

UNIVERSIDAD ESAN



What are the cultural challenges that Risk Management Professionals face when working in Latin American companies with an implemented risk management framework?

In collaboration with:



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Montpellier Business School – Montpellier, France

Research project presented in partial satisfaction of the requirements to obtain the degree of *Magíster en Administración* by:

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A handwritten signature in black ink, appearing to read "AJR", positioned to the right of the author's name.

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Master Program at ESAN: MBA

May 14th, 2021

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This Research Project

What are the cultural challenges that Risk Management Professionals face when working in Latin American companies with an implemented risk management framework?

has been approved



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“I’m grateful for always these moments, the now, no matter what form it takes”

Eckhart Tolle

To my family, I can never fully express my appreciation and gratitude of your support throughout all these years, and who never stop believing in me. Many thanks for always been my mainstay in every step I take.

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Table of Contents:

1. Introduction	p 1
2. Risk Origins	p 2
2.1 What is Risk	p 3
2.2 Uncertainty	P 6
2.3 Sources of Risk	p 8
3. Principals and Fundamentals of Risk Management	
3.1 Risk Management.....	p 10
3.2 ISO 31000 Risk Management Framework.....	p 12
3.3 Risk Management Process	p 13
3.4 Effective Risk Management	p 17
4. Global Risk Management Facts and Perspectives	p 22
4.1 Global Risk Management and Emerging Technologies	p 26
4.2 Latin America Perspective in Risk Management	p 28
4.3 LATAM Cultural Analysis	p 32
4.4 Literature Review Conclusion and Research Question	p 44
5. Research Methodology	p 40
5.1 Analysis Result – Social Context	p 46
5.2 Analysis Result – Organizational Context	p 49
5.3 Analysis Result – Use of Technology	p 52
6. Theoretical and Practical Contributions	p 53
7. Conclusions	p 57
8. Appendix A	p 59
9. References	p 68

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Professional who performs on a range of technical skills, abilities, knowledge and aptitudes related to engineering, risk management, IT and consulting. Furthermore, I have excellent interpersonal skills which makes me a good communicator and team leader. I am quick to grasp new concepts and ideas, and to develop innovative and provide creative solutions to problems.

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Cummins Inc.

Design, manufacture and distribution of engines, filtration, and power generation products. Leading the American diesel engine industry for commercial trucks, off-highway equipment, and railroad locomotives.

Latin America Risk Insurance Manager

September 2018 - Present

- Serve as internal expert and key resource for risk transfer solutions and insurance procurement for Latin American countries; communicates related corporate policies and procedures to Board Members and implements execution at all levels.
- Liaise with insurance regulatory agencies, carriers and brokers as required to ensure insurance admitted/non-admitted permitted compliance; identifies potential vendor partners and manages on-going vendor, partner, insurer, and consultant programs and contracts.
- Work closely with cross-functional business teams to develop a regional annual Risk Register and risk mitigation initiatives in order to cascade down Corporate initiatives and plans to a local level in different countries.

ABB México SA de CV

Manufactures and sells electrification, industrial automation, and robotics and motion products for customers in utilities, industry and transport, and infrastructure worldwide.

Country Risk Insurance Manager

November 2011 – January 2017

- Implement good practices on operational risk control and prevention at all levels in the organization. I also served as a liaison between BU, local Brokers and Insurers by reviewing corporate contracts, managing claims, negotiating local insurance contracts and calculating final settlements.
- In charge of the Enterprise Risk Management (ERM) program at a country level, in order to define at least 5 annual strategic plans aimed to mitigate budget negative effects on BU/Departments.
- Develop new risk transfer methods to reduce company's Total Cost of Risk.
- Coordinate external risk audits and inspections from Zurich Risk Engineering on 4 different manufacturing sites in the country. Obtaining an Excellent grading rate to achieve a 50% reduction on annual premium costs.
- Implement over 20 Business Continuity and Disaster recovery plans across different business units, internal departments and subsidiary branches in Mexico.

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Global leader in assurance, consulting, strategy and transactions, and tax services. Member of the Big 4 accounting firms in the world.

Senior Risk Advisor

January 2007 – January 2010

- Provide business advisory, process improvement and internal audit services to key account companies on the automotive, manufacturing, banking, capital markets, construction and consumer goods sectors.
- Assess client's compliance to statutory and regulatory requirements, assessing key contracts terms and conditions, reviewing policies, procedures and work instructions of different departments as per internal control and SOX standards.
- Elaborate risk-control matrixes, testing both operational and financial controls effectiveness, and performed fraud investigation audits as well as forensic data analysis.
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EDUCATION

ESAN GRADUATE SCHOOL OF BUSINESS 2017 – Present

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ITESM - Instituto Tecnológico y de Estudios Superiores de Monterrey 2001 - 2006

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Executive Summary:

While organizations are concerned about threats and uncertainty in their business objectives and goals; risks also represent rewards and opportunities. In simple words risk could be considered simply as random events that could go wrong. Although there isn't a specific definition from a risk management perspective, individuals and organizations face it every day either empirically or in the best cases through analytics. Unfortunately, risk definitions vary depending on the context and framework where it is applicable. Authors have denoted a distinction between objective and subjective risk. Thus, multiple sources of risk are present in organizations and due a changeable and dynamic economy highly influenced by trends in globalization, businesses and companies face permanent exposures to traditional and common risks but also to emerging ones, which if not properly identified and managed, could represent a real threat for their growth and subsistence.

Risk attitudes are determined on individual, familiar, social, and corporate beliefs that are inherent in the nature of the business and organizational culture influencing risk management effectiveness. Risk management varies depending on the region where it is implemented, different variables come on stage as well as local laws and regulations. Companies face several challenges when it comes into aligning local policies versus corporate guidelines.

Organizations and countries also analyze risks at higher levels in economy, finance, security, health and geopolitical perspectives. As global economy becomes more connected, countries and region interactions and business affairs can quickly impact each other, for instance country leaders, investors, NGO's, risk and credit rating agencies and financial institutions develop risk reports, surveys and data analytics targeting audiences interested in understanding and reducing exposures to credit and fiduciary risks, natural catastrophic events, currency and interest rates volatility, political instability, complying with laws and regulation and others

Senior Management plays a key role to assure a mature risk management culture, however employees from all levels must also participate actively to learn and apply risk methodologies and frameworks. Their success is not determined by either the type implemented nor the interactions among several departments, but by the level of maturity of the resources and tools in place, taking in consideration the organizational culture integration, leadership and commitment, integration with departmental managerial practices and systems, risk management capabilities and reporting and control mechanisms.

Latin America represents a singular case of analysis as its socio-economic reality influences in the performance of international risk management practices and standards. This region also faces the challenges of making organizations aware of risk management practices to be less vulnerable and more profitable. However existing policies, processes and procedures are not mature enough to define a continuous risk management system. Culture and the lack of engagement from individuals are noted as the main constraints for implementing effective risk management frameworks in Latin Organizations.

For instance, we will explain how cultural behaviors within a country impact on the performance and acceptance of risk management practices in organizations established in Latin America. In this paper we will also discuss how Latin culture defines the tone of risk management best practices and outcomes within transnational companies which operate under different risk management frameworks.

1. Introduction

Be in nature, businesses, projects and at an individual view, risk and uncertainty exist and are commonly related to negative events. Risk management has been practiced since the beginning of mankind, where our ancestors dealt with the dilemma of expecting something in return if taking risks. Hazards and rewards were part of their analysis back in the days. It was until century 19th where the concept of corporate risk management was formally observed and ever since it has become as a reliable source for addressing risks in organizations around the world. Having multiple standards in different countries, ISO 31000 is be the most accepted risk framework in America. It is an international accepted standard, there are room for improvements in companies all around the world, especially if taking into consideration culture and technology as a source of variation. In the specific case of the Latin America (LATAM) region the situation is not that different, in fact cultural habits and traditions play a critical role for achieving success in companies operating under risk frameworks.

From a cultural point of view, LATAM countries are characterized for not adopting the best risk management methodologies, causing entities, societies and individuals to face unnecessary risks. Sometimes due ignorance or lack of resources, a few others trigger by negligence but in most cases because people need to find ways for creating value and gain profits, especially in informal economies. Sadly, in LATAM 30.2% of population live in poverty, and an additional 10.2% are extremely poor (Fernández 2019). Education is also an important aspect to analyze as Latin American schools and universities do not have a great offer in risk management courses and careers. Thus, traditions and behaviors are then present in an organizational context where companies with robust, mature and integrated risk models observe the effects of such variables in their processes and procedures. Employees discipline and attitude towards authority and rules established, play against local management expectations when analyzing the overall performance of their own risk methodologies, systems and models.

Synergy and coordination among corporate offices and companies based in Latin America are also an interesting field of analysis. Having multiple departments in charge of risk activities, leads to several reports addressing risk and with a null or very limited use of technology. For instance, risk management might turn into a discipline not fully adopted nor perceived with the potential of creating value added.

In this paper we will discuss how Latin culture defines the tone of risk management best practices and outcomes within transnational companies which operate under different risk management frameworks.

2. Risk Origins

Since early beginnings of mankind, it is been said risk was present in humans' insight when performing any given activity. From primitive and basic instinct decisions to survive made 2.5 million years ago, to develop complex finance models able to predict risk, calculating return on investments made or forecasting expected revenues in tough markets. We might argue Risk is part of any business decision made in life. However, risk has also more traditional and religious approach when analyzing ancient cultures beliefs and behaviors.

