assessments cater for their own respective realities, five mentioned the compliance risks of doing business with government officials in Brazil. Four of them also explicitly mentioned corruption as a possible risk that must be catered for.

Other aspects mentioned by more than one company pertain to the compliance risks of entering new markets and of establishing new business relations. None of the six companies, however, disclosed any information regarding their specific number of employees engaged in business activities with government officials or regarding their use of intermediaries and third-party agents or even the outcomes of any recent business developments.

Furthermore, none of the companies disclosed any information regarding the steps taken after their risk assessments are ready, differently to Baker McKenzie (2018)'s suggestion that a company's risk assessment findings and recommendations should be compiled in a document to be delivered to the chief compliance officer and board of directors for revision, followed by the creation of an action

plan that prioritizes the recommendations and designates parties responsible for their implementation.

Nevertheless, even though not all of Baker McKenzie (2018)'s risk assessment guidelines were identified in the daily compliance activities of the six participant companies mentioned in this section, they all highlighted their efforts to identify the compliance risks they are subject to through the use of formal risk assessment procedures. Therefore, even if certain recommended risk assessment procedures have not yet been implemented by these companies, it is safe to ascertain from the frequency that they conduct their risk assessments that they are conscious of the importance of this compliance element.

5.5.3 Standards and controls

Six participant companies indicated that they have written codes of ethics that are distributed to new employees, in accordance with Baker McKenzie (2018)'s finding that most global companies today have an "an easy-to-read summary of corporate do's and don'ts for employees" (p.14). Indeed, two participant companies explained that their respective codes outline their companies' ethical values and standards of conduct. Two other companies added that they also distribute pocket-sized versions of their codes to their new employees as well as their standards full-sized ones.

Three companies explained that their new employees are briefed on the content of their respective companies' codes of ethics shortly after being hired. Three companies also said that they ask their employees to reread their respective codes of ethics every so often (e.g. every two years), either because the codes have been updated or simply to refresh their memories regarding their companies' ethical values.

In addition to their standard codes of ethics, five companies in total indicated that they have additional codes of ethics in place, such as specific anti-corruption codes or codes of ethics for suppliers, in line with Baker McKenzie (2018)'s abovementioned recommendation that corporate codes of ethics should address several matters, such as bribery, money laundering, corruption, anti-trust, data privacy and conflicts of interest. More specifically, two companies stated that they have anti-corruption codes of ethics which outline forbidden behaviour such as possible employee engagement in corrupt acts with employees of public and private sectors in Brazil or abroad. Three companies said that they have supplier's codes of ethics in place which are given to all new contracted suppliers.

As well as written codes of ethics, companies must adopt compliance policies and procedures that are tailored to their important areas of risk, such as the implementation of detailed guidelines on how their employees/agents should interact with government agents if their companies conduct a lot of business with local governments. (Baker McKenzie, 2018) Two participant companies outlined

precisely this: they explained that they have a guidebook and a policy, respectively, that contain rules for monitoring meetings held with public agents and contracts signed with public entities.

In addition, Baker McKenzie (2018) also advises corporations to perform due diligence on all third-party business associates to ensure that stakeholders acting on their behalf follow ethical practices. In line with this recommendation, five participant companies stated that they screen their prospective third-party business partners, such as agents or suppliers, when considering entering a business relationship with them.

Of these five companies, three mentioned that they respectively request prospective agents, suppliers, and other business partners to complete questionnaires or check-lists containing questions regarding their compliance policies and any possible history of misdoings, before deciding whether to conduct business with them. This procedure resembles Baker McKenzie (2018)'s recommendation that, in order for companies to conduct appropriate due diligence, they must first request third-party intermediaries and other business partners to complete background questionnaires outlining aspects such as their financial stability, history of investigations, and government ties.

As mentioned earlier, Baker McKenzie (2018) also recommends companies conduct enhanced due diligence into higher-risk prospective business partners, as performed by four participant companies. Three of these companies explained that they only conduct due diligence investigations into their prospective riskier third-party business partners instead of screening all prospective business associates.

Furthermore, five participant companies followed Baker McKenzie's (2018) guidance regarding the importance of companies including compliance covenants in their third-party contracts. Two of these companies added that they include quotations from their codes of ethics in such contracts, as a means of reminding their business partners of their ethical values.

