



University of Cologne
Chair of Corporate Development and Business Ethics

Advanced Seminar
Effective Compliance Management Systems
- A Behavioral Compliance Perspective -

Syllabus - Winter term 2015/16

Instructor:	Prof. Dr. Bernd Irlenbusch	
Team:	Dr. Julian Conrads	julian.conrads@uni-koeln.de
Time & Location:	Introduction	Wednesday, 28.10.15, 17:00 – 18:00, Room No.: 3.206 Universitätsstraße 22a (Studierenden Service Center)
	Block Seminar	Friday, 27.11.15, 09:00 - 18:00, Saturday, 28.11.15, 09:30 -15:00 Room No.: 3.206 Universitätsstraße 22a (Studierenden Service Center)

COURSE OVERVIEW

Compliance management in business practice often follows standardized frameworks. The German standard IDW PS 980 (Institut der Wirtschaftsprüfer in Deutschland), for example, requests a clear structure of how an organization should implement a proper Compliance Management System (CMS). Within these systems compliance management is separated into specific sub-categories which have to be addressed by business organizations.

The aim of this advanced seminar is to better understand the functioning of a successful CMS. Therefore, in a first step, the core elements of standard CMS shall be determined. Secondly, insights from behavioral compliance research shall be reviewed to gain general insights on individual (non-)compliant behavior. Thirdly, the following sub-categories of a CMS shall be specifically elaborated by referring to empirical and behavioral research: (1) Compliance organization and governance (e.g. ethics officers), (2) compliance programs (e.g. code of conducts), (3) compliance culture, and (4) measuring compliance.

!!! There will also be a presentation on the implementation of CMSs included in the course by consultants of Baker Tilly Roelfs – Competence Center Fraud • Risk • Compliance !!!

COURSE STRUCTURE

Each student chooses and elaborates one topic (see below). Participants give a presentation during a block seminar and write a final essay. In the presentation, students will have to explain and to discuss his or her chosen topic by the means of given research papers. In the final essay, the topic shall be further elaborated and enriched with further (academic) considerations. Practical implications have to be discussed. The seminar will be held as a block-seminar. An introductory meeting will be held beforehand where seminar requirements will be explained in detail.

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GRADING

Grades are based on: 1. Presentation at the seminar (40%), 2. Final essay (60%).

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COURSE LANGUAGE

English

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CREDIT POINTS

6 ECTS

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TOPICS AND LITERATURE

A. Compliance management systems from a (practical) business perspective

Topic 1. Overview: Determinants of a Compliance Management System

- Compliance Standards: IDW PS 980 and ISO 19600
- Parker, C., & Nielsen, V. L. (2008). Corporate compliance systems: could they make any difference? *Administration & Society*.
- Karpoff, J., Lee, D., Martin, G., 2008. The Cost to Firms of Cooking the Books. *Journal of Financial and Quantitative Analysis*, 43(3), 581-612.
- KPMG Compliance Benchmark Study 2013 & 2015

B. Behavioral Compliance Research

Topic 2. The psychology and economics of compliant behavior

- Alm, J., Kirchler, E., & Muehlbacher, S. (2012). Combining psychology and economics in the analysis of compliance: From enforcement to cooperation. *Economic Analysis and Policy*, 42(2), 133-151.
- Bazerman, M. H., 2014. Becoming a first-class noticer. How to spot and prevent ethical failures in your organization. *Harvard business review*, July-August.

Topic 3. Delegation and responsibility

- Bartling, B., & Fischbacher, U. (2012). Shifting the blame: On delegation and responsibility. *The Review of Economic Studies* 79, 67-87.
- Pahlia, N., Kassam, K. S., Greene, J. D., & Bazerman, M. H. (2009). Dirty work, clean hands: The moral psychology of indirect agency. *Organizational Behavior and Human Decision Processes*, 109(2), 134-141.

Topic 4. Conflicts of interests

- Cain, D. M., Loewenstein, G., & Moore, D. A. (2005). The dirt on coming clean: Perverse effects of disclosing conflicts of interest. *The Journal of Legal Studies*, 34(1), 1-25.
- Loewenstein, G., Cain, D. M., & Sah, S. (2011). The limits of transparency: Pitfalls and potential of disclosing conflicts of interest. *The American Economic Review*, 101(3), 423-428.

C. Compliance Organization and Governance

Topic 5. Compliance Officer: Role and responsibilities

- Treviño, Linda Klebe, et al. (2014). Legitimizing the legitimate: A grounded theory study of legitimacy work among Ethics and Compliance Officers. *Organizational Behavior and Human Decision Processes* 123.2 (2014): 186-205.
- Weber, J., & Fortun, D. (2005). Ethics and compliance officer profile: Survey, comparison, and recommendations. *Business and Society Review*, 110(2), 97-115.

D. Compliance Programs and Codes of Conducts

Topic 6. Components of an effective code of conduct

- Kaptein, M. (2011). Toward effective codes: Testing the relationship with unethical behavior. *Journal of Business Ethics*, 99(2), 233-251.
- Stucke, M. E. (2013). In search of effective ethics & compliance programs. *J. Corp. L.*, 39, 769.

E. Compliance Culture

Topic 7. Values and Mission: Determinants of a corporate culture and its relationship to ethical behavior

- Trevino, L. K., & Nelson, K. A. (2010). *Managing business ethics*. Chapter 5: Ethics as Organizational Culture. John Wiley & Sons.
- Kanter, R. M. (2011). How great companies think differently. *Harvard Business Review*.

Topic 8. Culture and dishonest behavior

- Cohn, A., Fehr, E., & Maréchal, M. A. (2014). Business culture and dishonesty in the banking industry. *Nature*.
- Gino, F., Ayal, S., Ariely, D., 2009. Contagion and Differentiation in Unethical Behavior: The Effect of One Bad Apple on the Barrel. *Psychological Science*, 20(3), 393-8.

F. Measuring Compliance

Topic 9. Measuring the ethical culture of an organization

- Kaptein, M. (2008). Developing and testing a measure for the ethical culture of organizations: The corporate ethical virtues model. *Journal of Organizational Behavior*, 29(7), 923-947.
- KPMG Integrity thermometer (2013)