Even though ancient civilizations developed and evolved surrounded by ideas with a center-oriented approach on natural scenario analysis and holistic perspectives of reality and truth, they were attached to a more balanced and realistic approach of interactions among opposites as well to several threats and opportunities present in life. Thus, earlier conceptualization of faith, religion, destiny and transcendence have considered and included decision making dilemmas summarized on maximization of gain or minimization of loss, in most cases largely influenced by universal ancient philosophies and beliefs. Risks are outcomes of what is perceived as hazardous, while rewards are the opposites. In the same context a hazard is an enabler to risk and is linked to a situation, event or circumstance with a possible loss, which may bargain a profitable scenario. On the other hand, opportunities are causals for a reward or benefit with a likely positive effect on different life and business situations and are considered rewards.

In modern world Corporate Risk Management practices and philosophies were hardly accepted and adopted in organizations as part of a living working culture. Companies cared about being profitable as a mean to expand and diversify but at the same time should satisfy and meet stakeholders demands. For instance, financial risk was much more perceived in the minds of Shareholders, Board of Directors and Company Leaders. In later years, the interest of the practice expanded to other areas with an emphasis on risk transfer and mitigation. As described by Dionne (2013), in early 1950's insurance risk was very recurred by corporations to face natural catastrophes, personal accidents, bad business

decisions and even fraud or negligence acts. Managers realized insurance risk besides being transferred and shared, could also be prevented and have their impact reduced through loss prevention and control programs. During the 70's companies also started to reconsider why financial risks were not attacked in a similar way than hazard, natural and operational risks. Therefore, exchange rates, commodity prices, interest rates and stock prices became also part of risk analysis so as financial derivative products like commodities, securities, forwards, futures, options and swaps. One of the main challenges for management was to decide which and how much of risks should be retained through own resources and how much should be offset through external parties. With existence of derivatives companies required to design new controls and establish new procedures to calculate risks pricing, as well to ask for support from banks specialized in financial services and products.

At this point in history companies acknowledged both insurable and financial risks, ranging from purchasing insurance to using derivatives to hedge financial risks. Combination of both perspectives also helped to develop new risk transfer products that are commonly used nowadays in corporate business.

2.1 What is Risk?

The origins of the word "risk" are attributable to both Arabic and Latin languages (Kedar 1970). In Arabic "risq" means "anything that has given to you and from what you can get a profit under the assumption of fortuitous and favorable outcome. In latin "riscum" refers to the challenge that a barrier reef presents to a sailor". There is also a different connotation in greek for the word "risq" denotes the chances of outcomes with neither positive nor negative implications. The modern French word "risqué" has mostly negative connotations and in English "risk" refers to be exposed to danger, it was not until the eighteen century when it appeared in insurance transactions (Agapiou, Flanagan and Norman 1993). Over time the meaning of this word changed from describing an unexpected outcome to one describing undesirable outcomes and their chance of occurrence. In specialized literature the term is applied to refer a measurement of the chance of consequences, its size and the impact of a combination. Gratt explained that in order to define risk, its components and chances of negativity should be estimated based on the expected result

of the conditional probability of the event occurring times the consequences of the event given that has occurred (Gratt 1987).

In simple words risk could be considered simply as an event that could go wrong, there is no a specific definition in risk management practice for this concept (Altman 2012). Unfortunately, definitions vary depending on the context and framework where it is applicable, however authors have denoted a distinction between objective and subjective risk (Knight 1921). The National Fire Protection Agency (NFPA) defines risk as the possible harm that might occur represented by the statistical probability or quantitative estimate of the frequency or severity of injury or loss resulting from exposure to hazards; the Project Management Institute (PMI) defines it as an uncertain event or condition, that if it occurs, has a positive or negative effect on a project objective, International Organization for Standardization (ISO) describes it as the “effect of uncertainty on objectives” which focuses on the effect of incomplete knowledge of events or circumstances on an organization’s decision making, and the Institute of Risk Management (IRM) defines it as the combination of the probability of an event. Therefore, risk significance and application are variable when analyzing different environments, practices, subjects or areas of expertise. However, best practice standards handle risk as a potential for a gain or a loss driven by uncertainty (Hessami 2019). Even standards have numerous definitions and scopes for risk depending on the topic discussed, the technical approach and variables involved. Aim to consider possible definitions of risk under any context inside organizations, four main attributes could be considered (Roggi 2008):

1. Sociological and psychological. The element of human expectations denotes a potential negative effect on an asset or a person which then could arise from activities in progress or future events.
2. Insurance. Risk understood as the aggregate of possible threats. This attribute presents a partial cross section of risk because it only analyzes negative outcomes, also known as pure risks that are analyzed on two different scenarios. First considering financial losses and others were effects are neutral with no consequences.
3. Statistical Financial. Risk is analyzed as the standard deviation of a defined variable from the expected value.

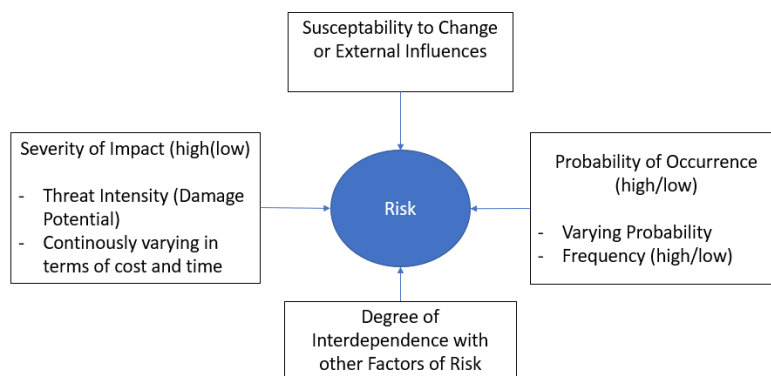
4. **Managerial.** Effects on managerial decisions are studied for situations where risks raise from uncertain event in future strategic and financial situations

Despite the nature, background, effects, exposure and rationalization of different standards and authors opinions, risk will always be an inherent element of these variables resulting in what usually is considered a negative outcome for individuals, groups, communities or societies.

Other authors believe and describe risks and hazards as opportunities, for example in ISO 31000, opportunities could lead to the adoption of new practices, launching new products, opening new markets, contacting new customers, establishing partnerships, using new technologies and other desirable and feasible possibilities to address organizations needs or those from its customers. Analyzing hazards and opportunities existing in life is the starting point to deal with risks and rewards. If properly analyzed and assessed by using critical thinking and making rational decisions, organizations can get the most desirable outcomes and benefits from this approach. Typically, hazards are transformed into a catalog of risks and opportunities into rewards, respectively. The outcome is a range and scale of risks and rewards that balance stakeholders' decisions.

Since risk definition, meanings and interpretation will always range from negative to positive, Allen (1995) proposed four main elements in the risk language for understanding and defining risk: probability of occurrence, severity of impact, susceptibility to change and degree of interdependency with other factors of risks, if any of these parameters is missing an event cannot be categorized as risk.

Elements in Risk Language for Understanding and Defining Risk



Allen (1995)

Models play an important role as they help analysts by defining a guidance and reference when determining risks but also for avoiding applying personal judgement and intuition.

In the same way serve as means for effective communication, risk identification, classification, analysis and response. They provide the basis for frameworks and standards that lead to particular fields of analysis, subjects of interest and special risk practices.

2.2 Uncertainty

Risk and uncertainty are commonly related in any event occurred, authors like Merna and Faisal (2005) refer as a main difference that a risk is statistically predictable, and uncertainty is an unpredicted variability present in nature. On the other hand, Lifson and Shaifer (1982) considered both terms to come up with single definition for risk “The uncertainty associated with estimates of outcomes”. At an economic level, uncertainty makes impossible for organizations to achieve a future evolution since economic agents will become more evasive, creating limitations on investments. No investors will like to participate in an economy, where there is no certainty that their investments will be recovered. From a statistical perspective, uncertainty makes it impossible to determine the causes that originate a specific effect, so only randomness and probability should be taken into consideration.

According to Hetland (2013) the following assertions simplifies the description for uncertainty:

- Risk is an implication of a phenomenon being uncertain
- Uncertainties and their implications need to be understood to be managed properly
- Implications of a phenomenon being uncertain may be desired or undesired

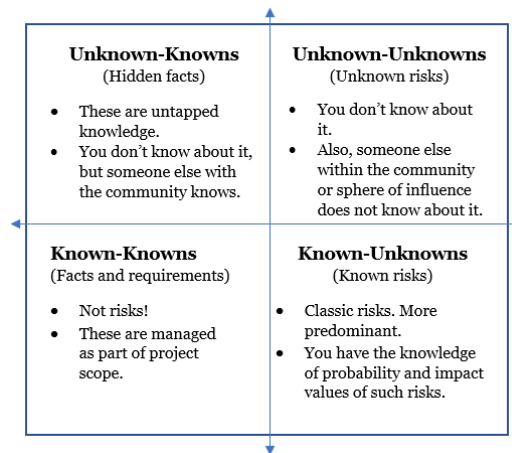
On the other hand, other trends think of risk in three different categories unknown-knowns risks, known- unknowns and unknowns-unknowns. A separate category is also considered to what is called known-knowns, however these are not categorized as risks since they relate to facts, data and information already quantified and identified (Yogi 2019) so advanced planning is possible.

Unknown-Knowns: Refer to risks where organizations are aware of but decide not to analyze them under a rationalized decision or not. Usually in risk management this category is not acceptable as all risks known should be managed.

Unknown-Unknowns: Refer to risks where neither the probability of occurrence nor likelihood of effect are known. It is common that these are related to force majeure events

meaning they relate to situations which are so unexpected, so they would not be considered for further analysis.

Known-Unknowns: These refer to risk events whose occurrence is predictable and foreseeable with either their probability of occurrence or effect likelihood known.



Uncertainty is present in situations where decision makers do not have all information or knowledge needed when making a decision. Merna (2011) proposed two different types of uncertainties, one triggered from situations of pure chance also known as “aleatory uncertainty”; the second is the uncertainty arising from a problematic situation where the resolution will depend on a judgmental decision, also known as “epistemic uncertainty”. The distinction between epistemic and aleatory uncertainties leads to a significant adjustment of the traditional risk analysis methodology as they take into account: the information collection on input parameters, propagation of uncertainty through a model, extraction of useful information and finally making a decision.