Finally, three companies said that they ask employees to disclose any possible conflicts of interest they may have, such as shares in competing companies, in line with Baker McKenzie (2018)'s assessment that controls for possible conflicts of interest are among important areas for policy development in companies worldwide. Other important controls pertain to accounting, financial, gifts, and hospitality controls (Baker McKenzie, 2018), which were mentioned by several participant companies. More specifically, six companies stated that they have internal controls in place to ascertain that their financial records are correct, such as controls that regulate payments made to consultants, agents, and charity organisations. Of these six companies, three stated that they also have controls in place that monitor money spent on corporate gifts and hospitality.

Other controls not mentioned by Baker McKenzie (2018) and uncovered from three participant companies' answers pertain to their practice of quoting new services and products with three different prospective suppliers, as a means of curbing biases towards certain suppliers.

In sum, participant companies disclosed that they have implemented several compliance standards and controls, as recommended by Baker McKenzie

(2018), such as specific codes of ethics, due diligence procedures, compliance covenants in third-party contracts, and conflicts of interest, financial, and gifts and hospitality controls.

Therefore, even though not all aspects of Baker McKenzie (2018)'s above-mentioned standards and controls' recommendations were observed in participant companies' answers - and certain procedures followed by some of them were not mentioned by Baker McKenzie's 2018 study - it is possible to affirm that several participant companies demonstrated their commitment to ensuring the effectiveness of their compliance programmes through the use of optimal compliance standards and controls.

5.5.4 Training and Communication

As previously mentioned, Baker McKenzie (2018) argues that a very important element of a compliance programme is providing training on regulations, laws, corporate policies and forbidden behaviour to company officers, directors, employees, and third parties, preferably on an annual basis. Baker McKenzie (2018) also explains that training can be performed via webinars, video conferencing, online testing, and live, and should be periodic, risk-based, organised by experts in the field, and documented accordingly. In line with these recommendations, eight participant companies said that they periodically train their employees on compliance-related matters, of which seven said that their training are attended by new and/or old employees and are performed online and/or in person. Six specified that such training occurs at least once a year.

As well as training their "normal" employees, two companies explained that they also train their higher-ranking employees and their business partners, respectively. More specifically, these two companies said that they respectively organise yearly meetings for their executives and managers to discuss compliance matters, and request their business partners and suppliers to attend their events and undertake online compliance training before contracting with them.

Four companies said they host yearly compliance events (i.e. "ethics or integrity weeks") to train their employees on compliance-related matters and foster a culture of ethics in their respective organisations. Of these four companies, three mentioned that these events contain educational games, competitions, and decorations which help increase attendees' interest in the topic of compliance.

As previously explained, compliance training courses should be adapted to address issues intrinsic to a company's country, region, industry and employees' responsibilities (Baker McKenzie, 2018), as performed by one participant company, which explained that its yearly online and in person training courses are elaborated based on Brazil's reality and specific legislation.

In addition to in person or online training, three companies said that they send out newsletters and documents on ethics and integrity by email to employees, while two companies said that they organise internal compliance communication campaigns which involve the use of wall posters containing compliance information, as a means of communicating compliance to everyone.

As also mentioned earlier, Baker McKenzie (2018) argues that it is important for companies to prioritize which audience to train first by initially training riskier markets, officers and directors; country managers; employees responsible for conducting sales, and even business partners who deal with bureaucrats or government-owned organisations, after which companies can expand to other employees and business partners that pose less of a compliance risk. Once again, five participant companies explained that they give specific enhanced training to their higher-risk employees, such as their upper management and employees who must sign contracts with clients and deal with public agents. A sixth company added that it was in the process of organising training for its higher-risk employees.

Therefore, as demonstrated from the answers above, of the five compliance elements advocated by Baker McKenzie (2018), the element apparently most present in the participant companies' compliance programmes so far was compliance training, since eight participant companies said that they periodically train their employees on compliance-related matters. This demonstrates how seriously companies which wish to implement effective compliance programmes in Brazil must view employee training and how intrinsic this element is to a well-functioning compliance programme.

5.5.5 Oversight

Eight participant companies said that they have whistleblowing (or hot-line) channels in place for employees and third-party associates to anonymously clarify doubts and/or report suspected code of ethics breaches, a monitoring procedure that, together with auditing and responding, make up the components that enforcement officials analyse when assessing if companies have adequate control over their compliance programmes (Baker McKenzie, 2018).

Two participant companies explained that their whistleblowing channels help their organisations' compliance areas to respectively identify and address misconduct (especially misconduct related to fraud and corruption), and reinforce ethical and compliant behaviour. These benefits are in line with Baker McKenzie (2018)'s perception of monitoring as a means of identifying and addressing gaps in a compliance programme through procedures, inspections, and controls specific to a company's risks.

While two companies said that their employees trust and therefore use their whistleblowing channels, since they are encouraged to do so, two others stated that their channels are barely or never used. One of these two companies justified the lack of use of its whistleblowing channel by stating that the company has a very unified and trustworthy commercial area which therefore leads to few compliance doubts or complaints.

Furthermore, one participant company said that a list of compliance-related frequently asked questions ("FAQ") is available on its website for anyone to access, a relatively similar procedure to Baker McKenzie (2018)'s recommendation

that companies should monitor what their employees say and ask during training courses, since their comments or questions may reveal the existence of potential red-flags and may help companies to take actions to improve their compliance programmes.

In addition, six companies indicated that they conduct internal and/or external audits to flag up specific circumstances that could constitute compliance risks, since, according to Baker McKenzie (2018), auditing consists of a more limited - yet important - analysis that targets certain business areas, sectors, or regions throughout a certain interval as a means to reveal or evaluate risks which are intrinsic to them.

One company explained that its compliance area maintains close links to the company's internal audit, legal, and human resources areas, in order to address all identified risks in an efficient manner. This is in accordance with Baker McKenzie (2018)'s recommendations, which say that corporate compliance areas should have oversight over their companies' compliance programmes by working in close coordination with other business areas, such as internal audit and accounts payable.

After receiving a misconduct complaint on its whistleblowing channel, one of the participant companies explained that it first verifies whether the suspected breach of ethical behaviour is plausible or not, after which it decides whether to investigate it, in conjunction with the company's legal department. This procedure is in line with Baker McKenzie (2018)'s view that it is very important to have concrete investigation procedures in place that focus on identifying early signs of misdoings, determining the root cause of these misdoings, and implementing proactive remediation measures.

Baker McKenzie (2018) further suggests companies create internal committees, consisting of employees from several relevant departments, such as legal, HR, internal audit and finance, to regularly meet and review current company investigations. Indeed, three companies said that they have multidisciplinary ethics committees whose members regularly meet up to discuss matters related to their compliance programmes, including ongoing investigations.

Three participant companies said they have the habit of assessing which employees participate (and which do not) in their compliance training courses or activities, of which two companies said that they even respond to those who do not participate by penalising them, as a means of encouraging all employees to learn about compliance. This indicates that these two companies followed Baker McKenzie (2018)'s definition of responding as taking proactive remediation measures whenever necessary.

As mentioned further above, Baker McKenzie (2018) speaks of the importance of a company testing its compliance programme in order to assess its effectiveness. As an example, Baker McKenzie (2018) explains that a company can send compliance surveys to employees to assess their knowledge of compliance, something implemented by two participant companies and which a third participant company said it planned to implement in the future. Other forms of "tests" highlighted by three participant companies are their respective habits of (1) carrying out audits of the company's compliance and other areas and making

weekly assessments of the companies' compliance key performance indicators ("KPIs"), (2) assessing the number of irregularities identified during the company's internal audit processes, and (3) conducting internal research on the company's integrity culture.

As exemplified in the paragraphs above, together with training, oversight was the most frequently mentioned element of compliance present in the participant companies' daily compliance activities. This conclusion can be drawn from the previously mentioned fact that eight participant companies described their use of whistleblowing channels for employees and third-party associates to - anonymously or not - clarify doubts and/or report suspected code of ethics breaches, thus demonstrating their commitment to monitoring the effectiveness of their compliance programmes, in line with Baker McKenzie (2018)'s oversight recommendations.

5.5.6 Constant need for improvement

Two participant companies disclosed their plans to add new processes to their compliance programmes since, as claimed by one of them, compliance programmes are like living organisms that must be constantly revised or amended when old methodologies are no longer efficient. More specifically, one of the companies said that it had plans to encourage its directors to start sending emails on compliance-related topics to their respective teams, whereas the other company explained that it was in the process of developing an e-learning platform to facilitate employee training.

These companies' plans are in line with abovementioned Neves (2018)'s assessment that compliance programmes need continuous management and must be viewed as non-ending circles and not as straight lines with definite points of arrival. Indeed, the United Nations' 2013 practical guide on compliance programmes stated that companies must closely monitor updates and changes in legal jurisdictions and assess whether their global anti-corruption policies need to be modified in case of new public reporting requirements or data protection laws, for example, as already mentioned above. (UNODC, 2013).