RISK		UNCERTAINTY
Quantifiable	→	Non-quantifiable
Statistical Assessment	→	Subjective Probability
Hard Data	→	Informed Opinion

Risk-Uncertainty Relationship (Rafferty 1994)

Overall risk is preferred over uncertainty because it is perfectly measurable. It allows to set clear expectations from all possible outcomes. Although the outcome is also uncertain, organizations have a better idea of what they face as they know the possible options. Risk

is manageable even if results are not under control, the main difference is understanding the possible options and their probabilities (risk), or not (uncertainty). Sometimes organizations avoid uncertainties and omit to analyze dangerous scenarios due the lack of forecasts and data, meaning they accept only established risks. A mature risk management should be aware of the resources compromised and consider available alternatives to take an advantage. It doesn't matter if it's against risk or uncertainty, a proven fact is that companies feel more secure and comfortable dealing with known facts and figures, so a big mistake is not to pursue new challenges for setting in a comfort zone. A prepared and mature management must be willing to face uncertainties and calculate risks in order to make the right decisions in benefit of the organization and its stakeholders.

2.3 Sources of Risk

Multiple sources of risk are present in organizations and due a changeable and dynamic economy highly influenced by trends in globalization, businesses and companies face permanent exposures to traditional and common risks but also to emerging ones, which if not properly identified and managed, could represent a real threat for their growth and long term survival. Sources of risk are catalogued and summarized in the following table:

Common Sources:

Source	Uncertainty Due of...
Political	Government Policy, public opinion, changes in ideology, dogma, legislation, regulations, disorder, (war, terrorism, riots), etc.
Environmental	Contaminated land or pollution liability, nuisance, permissions, public opinion, internal/corporate policy, environmental law or regulations, etc.
Planning	Permission requirements, policy and practice, land use, socio-economic impacts, public opinion
Market	Demand, competition, obsolescence, customer satisfaction, fashion
Economic	Treasury policy, taxation, cost inflation, interest rates, exchange rates
Financial	Bankruptcy, margins, insurance, risk share
Natural	Unforeseen ground conditions, weather, earthquake, fire or explosion, archeological discovery

Project	Definition, procurement strategy, performance requirements, standards, leadership, organization (maturity, commitment, competence and experience), planning and quality control, labor and resources, communication and culture
Technical	Design adequacy, operational efficiency, reliability
Regulatory	Changes by regulator
Human	Error, incompetence, ignorance, tiredness, communication ability, culture, etc.
Criminal	Lack of security, vandalism, theft, fraud, corruption
Safety	Regulations, hazardous materials, collisions, collapse, flooding, fire and explosion
Legal	Those associated with changes in legislation, laws, statutory requirements

Risks can be specific to a corporate level such as political, financial and legal risks. At a strategical business level economic, environmental, market and Information Technology/Information Systems (IT/IS) risks should be assessed. Project risks may be aligned to corporate objectives and in other cases they can be managed separately. Risks related to technical, health and safety, operational and quality areas are considered in the analysis made by the organization.

Sources of risk take a more notable relevance when affect the business performance moreover when their impact is significant in the results. Early identification of sources of risk might lead to early identification of risks impacts. Therefore, risk mitigation plans could be implemented to prevent occurrence of risks or reduce the effect of their occurrence.

3. Principles and Fundamentals of Risk Management

3.1 Risk Management

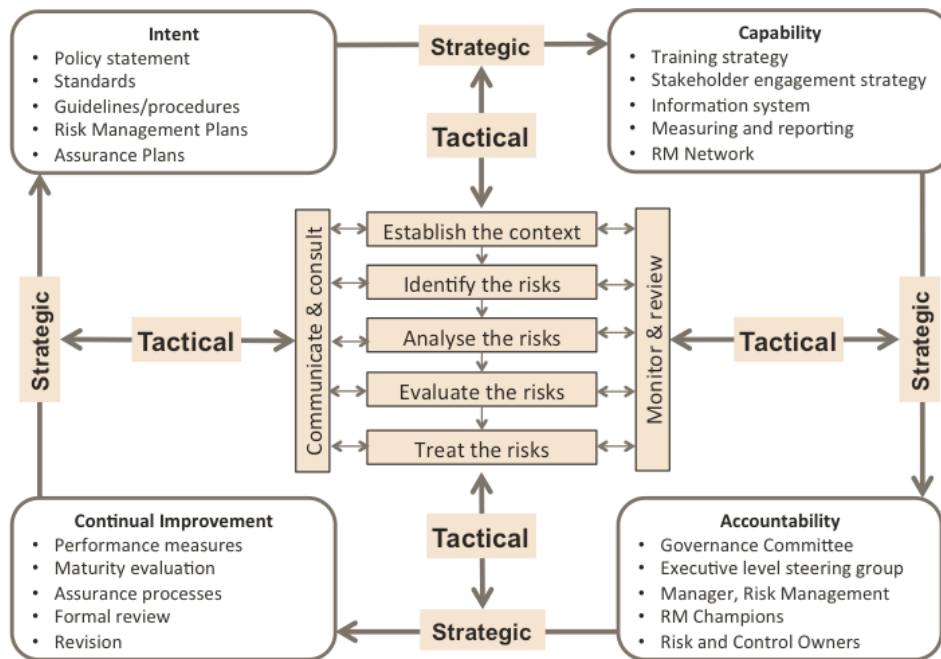
As we know, Organizations face a wide range of risks that can impact the outcome of their objectives and operations. Events that could impact an organization may inhibit what they are trying to achieve (hazard risks), enhance that aim (opportunity risks), or create uncertainty about the outcomes (control risks) (Hopkins 2012). In the same way, a risk management model should offer a systematic approach for evaluating, controlling and monitoring them; however, it cannot take place apart from existing systems and frameworks inside organizations. The combination of risk management processes, together with other frameworks for governance, internal control, continuous improvement, quality assurance and value creation models could lead to a successful implementation of a risk management standard. Hopkins considers several risk management standards including the IRM Standard, the British Standard 31100, COSO ERM, APM 2004, PMI, ISO 31000, as well as the Australian/New Zealand Standard AS/NZS 4360. Despite standards aim to identify, measure and monitor risks, they take an independent approach for this purpose as their guidance material was issued considering different regional needs, they share some common elements but each one takes a slightly different approach. In fact, there is no single commonly-accepted risk management standard for best practices as they cover different levels of risk. Ranging from corporate governance through strategic portfolio management, to projects and activities. Attempts have been made to standardize the language and criteria used in the standards (Raz, T. & Hillson, D), as an example ISO 73 was created as a solution to integrate all standards into a common reference point for the terminology to be used. Although standards are applied in organizations all over the world, for the purposes of this research, we will refer to ISO 31000 as the main framework for analysis.

ISO 31000 can be adopted by any organization of any size or industry. Whether it is public or private organizations and also can be applied to any type of risk. The standard acknowledges that organizations operate in situations of uncertainty driven by external or internal variables. Thus, when they try to accomplish their objectives there will always exist a chance of failure if results don't turn according to planned. Since risks will always exist these should be properly identified to reduce uncertainty and manage then by following a systematic risk management approach (Damodaran 2008). Under the same context, uncertainty is also present when: complete or enough information is not provided,

data is missing about how events may develop, consequences or impacts of certain events are not measured, or if probabilities of results do not go as expected. ISO provides elements to reduce uncertainty and risk effects if data is analyzed to make better decisions. According to ISO standard some of the benefits of implementing a risk management environment in organizations are the following:

- Increase the probability for objectives to be achieved
- Improve Organizations' ability to identify threats and opportunities
- Establish a solid foundation for planning and decision making
- Assign effective resources for risk treatment
- Improve operational efficiency and effectiveness.
- Encourage staff to identify and address risks
- Improve risk management controls
- Improve effectiveness of Directors and Officers management
- Minimize losses
- Encourage and support continuous learning
- Comply with legal requirements.
- Improve Stakeholders confidence
- Improve Organizations resilience
- Improve loss prevention and incident management activities
- Facilitate Environment, Occupational Health and Safety (EOHS) management and reduce accidents

3.2 ISO 31000 Risk Management Framework



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Based on the above model, Risk Frameworks help administrators to have a better perception on how risk and opportunities can be managed in strategic planning, reviewed and approved, executed in accordance with Organization initiatives and monitored for optimal operational performance. Frameworks are generally based on ISO 31000:2018 principles and guidelines which are adapted into companies' mission, vision, culture and common practices (ISO 2018).

Risk Frameworks consider the following items:

1. Risk Communication and Consultation: Must be present throughout the Risk Management process as part of a continuous plan for understanding, detecting, managing and updating risks.
2. Risk Review and Monitoring: Continuous monitoring and verification on risks status, description and grading.
3. Strategic Context Definition: Setting basic parameters for managing risk as well as defining the scope and criteria to be adapted in all processes.

4. **Risk Identification:** Organizations should be capable for identifying on a systemic approach risks inherent to the business, causes and potential effects if materialized.
5. **Risk Analysis:** Define and calculate the likelihood of occurrence for a risk and its impact of losses caused. Some organizations also take into consideration risk appetite when performing this analysis.
6. **Risk Assessment and Categorization:** Results obtained from risk analysis must be compared with company's objectives and tolerance limits in order to set priorities for its treatment, and finally to implement appropriate management policies.
7. **Risk Management Policies:** After risks have been identified, classified and evaluated, it is recommended to establish risk management strategies, which are divided in four different categories: risk transfer/sharing, risk acceptance/retention, risk mitigation and risk avoidance.