As well as plans and procedures under development, two participant companies stated that they regularly amend and update their codes of ethics. After their codes of ethics are updated, these companies request their employees to re-read such documents, in order to ensure that they are aware of all changes underwent by the company, as already mentioned in a section above.

We note that this compliance element - constant need for updating and improving one's compliance programme - was the only element not mentioned by Baker McKenzie's 2018 study. However, in a country where new regional and national laws on corruption are being passed on a regular basis, this element becomes imperative for those companies wishing to join Brazil's anti-corruption movement.

5.6 Visual representation of the study's findings

This study's findings, based on the abovementioned answers provided by the 11 participant companies that integrated this study's primary and secondary data, have been outlined in the graph below (figure 10). More specifically, the participant companies' answers have been summarised into a straightforward image which also aims to serve as a visual representation of the of the procedures that need to be implemented by companies in Brazil wishing to have effective compliance programmes. Consequently, this study serves its objective of advancing the promotion of ethical business practices in Brazil by providing practical knowledge to Brazilian companies still struggling to implement effective compliance programmes in the aftermath of the CCA, thus helping to address the intrinsic problem of corruption in the Brazilian business scenario.

In line with Neves (2018)'s assessment that compliance programmes need continuous management and must be viewed as non-ending circles and not as straight lines with definite points of arrival, figure 10 contains a circle representing the six elements of effective compliance programmes highlighted by most participant companies, namely leadership; risk assessment; standards and controls; training and communication; oversight; and a constant need for improvement, each of which are seen as being of equal importance and are thus presented in equal size in the circle below in figure 10.

In addition to the circle, figure 10 also depicts the main motivational factors for the implementation or reinforcement of compliance programmes in Brazil described by the participant companies, as well as the benefits they have reaped from having such programmes in place and the possible difficulties they faced when implementing or reinforcing them.

Visual representation of the study's findings

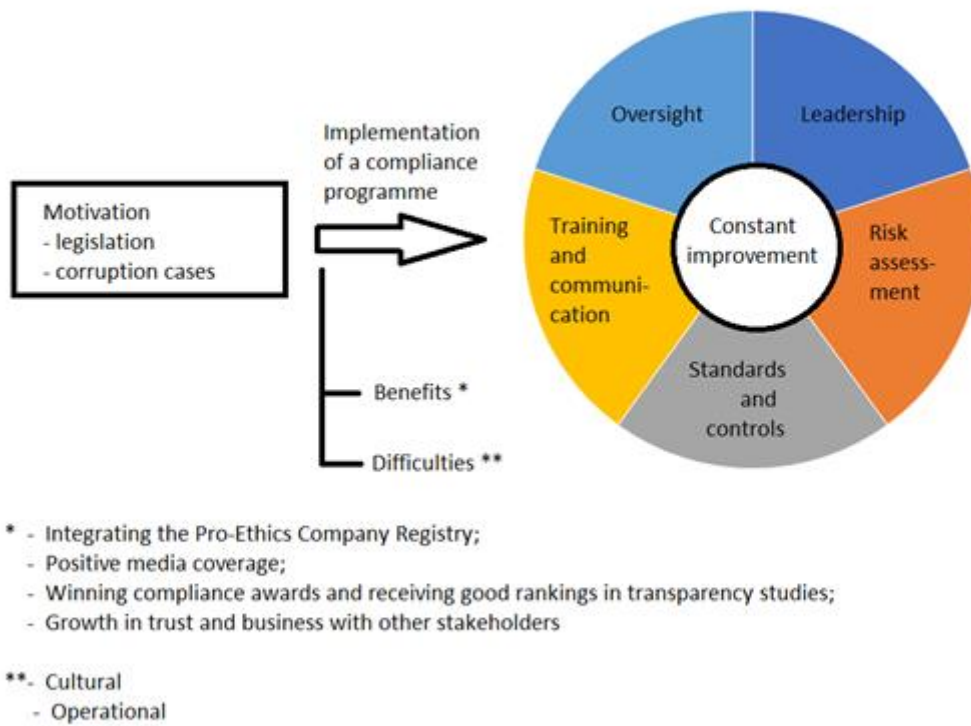


Fig.10: Visual representation of the study's findings

6 CONCLUSIONS

6.1 Concluding remarks

As demonstrated in the discussion session above, all four research questions posed at the beginning of this study were fully answered, thus attesting to this study's success in achieving its objective of shedding light on the best compliance practices implemented by Brazil-based companies in recent years. This objective was driven by the fact that, despite Brazil's growing adherence to corporate compliance programmes, a significant portion of companies in Brazil still have poor compliance policies in place.

The answers to the four research questions of this study were similar to findings reaped from previous studies into similar topics, thus demonstrating this study's credibility.

As a response to what motivated this study's participant companies to implement or reinforce their respective compliance programmes (first research question), several companies answered that their incentives had been legislation or corruption-driven (see figure 10). This means that, even though a few companies implemented or reinforced their compliance programmes because they wished to be more ethical, the majority were "pushed" into it by external forces. In sum, several companies' answers showed that their apparent desire to fight corruption and misdoings was not a natural desire that came from within, but the result of exterior pressure. This partly explains why corruption in Brazil is widespread and constitutes a collective action problem best addressed by institutional multiplicity solutions, such as the CCA.

Regarding the question of whether participant companies faced (or still face) difficulties in the implementation or maintenance of their compliance programmes (second research question), some companies demonstrated that they faced some of the same cultural or operational obstacles raised by previous studies, as also shown in figure 10 of this study.

As for the question of which concrete benefits the participant companies reaped from implementing or reinforcing their compliance programmes, participant companies provided several examples that attested to the positive aspects of being compliant in Brazil. These positive aspects far outnumbered the difficulties faced by some participant companies, thus reinforcing the advantages of having effective corporate compliance procedures in place. The main benefits listed by the participant companies, in line with previous studies, were integrating the Pro-Ethics Company Registry and consequently receiving positive media coverage of their brands, allied to winning compliance awards or receiving good rankings in transparency studies and seeing a growth in trust and business relations with other stakeholders, as further depicted in figure 10. These advantages could therefore serve as incentives for the vast majority of companies in Brazil, which still do not possess compliance programmes, to take a stronger stance against

corporate corruption by designing or reinforcing compliance procedures in their respective business environments.

Figure 10 also showcases the answer to the question of which elements in common in the participant companies' compliance programmes can serve as concrete examples for other companies in Brazil to copy (fourth and last research question). More specifically, the answer to this question is represented by the circle in figure 10 containing the following six elements: leadership, risk assessment, standards and controls, training and communication, oversight, and constant improvement. The first five elements were advocated by previous research, whereas the sixth element arose from this study, which showed that compliance programmes must be constantly amended and improved in order to remain effective and cater for all corruption-related legislative changes in the country. Therefore, if companies in Brazil struggling to design efficient compliance programmes decide to incorporate compliance procedures corresponding to each of these six elements into their daily corporate activities, they will most likely be successful in ensuring that ethics and integrity become key pillars of their corporate cultures.

From the paragraphs above it is possible to state that the incentives for implementing or reinforcing compliance programmes and the difficulties faced in the process outlined in this research (answers to questions one and two) corroborate previous national and international studies and demonstrate their validity in Brazil. Consequently, they may be used in theory and cited in future similar studies. As for the benefits of implementing or reinforcing compliance programmes and the appropriate steps for doing so (research questions three and four), these key learnings points may - and should - be used in practice by companies wishing to implement effective compliance programmes.

To conclude, it is possible to state that this study contributes to the subject matter by providing clear explanations and examples of the compliance procedures undertaken in recent years by a select portion of Brazilian companies which allowed them to integrate the highly competitive Pro-Ethics Company Registry or Transparency International's 2018 study, as well as reap other benefits that attest to the advantages of corporate compliance in a country afflicted by corruption. Consequently, this study advances the promotion of ethical business in Brazil by providing practical compliance knowledge to Brazilian companies still struggling to implement effective compliance programmes in their business environments in the aftermath of the CCA, thus helping to address the intrinsic problem of corruption in the Brazilian business scenario.

6.2 Limitations and future research

This study is subject to several limitations. One factor limiting the applicability of the findings - and thus its reliability - is the size of the sample (11 companies in total, including both primary and secondary data), which cannot be

considered as being representative of all companies in Brazil with reputable compliance programmes in place.

Therefore, similar studies could be reproduced with a larger primary data sample and with more secondary data drawn from online publicly available information, thus likely resulting in more reliable and generalizable findings regarding the implementation and maintenance of corporate compliance programmes in Brazil. For instance, since only four companies of this study disclosed information regarding the difficulties they faced when implementing or reinforcing their compliance programmes, further studies would shed light on whether the difficulties they faced are widespread in Brazil or only restricted to a few companies. Such information could consequently help organisations to come up with practical solutions to address such difficulties, for example.