3.3 Risk Management Process

1. **Communication and Consultation:** One of the key elements continuously observed in the process for risk management is communicating with stakeholders to understand their participation and role in different processes and departments within organizations, ensuring at any time that causes and effects of risk are properly identified, as well as the measures adopted to manage them. Understanding stakeholder objectives and expectations is one of the most important activities to take into account as a recurrent activity in risk management. By doing it, stakeholders' involvement and participation becomes of great interest when defining a risk strategy, risk appetite and criteria.
2. **Monitoring and Review:** It is intended for detecting emerging risks and other exposures arise from changes in the organization objectives and environment. When defining its context both internal and external parameters should be considered as

part of the Risk Management analysis. In the same way areas and departments in organizations must provide objectives, strategies, scope of work and key indicators parameters to validate proper monitoring activities.

3. Risk identification relates to the application of a systematic process to understand what could affect the organization. For instance, a comprehensive identification and recording of risks is critical to reduce chances of missing risks in further analysis. The risk identification process should cover all risks at all levels, promoting inclusive mechanisms, aim to gain participating from stakeholders at all levels, not only from Directors, Managers or Senior positions.
4. Risk analysis is focused in developing and understanding each risk, its consequences, and the likelihood of those consequences. Analysis can be qualitative, semiquantitative, quantitative, or a combination of these, depending on the circumstances. No matter that approach is selected to analyze risks, these are effective as long as consequences and likelihoods are expressed and combined to represent a level of risk that reflects the exposure and purpose of the assessment.
5. Assessing Risk: The core purpose of risk management involves preparing and conducting risk assessment analysis which lead subsequently to risk treatment. This process starts by defining organizational objectives, metrics, tolerances and appetite. It also sets the external and internal factors that could affect goals performance and efficiency. This step is what some authors define as defining the context in a risk management framework. According to ISO 31000, risk assessment considers three fundamental steps: risk identification, risk analysis, and risk evaluation.

Good quality information is important in identifying risks. Usually a reliable starting point for identifying new risks are historical information about losses inside the organization or occurred in peer companies (Mignola, Giulio; Ugoccioni, Roberto 2006). Likewise having discussions with stakeholders about historical, current or rapid developing issues, data analysis results, economic information, business strategies can provide important information. In the same way, strategic analysis tools like Strengths-Weaknesses-Opportunities-Threats (SWOT), event trees,

pareto diagrams, Failure Mode Effect Analysis (FMEA), Global Economical-Political Benchmarking, Technological Developments and compliance with Environmental and Legal laws and regulations are crucial for obtaining useful risk related information. Other departments like IT, EOHS, Security or Quality already have implemented their own risk methodology so there is no need to start from zero but to consolidate their finding in a centralized risk register document. The risk identification process needs to be repeated as these sources of information change and new information becomes available. The analysis might indicate that risks are either high, medium or low, however risk evaluation determines the risks that should be treated first so it is necessary to enable the most logical prioritization of treatment actions.

ISO 31000:2018 recommends considering under this stage:

- Likelihood of events and consequences;
- Nature and magnitude of consequences;
- Complexity and connectivity;
- Time-related factors and volatility;
- Effectiveness of existing controls;
- Sensitivity and confidence levels.

Most common risk management practices in organizations focus in analyzing the effects between Likelihood of events and consequences related for obtaining a simple parameter for managing risks listed and detected (Curtis, P. & Carey, M. 2012).

Likelihood x Consequence = Risk Severity

- Likelihood could be a prediction, a calculation or an estimate based upon information available, records and data collected from past events, it tells how probable it for a risk event is to be materialized. Ranges vary depending on the standard applied and particular needs in a company. Likelihood criteria may range from “Not Likely” to “Almost Certain”. This criteria need to be adjusted to fit the organization structure and objectives.

- The consequence, impact or effect of a risk event is a calculation made out of estimating a loss or gain as the result of a risk event being materialized. Effect can be both beneficial or harmful to the objectives of the organization. From a risk management perspective this is generally described in terms of negative outcomes to the entity. The Impact scale vary among organizations but the most common is a five-point scale described as very low, low, moderate, high and very high. Numerical scales or ranges are also used.
- Risk severity is the calculation resulting from the allocation of likelihood and risk rating, generally through the use of a risk matrix where risks are categorized as low, moderate, high or extreme. An additional tool for measuring and displaying risk ratings, could be a heat map which is made of two-axis matrix that sorts likelihood from lowest to greatest on the vertical axis, and consequences on a horizontal direction following the same criteria from lowest to greatest.

		Risk heat map				
L \ C		Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain		Yellow	Yellow	Yellow	Red	Red
Likely		Yellow	Yellow	Yellow	Yellow with X	Red
Possible		Light Blue	Yellow	Yellow	Yellow	Red
Unlikely		Light Blue	Yellow with X	Yellow	Yellow	Yellow
Rare		Light Blue	Light Blue	Light Blue	Yellow	Yellow

Australian Government. Department of Finance

- After risks have been analyzed and calculated considering their likelihood vs consequence effect, risks are displayed in the matrix in their corresponding position and are also known as inherent risks. In addition, it is recommended to include information about organizations' appetite and tolerance for risk. Matrixes can also show management appetite towards existing risks and reflect the desired level of exposure.
6. Risk evaluation then involves deciding about the level of risk and the priority for attention through the application of the criteria defined. In this phase management determines the tolerability of each risk. Sometimes organizations decide that risks above certain level of severity are unacceptable, in these cases immediate plans must be designed to manage them.

7. Risk treatment is the process of evaluating determined risks by analyzing where existing controls are improved, or new controls are developed and implemented. An evaluation and selection of options for managing risks is made for prioritizing and planning how to treat the most critical risks

ISO 31000 provides a set of general options to be considered for treating risks:

- a) Avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk.
- b) Taking or increasing the risk in order to pursue an opportunity.
- c) Eliminating the source of risk
- d) Changing the likelihood
- e) Changing the consequences
- f) Sharing or transferring the risk with another party or parties
- g) Accepting the risk by an informed decision

3.4 Effective Risk Management

Organizations should assure that any person and according to their role, knows the organization's risk strategy, risk priorities and main objectives. Board and Directors responsibilities include ensuring company's mission, values and culture are communicated and understood throughout organizational internal and official communication channels. In the same way, they are also responsible for communicating risk management and internal control philosophies, policies and expectations internally and externally to all stakeholders involved. The process of communication and consultation should not become an independent stage running apart from standard processes, methodologies and strategies but runs through the whole chain of value as well as in the corporate governance. This process is key because stakeholders make their own analysis, judgments and interpretations about

risks perceived or faced on a day to day basis, for instance these should be identified, registered and integrated into a decision process.

According to Shortreed, Craig and McColl (2000) the role of acting as risk managers belongs not only to the Board of Directors but to everyone who is linked to it, as they act as risk managers in particular moments by taking risks when making decisions. Decisions are daily operations present while performing a job, when selecting suppliers, changing a layout in a shop floor, deciding about investments, making quality improvements, authorizing payments, invoicing customers, selecting the best companies to acquire, and so forth. There are different levels of responsibility and exposure when making risk management decisions within organizations. If having implemented a solid risk management framework, a continuous and more realistic representation of risk behavior will be available for decision makers, meaning that changes and threats will be easier to identify and communicated inside and outside of the organization.

An effective and integrated framework is complex to design as the larger the organization is, the more resources, functions and departments needed to achieve a solid risk culture. The three levels of risk management functions proposed by Shortreed, Craig and McColl (2000) are the following:

1. Corporate management: Mid and long-term strategies are proposed, and decisions are streamlined to the levels below. At this level, organization's risks are analyzed and adjusted to meet the goals and objectives defined by the Board and at the same time they also try to reduce inherent risk making it acceptable and cost-effective.
2. Policy and Program Planning: Policies and guidelines are designed and based on exposure analyses. At this level common "risk management" practices are carried out in an organization.
3. Operations: Procedures, activities and tasks are defined to prevent and detect risks based on day to day operations where services, goods and products are delivered. The risk balance in the organization is realized through balancing risks vs opportunity and at the same time reduce them to an acceptable and cost-effective level.

CORPORATE	FUNCTIONS	CRITERIA
STRATEGIC MANAGEMENT	• Decision-making	• Corporate Objectives
	• Monitoring	• Capacity
	• Stakeholder Relations	• Trust of Stakeholders
	• Context	• Transparency
		• Flexible-Consistency
		• Budget
POLICY & PROGRAM PLANNING	• Preliminary Analysis Identification	• Cost-Effective
	• Risk Analysis	• Stakeholder Acceptance
	• Risk Treatment Options	• Uncertainty Explicit
	• Evaluate Risk and Risk Treatments	• Reasonable Relationship
		• Precautionary Principle
		• Comprehensive
		• Achieve Operational
OPERATIONS	• Implement	• Plan
	• Quality Control	• Correct Failures
	• Programs and Products to Reduce Risk	• Continuous Improvement
		• Customer Satisfaction

Shortreed, Craig and McColl (2000)

A formal and effective integration of risk management into organizations' core principles requires recognizing the existence of uncertainty as an inherent part of all processes and departments, aligned with proper interfaces to current business resources and tools. In addition, there should exist a strategic risk-based thinking within the organizational culture. Setting a risk philosophy at senior management levels, and much of the value of implementing risk management can be diluted or lost if decision makers (risk managers at different levels) do not properly take account of risk. Hilson (2016) stated that risk management must be seen as an integral part of businesses and become "built-in not bolt-on", a natural feature of all project and business processes, rather than being conducted as an optional additional activity. At a lower level and aim to make the entire organization benefited from implementing risk strategies and processes, these should also become fully integrated at planning and operational levels. Without this integration, chances for not

using risk management properly or completely are high leading to gaps and missed opportunities from making adequate risk assessments.