Since this study was generic and did not take into consideration companies' specific sizes, ages, lines of business, and locations, future studies could have more selective samples, something which would most likely result in more specific findings. For instance, a study could be conducted into the best compliance programme practices recently implemented by small and medium ("SME") software start-ups in the Brazilian state of São Paulo. Such findings would thus be extremely reliable for software SMEs located in other Brazilian states, for example.

The strategic sensitivity of the subject being studied – essentially how to prevent and combat corporate corruption and other misdoings in a country affected by high levels of corruption – was also a limiting factor in this study, since some companies refused to answer certain questions due to the alleged confidential nature of their possible responses, and one company even asked for its name to be concealed. Furthermore, some delicate questions, such as details of past involvement in corruption cases that may have encouraged the creation of compliance programmes, were not asked, in order to avoid embarrassment or void answers. Therefore, there is ample space for future studies to try and address this sensitivity barrier and gain more in-depth information regarding the influence that companies' past involvement in major corruption scandals had in their creation or reinforcement of compliance programmes.

Besides the above-listed generic limitations of this study, limitations regarding this study's data collection were also identified. The sensitivity of this study's topic, possibly allied to other factors, meant that only a few companies contacted and asked to participate in the study were responsive. Initially, only companies that integrate the Pro-Ethics Company Registry were contacted, but since only four of them agreed to participate in this study, a few companies that received high compliance programme and organisational transparency scores in Transparency International's 2018 study were also contacted. Of these companies, two agreed to participate in this study. Since this study's secondary data was solely constituted by data retrieved from companies that integrated the Pro-Ethics Company Registry - there were no publicly available written interviews on the compliance programmes of companies listed in Transparency International's study -, this meant that the study's data (both primary and secondary) was more than 70% retrieved from one single source (i.e. companies listed in the Pro-Ethics

Company Registry). Therefore, it would be possible to argue that the data collection process of this study was not consistent and that it would have been preferable for it to focus entirely on either information drawn from companies that integrated the Pro-Ethics Company Registry or from Transparency International's study.

Furthermore, regarding this study's primary data, it is possible to state that its gathering also lacked consistency to a certain extent, since two companies provided live Skype interviews, while four others answered written interviews. Therefore, the latter group was not able to speak as freely about their compliance programmes as the first two companies, even though they were all asked open-ended questions and asked to comment about any interesting aspects of their compliance programmes. This relative inconsistency was reflected in the amount of information retrieved from the companies: while information provided by the first two companies filled between 12 and 14 pages of data each, information provided by the other companies only filled up to eight pages.

Nevertheless, inductive qualitative studies such as this one are known for having credible yet more flexible data-collection methods. This is why the findings reaped from this study's data collection process should still be considered of value to future studies and companies in Brazil wishing to join the country's anti-corruption movement.

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APPENDIX 1: OUTLINE OF INTERVIEW QUESTIONS (PRIMARY DATA)

Generic questions

The generic questions below were slightly adapted to each of the six companies' realities, and were phrased in slightly different words and order.

- 1) When was your compliance programme implemented (in Brazil)? What was your company's major motivation to implement it?
- 2) How many people in total work in your company's compliance department in Brazil and how are they distributed throughout your different offices and regions (in Brazil or even abroad)?
- 3) Are there several regional compliance officers in your company or only one high-ranking compliance officer in charge of leading all compliance efforts in Brazil?
- 4) How does your company's compliance personnel/compliance officer interact with employees of other business areas, such as with managers from your sales and finance areas, in order to ensure that all business areas are being compliant to rules and regulations?
- 5) Did your company reap any benefits after it implemented and/or reinforced its compliance programme?
- 6) Did you face any difficulties in the implementation/reinforcement of your compliance programme? Do you face daily difficulties in its maintenance? And were there easy aspects involving the implementation/update of your programme?
- 7) Is there anything important/intrinsic to your compliance programme that you wish to highlight?
- 8) Does your company's upper management (board directors, high-ranking executives, etc) support and promote your company's compliance programme? If so, how?
- 9) According to Baker McKenzie (2018), the ultimate responsibility for ensuring a culture of integrity in a company lies in the hands of its board of directors. In your company's case, does your board constantly exchange information with its compliance area to ensure that the programme is effective?