Despite risk management frameworks are implemented and reviewed among departments, processes are properly managed and improved, and the roles and activities are well defined within organizations; analyzing risks effects and uncertainty is an activity where errors and omissions can take place in humans, tools, systems or sources of information. To reduce the probability of measuring and interpreting data incorrectly, Hilson stated analysis and clarification could be improved by:

1. Development of better tools, techniques and methods, with improved functionality, simple and friendly user interface, and improved integration with existing infrastructure.
2. Use of advanced information technology capabilities to enable effective knowledge management and learning from experience i.e. using AI, expert systems or knowledge-based systems to permit new types of analysis.
3. Development of existing techniques and methods adapted other disciplines for application within the risk discipline i.e. value stream mapping, quality management, theory of constraints, root cause analysis, safety, etc.

Developments in risk management must consider the abovementioned improvements but also combined them with behavioral variables to make the most of these, there is room for perfection in generating input data from a human factor perspective and using it for risk process analysis prior interpreting outputs. This becomes of vital importance as humans apply judgment and experience under conditions of uncertainty, especially when interpreting qualitative variables. Likewise, risk management should also consider analyzing attitudes, moods under stressful situations (Salas, Driskell, Hughs 1996) and personal approaches, and their correlation with risk processes. A reliable method for measuring risk attitudes could be useful to identify and counter potential bias among participants in the risk process. In addition, the effects on risk attitude and impact while perceiving uncertainty could also be explored.

After discussing different perspectives and approaches on how risk management efficiency is implemented and how it can be improved. It can be said effective risk management should be a systematic and proactive approach towards mitigating the unknown and known when the impact of threats can affect organizational profits, goals and organizational objectives. Risk management is a powerful tool for providing an estimate on the effects of negative outcomes caused by hazards and the actions undertaken to uncertainty (Á.G. Muñoz, D. Ruiz, P. Ramírez, G. León, J. Quintana, A. Bonilla, W. Torres, M. Pastén and O. Sánchez. 2012).

It is impossible to make risk management eliminates risk completely, unless faced risks are avoided, but it certainly helps reducing the impact of losses and providing new alternatives for creating businesses opportunities.

Lastly, an effective risk management approach should be taken not only from a preventive perspective but also from a predictive side, instead of adopting the old school posture of waiting for risk events to occur or consider only those threats affecting individuals, groups and organizations. Senior management job is to develop and incorporate good corporate risk culture, risk attitude and risk appetite to their daily ongoing activities and standards. A well-defined and mature risk culture, risk attitude, and risk appetite play a significant role in determining proper plans for addressing risks at all levels.

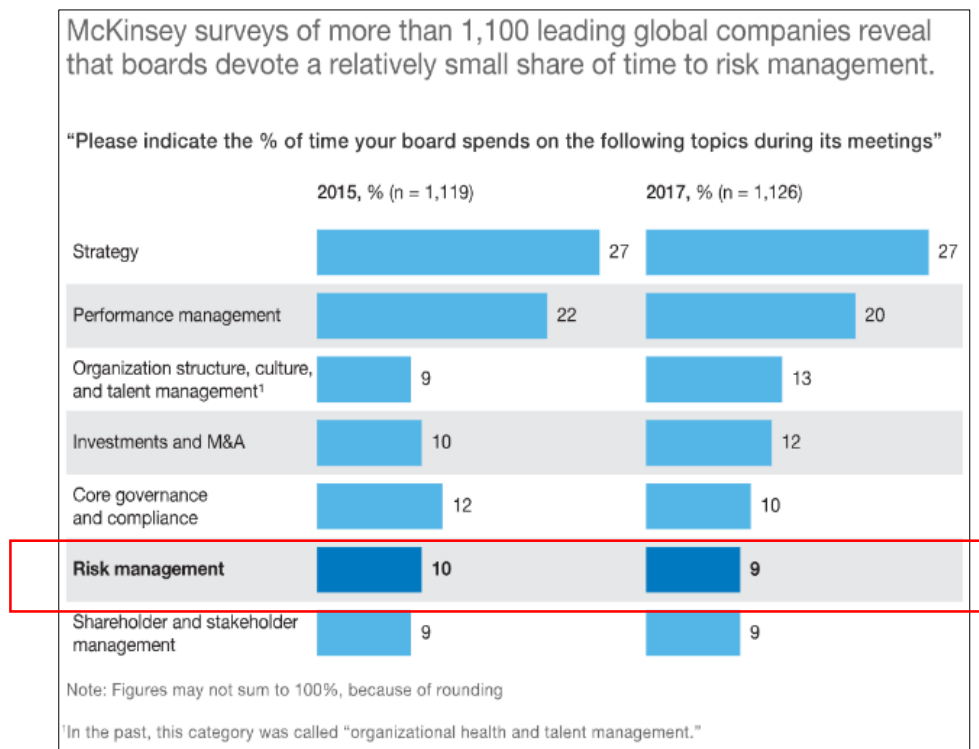
4. Global Risk Management Facts and Perspectives

As discussed before, risk is subject to several internal and external conditions at different levels. We have already reviewed how risk is present at a strategical, program and operational-technical levels in organizations and why is it important to implement it as a main element in an organizational structure. Likewise, organizations and countries also analyze risks at higher levels in economy, finance, security, health and geopolitical events. As global economy becomes more connected, countries and regions interactions and business affairs can quickly impact each other, for instance country leaders, investors, NGO's, risk and credit rating agencies and financial institutions develop risk reports, surveys and data analytics targeting audiences interested in understanding and reducing exposures to credit and fiduciary risks, natural catastrophic events, currency and interest rates volatility, political instability, complying with laws and regulation and others. Reports are issued considering historical data, studies, analysis and opinions taken from qualitative and quantitative elements; also, financial ratios, projections, countries current economic environment, competitive position, product research and development, government investments and national growth strategies.

Countries around the world are open to adopt a globalized philosophy as part of their organizational culture, global strategy and operating business models. Dealing with new and diverse products, systems or services, will cause existing and emerging risks, and opportunities eventually reach every spot around the planet. It becomes very important for organizations to estimate and quantify the potential outcomes of the mentioned risks and determine its correlation with other variables. Under this approach, analyst will be able to think about risks that could affect future objectives in organizations, regardless of its financial position, industry sector or region. Risk would impact companies in numerous ways, and in some cases, these will generate opportunities for growth, development and improvement, however global affectations and could also lead to catastrophic scenarios.

To mitigate negative consequences of transactions and interactions among countries, legislations, regulators, industries or businesses relationships, organizations rely on risk management as a discipline for understanding the context under they operate (Sjoberg, Lennart 2011), as well to reduce the exposure and likelihood of negative outcomes. Based on McKinsey data extracted from the Value and Resilience Report (2017), only 9% of

global companies' boards spend a fraction of their time discussing matters related to risk management, in the same way 6% believe they are effective when doing it.



Some individual risk areas are relatively neglected, and even cybersecurity, a core risk area with increasing importance, is addressed by only 36% of boards. Different reports made by independent advisory firms, come nearly to the same conclusion. Compared to McKinsey's Global Board Survey, AON Global Risk Management Survey also noted a trend for making decisions impacting risk management since 65% of these are made directly by Company CEO's.

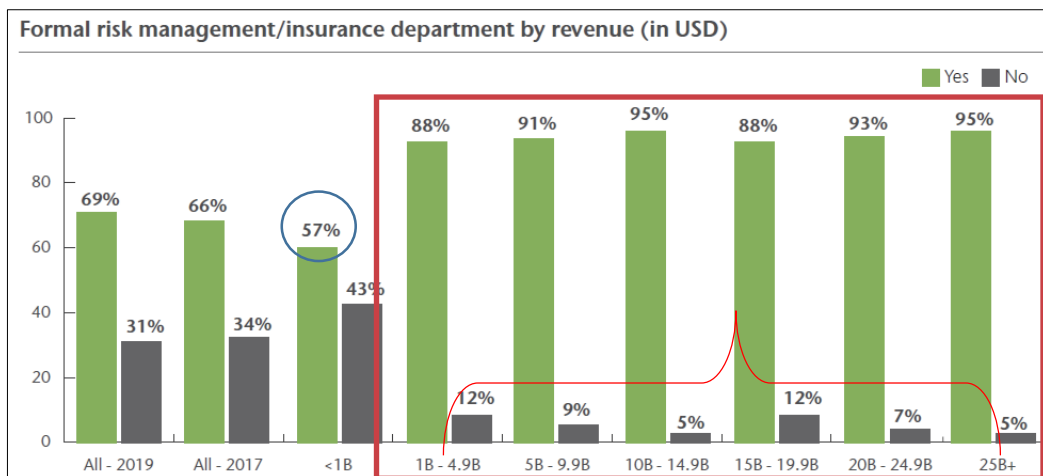
Departments/functions that independently make key risk-management decisions

Function	All
Chief administrative officer (CAO)	17%
Chief executive officer (CEO)	65%
Chief financial officer (CFO)	57%
Chief risk officer (CRO)	5%
Company secretary	6%
Controller	11%
Finance dept.	20%
Human resources (HR)	26%
Internal auditors	12%
Legal dept. (General counsel)	23%
Risk management/insurance dept.	21%
Safety/ security team	14%
Treasurer	12%
Other	14%

Wucker (2019) states that boards and shareholders rely on CEO’s decisions and good judgment when making business decisions, as they are confident in their knowledge and experience. This could explain why such decisions are taken by a single person in large companies not relying on quantitative data, information and analysis provided by risk departments. As per AON’s survey there appears to be a huge emphasis at the board level on a more formalized assessments of risk, instead of sponsoring general discussions on risk topics as part of the day-to-day operations in the company.