10) Which measures does your board of directors take to ensure that your company's compliance programme is effective? Does the board supervise those employees responsible for managing your company's compliance programme (i.e. your compliance personnel)? If so, how?

11) By which business area is your company's risk assessment conducted? And how frequently is this risk assessment made? How long does it take to complete it?

12) Does your company's risk assessment take into consideration the risks intrinsic to Brazil and to your sector of operation, as well as the risks of conducting business with new business partners and the public sector? Which other risks are factored in?

13) Does your company conduct due diligence into its prospective employees and third-party business partners?

14) What would you do if, after conducting due diligence into a prospective third-party business partner, you found out that they had a history of involvement in misdoings (e.g. was listed on Brazil's National Registry for Sanctioned Companies; "CNEP")?

15) Do the contracts that your company signs with third-party business partners have covenants that protect your company from any illegal or unethical behaviour that they might commit? Is it possible for you to immediately terminate a contract with a business partner in case you find out that they are involved in corruption, for example?

16) Does your company have a set of controls in place to prevent fraud, corruption, and other misdoings? For example, (1) does your company quote products and services with several suppliers? (2) Does your purchasing area have clear policies to avoid favouring certain suppliers over others? (3) Is there a double sign-off process (i.e. more than one person must agree to a certain purchase and sign its request)? (4) Are new employees requested to disclose any shareholdings held in other companies?

17) Do you have controls in place that verify payments made to consultants, agents, charity organisations, corporate gifts, etc?

18) How do you ensure that your company's code of ethics for employees and third-party business partners are read by their respective target audiences? Are there summaries of these codes, considering that the original ones must be quite long? How often must they be read?

19) How does your company usually train its employees and third-party business partners on matters related to corruption prevention and tackling? How often do

training take place? Are they online or in person, and are their contents constantly updated and designed specifically for certain employees or are they more generic?

20) Do you give enhanced training to higher-risk employees, such as employees from your purchasing or finance departments or those who must deal with government officials or select suppliers?

21) In your experience, what kind of vehicle is more effective for training employees? (i.e. in person lectures given by high-ranking executives, internal television channels, computer “pop-ups”, etc)? And what kind of training is more effective for third-party business partners?

22) Does your compliance personnel oversee other business areas, such as your finance area, by asking them whether they have encountered any irregularities in the company’s accounts, for example?

23) How does your compliance area oversee the efficiency of your compliance programme throughout all offices across Brazil? For example, are managers from different offices asked to write monitoring reports on their local compliance efforts?

24) Does your company test its compliance programme by sending out online questionnaires on compliance to employees? Or is the programme tested in a different way?

25) Do your employees trust and use your whistleblowing channel? How many reports are made a month/year on average on this channel? Is the channel managed by your company or by a specialized third-party company? Is it located in Brazil? If so, does it offer its services in Portuguese?

26) How do you encourage your employees to use the company’s whistleblowing channel and report suspected ethic breaches?

Specific questions

The following specific questions were asked to the six companies after researching about them in media and on their respective websites:

27) Do you train members of your board of directors on compliance matters? (Radix)

28) Does your annual ethics week focus entirely on compliance-related topics? And would you say that this week constitutes Alubar’s main form of training its employees on compliance issues? (Alubar)

- 29) How often does Alubar's ethics committee have meetings? (Alubar)
- 30) On your website, you say that your compliance programme was updated in 2015, in line with changes brought about by the enactment of the Clean Company Act ("CCA"). What changes were made to the programme? (Siemens)
- 31) Was it easy for you to implement the compliance demands requested by the Office of the Federal Comptroller General ("CGU") - the Brazilian body with authority to address corruption issues in Brazil - that enabled you to integrate the Pro-Ethics Company Registry? (Siemens)
- 32) Were your company's compliance efforts reinforced after one of your executives was charged with corruption within the scope of Operation Zelotes in 2017? (Gerdau)
- 33) Your 2017 annual report shows that in 2017 you issued a policy containing clear guidelines on how your employees should deal with public officials. How did you promote this policy and train employees on it? (Gerdau)
- 34) Have you ever thought of trying to integrate the Pro-Ethics Company Registry? (Gerdau and Copel)
- 35) Can you tell me more about the annual training your company provides to employees on the company's code of conduct, CCA, and conflicts of interests? (Copel)
- 36) If most of your compliance employees are based in your headquarters, how do they promote compliance to employees located in other offices across Brazil? How do they promote and monitor the company's anti-corruption practices in the company's most distant offices, for example? (CompX)