These facts bring up to light that Senior Management and Directors focus only in strategic decisions, making them unable to cascade down risk initiatives towards lower levels in organizations. Boards play a key part in developing a risk culture and assuring frameworks are mature within organizations, for instance they are also responsible of monitoring and supervising organizations to prioritize risks, set their risk appetite, define risk management strategies and measure their performance. The implemented model enables the board to work on the thresholds defined, trying to eliminate exposures above organizational appetite.

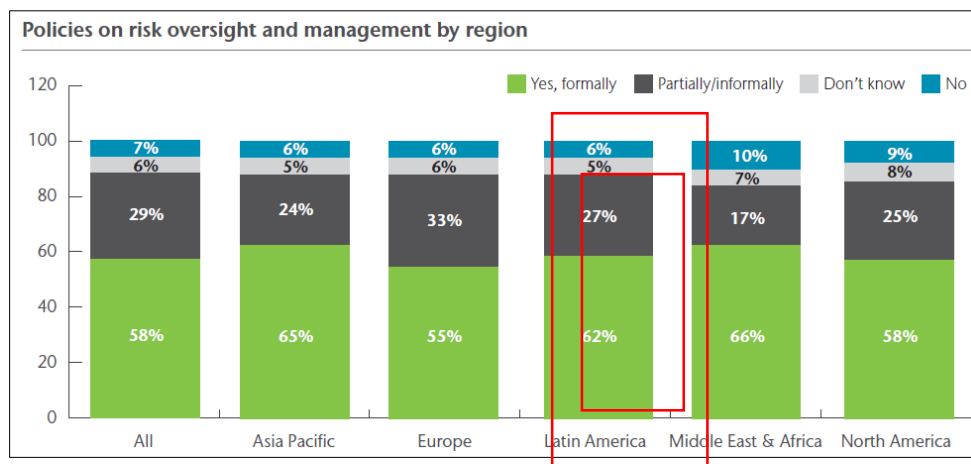
If analyzing middle management approach in risk management, AON’s 2019 Global Risk Management Survey reports that only large companies are more open to understand, adapt and implement risk management concepts, in fact those of above 1B USD claim to have a specialized department for this purpose. On the other hand, it is difficult for small companies with revenues below 1B USD to set their risk department, as only 57% responded positively.

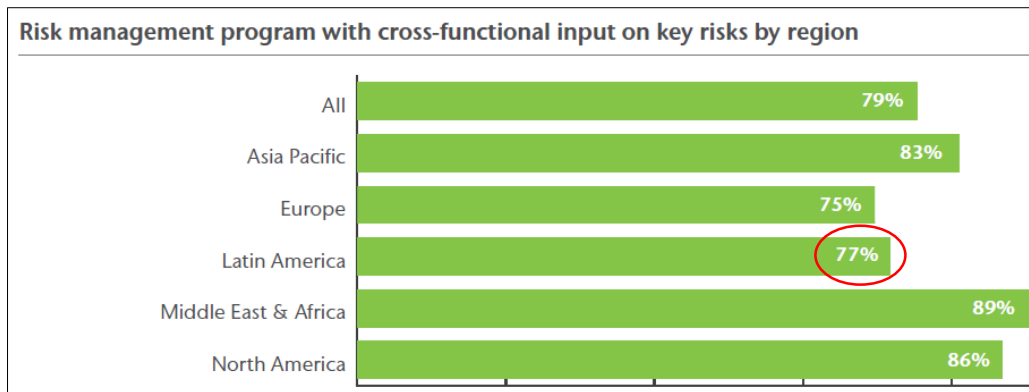


Considering the number of staff assigned to work specifically in risk management areas, the number ranges from 1 to 5 despite the size of the company.

Number of Employees	All-2019	All-2017	<1B	1B-4.9B	5B-9.9B	10B-14.9B	15B-24.9B	20B-24.9B	25B+
1-2	40%	46%	52%	33%	22%	11%	14%	25 B+	8%
3-5	36%	29%	35%	39%	39%	36%	29%	31%	31%
6-8	8%	10%	6%	11%	13%	14%	19%	8%	16%
9-11	5%	5%	3%	5%	11%	14%	19%	0%	6%
12-15	3%	3%	2%	4%	4%	8%	5%	8%	6%
16-20	2%	2%	1%	3%	2%	6%	0%	8%	10%
21-25	1%	1%	0%	1%	4%	6%	0%	0%	2%
26-30	1%	1%	0%	0%	1%	3%	0%	8%	2%
31-35	0%	0%	0%	0%	0%	3%	0%	0%	0%
36-40	0%	0%	0%	0%	0%	0%	0%	0%	0%
41+	3%	3%	1%	4%	5%	0%	14%	23%	19%

This is an indicator of how companies do not adopt a full integrated risk culture in their organizations. It can be inferred as well that a few large companies have considerable small risk management teams which could be a synonym of limited resources or meaning they outsource risk services to 3rd party vendors. With regards of how well the board and senior management implement risk policies in their organizations, the survey shows that 87% of respondents are aware of the importance of frameworks and communication across different levels. In the specific case of Latin America, it is surprising that 89% of respondents stated they have implemented policies in Latin organizations from which 77% have as well deployed strategies at cross functional levels for managing risks.



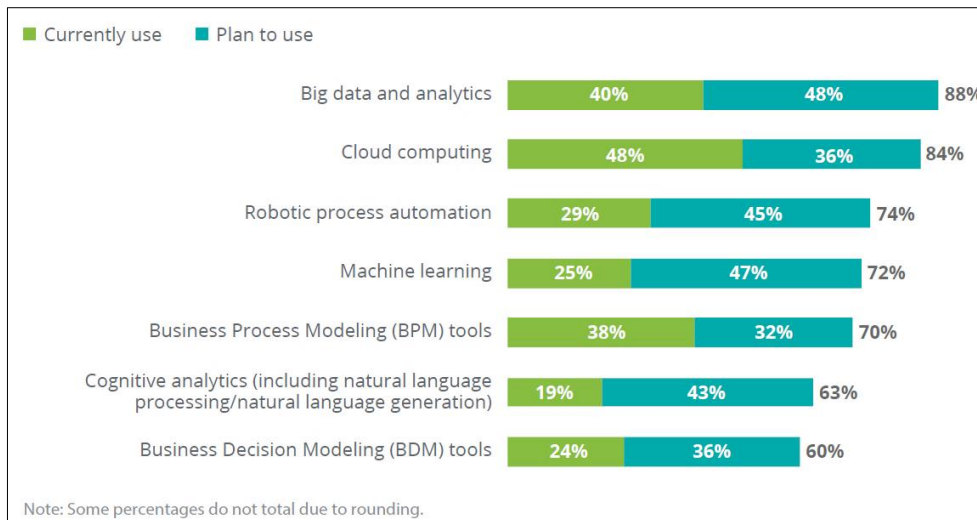


4.1 Global Risk Management and Emerging Technologies

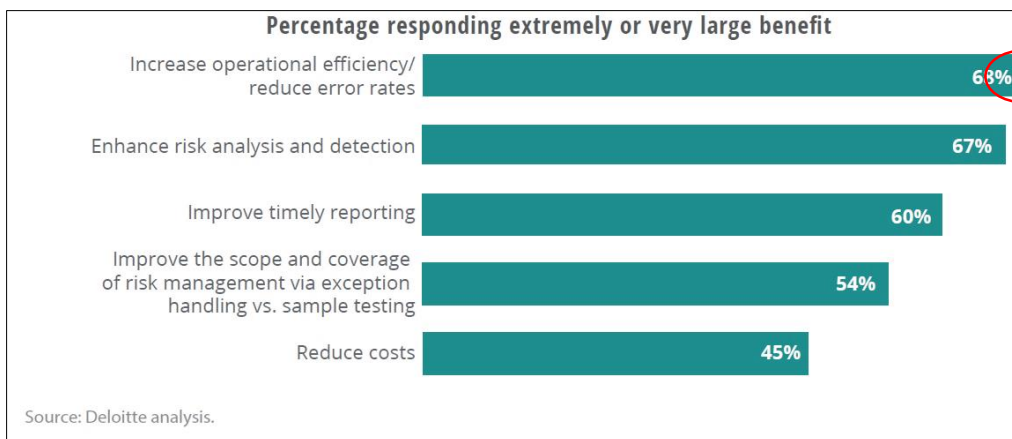
According to the AON 2019 Global Risk Management Survey, business unpredictability and radical changes in regulatory conditions made also companies to transform their risk management programs and models making them able to adapt to current market needs and conditions. Thus, risk management concepts and strategies for effective planning and implementation had to change into a reengineering phase establishing new procedures and policies, assign new roles and responsibilities and better mechanisms for monitoring results.

Nowadays, there is a trend in AI applications and emerging technology adapted to risk management making it possible to optimize margin values, predicting future outcomes, detecting anomalies in calculations, allocating insurance premiums correctly based on risk ratings, and many others designed for improving efficiency and saving costs.

In order to fulfill this purpose, organizations opted to apply new technology and data analytics like cloud computing, robotics, process automation, cognitive analysis and virtual machining. It is logical to think these new elements will save time for processing data if adapted to routinely and repetitive activities, however these are also capable of providing insights on predicting outcomes and detecting new threats.



From the results obtained in the survey, we can see that currently there is a high demand for emerging technologies in the risk management field. Despite technologies are not fully implemented and developed yet, it is remarkable the way they are moving in the same direction as business global trends. Although Big Data Analytics, Cloud Computing and Business Process Analytics are the technologies with better acceptance, Robotic Process Automation represent a huge are of opportunity for getting cost reductions and improving accuracy in calculations.



From the above chart we can see companies' preferences towards implementing emerging technologies as part of their risk management frameworks. Moreover, 68% of companies expect to reduce error rates by using technology and 67% expect it to improve risk detection. Surprisingly, results show that cost reductions are not an element of concern for companies, meaning that the key drivers are related to efficiency, accuracy and processing speed.

In the near future, risk management professionals will change their risk profile from capturing, extracting, analyzing, transforming, and using legacy databases to perform risk assessments, risk modeling, stress tests, and risk scenario analyses with high levels of confidence. As technology evolves and becomes more accessible and less costly to organizations, eventually will enhance risk management integration into the existing risk frameworks (Patterson, Tom 2015). In the same way, technologies applied should appear and integrate into organizations' programming and operational levels, giving management the tools required for preventing, predicting and measuring specific events that might affect key metrics and objectives.

4.2 Latin America Perspective in Risk Management

From an overall perspective in risk management practices, we have seen how Latin American companies tend to adopt and implement methodologies and structures to address risk. It has been noted how the Board of Directors and Senior Management play an important role in making business decisions at both strategical and cross functional levels. It is important to remark how Marsh's report evidences that 45% of Latin American Senior Management prefer judgment and expertise over tools and resources for processing data and information when interpreting and managing risks.

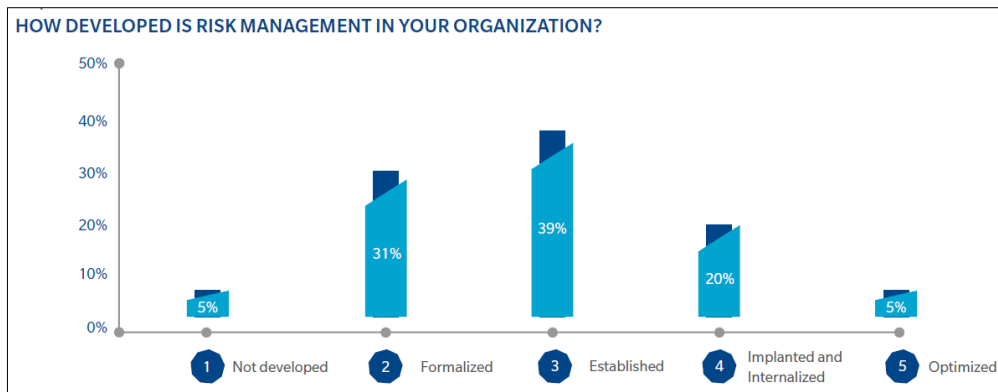
Identification of major risks by region

Category	All	Asia Pacific	Europe	Latin America	Middle East & Africa	North America
Board/management risk assessment	50%	64%	51%	30%	61%	46%
Board/management risk discussion (annual planning)	36%	44%	35%	21%	47%	39%
Board/management risk discussion (other)	31%	35%	28%	30%	17%	35%
External reports	36%	39%	33%	41%	47%	37%
Industry analysis	38%	40%	31%	33%	33%	53%
Risk info from internal audit process	44%	42%	41%	45%	64%	47%
Risk info from disclosure process	13%	14%	9%	9%	14%	21%
Risk info from compliance process	33%	39%	29%	28%	33%	38%
Senior management judgment & expertise	52%	57%	45%	45%	58%	67%
Structured process for risk Identification (enterprise-wide)	35%	39%	32%	36%	47%	35%
No formalized process	11%	8%	12%	16%	11%	10%

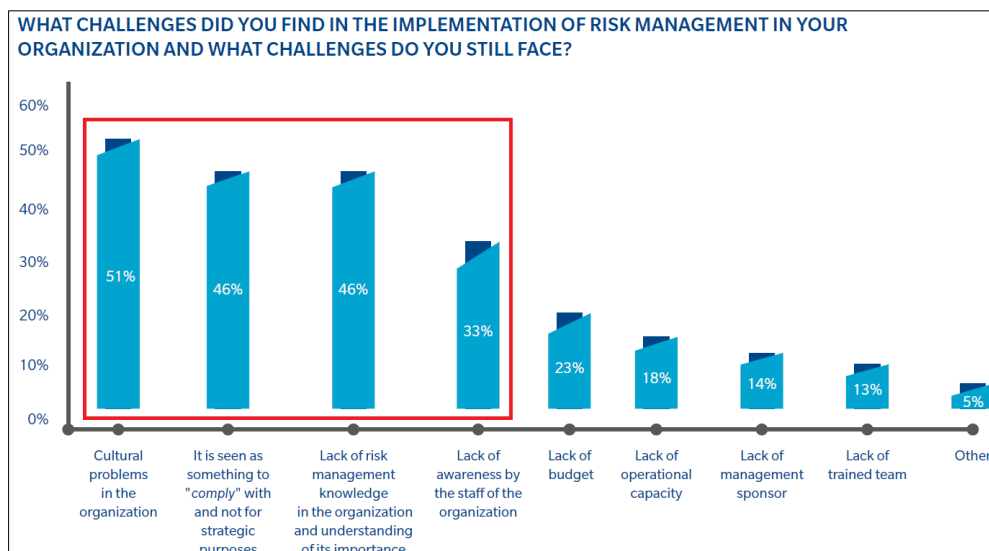
Simon (1987) explained the benefits for management when relying on quantitative information, known facts, statistics or what we could define as structured information. Having decision made based on pure intuition and qualitative data is less effective, inaccurate and unreliable for the business, so that the impact on the benefit of the organization jeopardizes when doing it. Although knowledge and experience of senior management are key for a company, leaving critical decisions on the hands of a few may offer limited and narrow options. On the contrary the more involved and engaged members at all levels are towards a risk management philosophy, greater visibility and information will be provided for making effective decisions.

However, risk management frameworks success is not determined by either the type implemented nor the interactions among several departments, it is determined by the level of maturity of the resources and tools in place, taking in consideration the organizational culture integration, leadership and commitment, integration with departmental managerial practices and systems, risk management capabilities and reporting and control mechanisms (Orsini, Basil 2002). Therefore, when analyzing figures available for the LATAM region, the Latin America Benchmark Survey 2018 made jointly by Marsh Risk Consulting and RIMS, shows that only 5% of LATAM organizations hold a mature comprehension in risk management. 20% are implemented and internalized programs with a solid approach on managing risk at all levels, but also with high levels of understanding and awareness by management and employees. The remaining 5% have optimized programs, meaning they go beyond the usually acceptable practices by applying technology, innovative risk management practices and continuous improvement methodologies.

95% of Latin American organizations answered to have a as minimum a formalized risk management system in place, meaning these are already implemented and applied to standard processes but do not have the capabilities for turning into a continuous improvement model.



From the following chart we can see organizational culture perceived as the biggest concern in Latin American companies since 46% considered it is implemented as a simple element for compliance rather than serving as a tool for managing risk at operational and strategical levels. Additionally, results state employees are not fully aware of the scope and application of the model nor understand the purpose of implementing a risk framework. As for others simply don't even know about the existence of a risk framework in a company. Kendra, K. & Taplin L.J. demonstrated how a well-developed cultural framework helped improving organizational project performance. Like projects, organizations can also obtain positive and remarkable results when cultural shared values are present and promoted at all levels.

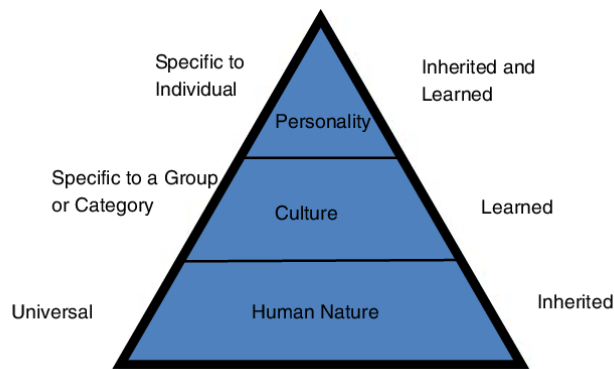


From the same analysis different interviewed Risk Management Professionals indicated specific situations where cultural events were observed at their work place:

1. Risk management practices must be dynamic, agile and capable of adapting to respond to the needs of each department and stakeholder in organizations.
2. The lack of a robust and integrated technological infrastructure to facilitate risk comprehension and implementation throughout organizations, makes it hard for professionals to use it as reliable tool for making decisions.
3. It is necessary to first focus on creating the foundations of risk management at all levels focusing on the culture, processes, human interactions, and discussions, then consider new solutions of digital systems that automate interactions within risk management.
4. Risk management does not contemplate being an exclusive issue or a process that must be carried out in isolation from the operation itself. If this happens, risk management will be perceived as a duplication of tasks, a management system that parallels day-to-day activities. If risk treatment is considered in structure or redesign processes, it will be assimilated more naturally within the organization as an element of continuous improvement.
5. Risk management relies in a great way on quantitative data for instance one of its main areas of opportunity is its dependence on data accuracy, availability, reliability, and quality. Not having a reliable and sufficient data universe will lead to poor quantitative analysis. In order to make it efficient, it is necessary to incorporate into the organizational risk management culture a model of continuous data collection from primary and secondary data analysis.
6. The risk management model of three lines of defense is interesting and applicable only when it is fully integrated with all business processes.

4.3 LATAM Cultural Analysis

As discussed previously, surveys state Latin American Organizations do not have a mature and strong approach towards risk management culture. Besides they understand and participate in a risk framework, the human elements are not fully committed nor trained on this matter, and culture seems to be the most representative variable which participants believe influence risk management performance. To get a better picture of the constraints found between culture and risk perception it is necessary to do an insight analysis of these variables in the LATAM region. Hofstede (2011) defined culture as the collective programming of the mind that distinguishes the members of one group or category of people from others. Mental programs can be inherited or learned after being born. Hofstede (2001) also proposed three different programming levels: individual, collective and universal.



This definition is more applicable to societies and nations however it is also intended for groups, and organizations. Since there is a great variety of individual personalities in any society, the one observed more frequently is used as a reference to seize it as an average trend. This criteria can be applied to Latin American organizations to describe personal common and standard features observed in groups.