APPENDIX 2: OUTLINE OF INTERVIEW QUESTIONS (SECONDARY DATA)

The questions below (and its answers) constituted this study's secondary data and were retrieved from CGU's website ("Entrevistas", 2017)

Radix:

- 1) What led Radix to include in its "code of ethics and conduct" procedures that determine that all meetings with public officials must be attended by several Radix employees (not only one) and only take place during working hours?
- 2) How was this code promoted among Radix's employees?
- 3) Why must basic details of meetings held by Radix's upper management be exposed on the company's website?
- 4) Which benefits do these compliance procedures bring to Radix?

ABB:

- 5) Why is it important for ABB's chairperson to promote the company's code of ethics and compliance policies and campaigns in person?
- 6) What led ABB's chairperson to launch the campaign "#Ibehaveethically"?
- 7) What benefits did such a campaign bring about?
- 8) ABB states that it is committed to a high standard of integrity and that it expects its employees to behave ethically in all the countries where the company is present. What kinds of ethical and integrity actions is the company involved in today? And how are the employees involved in these actions?
- 9) Which benefits did ABB reap from the implementation of its compliance programme?
- 10) How does ABB's whistleblowing channel operate?

3M:

- 11) 3M is one of the few companies that integrates the Pro-Ethics Company Registry. Which actions adopted by 3M led it to become recognised as an ethical company?
- 12) How does 3M's due diligence process into its stakeholders work in practice? And what is its aim?
- 13) This due diligence process takes into consideration Brazil's corruption perception index. Does 3M prioritize transactions with reputable business partners?
- 14) How frequently does 3M conduct due diligence into old business partners?
- 15) How relevant is 3M's whistleblowing channel?

16) 3M's code of ethics contains messages on ethics and integrity from the company's senior management. How exactly does senior management communicate with employees regarding compliance matters and why is such communication important?

17) Which benefits has 3M gained from integrating the Pro-Ethics Company Registry?

Chiesi:

18) What is your compliance event, referred to as "simulated interviews", like?

19) What motivated Chiesi to organise such compliance event?

20) How do these "simulated interviews" work in practice?

21) Was there anything in particular that led Chiesi to adopt such practice?

22) Which resources were necessary for the planning and execution of this event?

23) Which benefits did the event bring to Chiesi?

Granbio:

24) What are Granbio's views on compliance and integrity?

25) How has the company's whistleblowing channel helped Granbio to avoid conflicts and corruption among its employees?

26) What vehicles are employed to make employees and managers aware of Granbio's rights, obligations, and compliance rules?

27) Did anything change in the company after the enactment of the CCA? If so, what and why?

28) What led Granbio to start publishing online information regarding the company's shareholding structure and business model, as well as senior executives' curriculums?

29) Which benefits did this initiative result in?

Technew:

30) Technew is a small company. Why are integrity and anti-corruption such important themes within Technew?

31) What motivated Technew to create an internal channel where employees can clarify compliance doubts and send suggestions on how the company's compliance programme can be improved?

32) How does this channel work in practice?

33) Which resources were necessary for the implementation of your whistleblowing channel? Were there any financial costs for its implementation?

34) Which benefits has Technew reaped from its whistleblowing channel? How many unethical reports does the channel usually receive?

APPENDIX 3: THEMATIC ANALYSIS: SUB-THEMES AND THEMES EXTRACTED FROM THE DATA

Sub-themes	Themes	
Legislation-driven motivation	Incentives to implement a compliance programme	
Corruption-driven motivation		
Other incentives		
Easiness of implementing a compliance programme	Process of implementing a compliance programme	
Difficulties in implementing a compliance programme		
Benefits reaped from having a compliance programme	Benefits reaped from having a compliance programme (same as sub-theme)	
Leadership: compliance personnel, boards and committees' roles, senior corporate leadership, and compliance spread amongst all	Elements in common in compliance programmes	
Risk assessment		
Standards and controls: codes of ethics and other codes, due diligence and background checks, compliance covenants in third-party contracts, generic compliance controls, and financial compliance controls		
Training and Communication: annual training events, and training for specific employees		
Oversight: whistleblowing channels, oversight over training, other oversight measures, compliance committees, and testing a compliance programme		
Constant need for improvement		Constant need for improvement (same as sub-theme)