Within the context of an organizational culture, the analysis among its members is done to describe how they relate to each other, to their work/activities and to variables coming from outside. Organizational culture tends to be straightforward and precise to measure because inside organizations there is a structure, hierarchy and organizational models, job descriptions, controls, policies and procedures. These elements exist to generate value to meet the objectives and goals set by management.

There are six cultural dimensions in societies or groups of individuals that should be met in order to get organized, they are known as cultural dimensions (Hofstede & Minkov 2010). The six dimensions are interesting subjects to analyze because they will lead us to think about what organizations represent as a group, what individuals perceive from these and lastly, how they interact and interrelate with the environment. Moreover, studying peoples' specific role on these dimensions makes possible to understand individual's behavior in groups and also to see how well they relate in a professional, private, family, friends, and society context.

The six dimensions of Geert Hofstede's model are the following (Hofstede 2011):

1. Individualism vs collectivism. In collectivism, studies are focused on how individuals are integrated into groups. On the other hand, individualism presents societies in which the ties between individuals are loose (everyone is expected to look for their own interests and objectives). In collectivism we find societies in which people is integrated into strong, cohesive in-groups, often extended families which continue protecting them in exchange for unquestioning loyalty.

Individualism	Collectivism
Everyone is supposed to take care of him- or herself and his or her immediate family only	People are born into extended families or clans which protect them in exchange for loyalty
"I" – consciousness	"We" –consciousness
Right of privacy	Stress on belonging
Speaking one's mind is healthy	Harmony should always be maintained
Others classified as individuals	Others classified as in-group or out-group
Personal opinion expected: one person one vote	Opinions and votes predetermined by in-group
Transgression of norms leads to guilt feelings	Transgression of norms leads to shame feelings
Languages in which the word "I" is indispensable	Languages in which the word "I" is avoided
Purpose of education is learning how to learn	Purpose of education is learning how to do
Task prevails over relationship	Relationship prevails over task

2. Power Distance is defined as the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality and suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality are always present in any society however some are more unequal than others.

Small Power Distance	Large Power Distance
Use of power should be legitimate and is subject to criteria of good and evil	Power is a basic fact of society antedating good or evil: its legitimacy is irrelevant
Parents treat children as equals	Parents teach children obedience
Older people are neither respected nor feared	Older people are both respected and feared
Student-centered education	Teacher-centered education
Hierarchy means inequality of roles, established for convenience	Hierarchy means existential inequality
Subordinates expect to be consulted	Subordinates expect to be told what to do
Pluralist governments based on majority vote and changed peacefully	Autocratic governments based on co-optation and changed by revolution
Corruption rare; scandals end political careers	Corruption frequent; scandals are covered up
Income distribution in society rather even	Income distribution in society very uneven
Religions stressing equality of believers	Religions with a hierarchy of priests

3. Uncertainty Avoidance refers to a society's tolerance for ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict behavioral codes, laws and rules, disapproval of deviant opinions, and a belief in absolute Truth.

Weak Uncertainty Avoidance	Strong Uncertainty Avoidance
The uncertainty inherent in life is accepted and each day is taken as it comes	The uncertainty inherent in life is felt as a continuous threat that must be fought
Ease, lower stress, self-control, low anxiety	Higher stress, emotionality, anxiety, neuroticism
Higher scores on subjective health and well-being	Lower scores on subjective health and well-being
Tolerance of deviant persons and ideas: what is different is curious	Intolerance of deviant persons and ideas: what is different is dangerous
Comfortable with ambiguity and chaos	Need for clarity and structure
Teachers may say 'I don't know'	Teachers supposed to have all the answers
Changing jobs no problem	Staying in jobs even if disliked
Dislike of rules - written or unwritten	Emotional need for rules – even if not obeyed
In politics, citizens feel and are seen as competent towards authorities	In politics, citizens feel and are seen as incompetent towards authorities
In religion, philosophy and science: relativism and empiricism	In religion, philosophy and science: belief in ultimate truths and grand theories

- Masculinity versus its opposite, Femininity, again as a societal, not as an individual characteristic, refers to the distribution of values between the genders which is another fundamental issue for any society, to which a range of solutions can be found.

This dimension is not of interest for this analysis.

- Long-Term Orientation is the fifth dimension and try to distinguish the difference in thinking between the East and West. This dimension is highly correlated with recent economic growth. The purpose of this dimension is providing a panorama on how societies maintain some links with its own past and in parallel deal with other tasks from the present and future.

Short-Term Orientation	Long-Term Orientation
Most important events in life occurred in the past or take place now	Most important events in life will occur in the future
Personal steadiness and stability: a good person is always the same	A good person adapts to the circumstances
There are universal guidelines about what is good and evil	What is good and evil depends upon the circumstances
Traditions are sacrosanct	Traditions are adaptable to changed circumstances
Family life guided by imperatives	Family life guided by shared tasks
Supposed to be proud of one's country	Trying to learn from other countries
Service to others is an important goal	Thrift and perseverance are important goals
Social spending and consumption	Large savings quote, funds available for investment
Students attribute success and failure to luck	Students attribute success to effort and failure to lack of effort
Slow or no economic growth of poor countries	Fast economic growth of countries up till a level of prosperity

- Indulgence versus Restraint. This dimension examines happiness importance in societies as well as control in life. Indulgent societies with a high level of IVR allow their members to satisfy their needs and desires, especially those related with joy and fun. In societies with a low IVR index, it is implied these have high restrictions and therefore people contain their impulses and desires under strict social norms. People finds moral discipline as a habit and tend to be more pessimistic.

Indulgence	Restrained
Higher percentage of people declaring themselves very happy	Fewer very happy people
A perception of personal life control	A perception of helplessness: what happens to me is not my own doing
Freedom of speech seen as important	Freedom of speech is not a primary concern
Higher importance of leisure	Lower importance of leisure
More likely to remember positive emotions	Less likely to remember positive emotions
In countries with educated populations, higher birthrates	In countries with educated populations, lower birthrates
More people actively involved in sports	Fewer people actively involved in sports
In countries with enough food, higher percentages of obese people	In countries with enough food, fewer obese people
In wealthy countries, lenient sexual norms	In wealthy countries, stricter sexual norms
Maintaining order in the nation is not given a high priority	Higher number of police officers per 100,000 population

Once dimensions have been explained and synthesized, we compare Hofstede's dimensions against their index scores for LATAM. For this research, we selected the scores of each Latin American country considered in Hofstede's research studies and then averaged the final number with the purpose of determine a regional index as reference for LATAM on each dimension analyzed:

1. On the first dimension in analysis of this model, we note that Individualism (IDV) prevails in developed countries while in Latin America there is a pattern pointing at collectivism preferred in societies. As an average score of 19 out of 100, LATAM collectivism approach translates into a close long-term commitment to the member's group, a strong sense of loyalty among members even capable of overriding established rules and regulations. Close relationships are created, and everyone takes responsibility for fellow members of their group.

Country	IDV
Brazil	38
Uruguay	36
México	30
Chile	23
El Salvador	19
Perú	16
Costa Rica	15
Colombia	13
Venezuela	12
Panama	11
Ecuador	8
Guatemala	6
LATAM	19

2. Societies with high scores on Power Distance (PD) are influenced by centralized decision-making processes rather than consultative, hierarchies are stable and clearly defined, and respect for leaders is highly valued. In the case where low Power Distance is observed, societies place more emphasis on decision by consensus, hierarchies are flexible, and leaders are expected to have an equal treatment than subordinates. The average score for LATAM is 62 which is very high compared to developed countries where PD's are below 40 i.e. USA, Netherlands, Finland or Germany. Therefore, power instance power distance index scores tend to be higher for East European, Latin, Asian and African countries.

Country	PDI
Argentina	49
Brazil	69
Chile	63
Colombia	67
Costa Rica	35
Ecuador	78
El Salvador	66
Mexico	81
Panama	95
Peru	64
Uruguay	61
Venezuela	81
LATAM	62

3. Uncertainty avoidance (UAI) extremely high levels observed in LATAM, 85 out of 100, reflects how people try to avoid the unknown, and prefer stable and rigid environments, where they can control situations and eliminate the unexpected. They opt for security over risk-taking. High levels of uncertainty mean individuals do not adopt risk easily, making them risk adverse to change. In the same way, prefer specific instructions, roles and defined responsibilities.

Country	UAI
Argentina	86
Brazil	76
Chile	86
Colombia	80
Costa Rica	86
Ecuador	67
El Salvador	94
Guatemala	101
Mexico	82
Panama	86
Peru	87
Uruguay	100
Venezuela	76
LATAM	85

4. Long-term versus Short-term Orientation (“ITOWVS”). Data shows that long term orientation is not seen in Latin American countries in a strong way. Unlike developed countries this region show preference to maintain ancient traditions and norms while viewing change with suspicion. A lower ITOWVS also represents a view more in retrospective rather than looking forward into future trends and innovation. Latins also tend to build their business practices on what has worked before with very little thought toward the long term.

Country	ITOWVS
Argentina	20
Brazil	44
Chile	31
Colombia	13
Dominican Rep	13
El Salvador	20
Mexico	24
Peru	25
Uruguay	26
Venezuela	16
LATAM	23

5. Indulgence Versus Restraint (IVR) is weakly negatively correlated with ITOWVS. In Latin America IVR is above the average score, meaning that societies are oriented to indulgence. Countries possess a positive attitude and are optimistic besides their local vulnerabilities and threats. These also value leisure time and recreation.

Country	IVR
Argentina	62
Brazil	59
Chile	68
Colombia	83
Dominican Rep	54
El Salvador	89
Mexico	97
Peru	46
Uruguay	53
Venezuela	100
LATAM	65

By analyzing Hofstede's dimension index results and using as examples the countries included in his study, it can be concluded that Latin America cultures are:

Collective + Influenced by Power Distance + Avoid Uncertainty + Short Term Oriented + Indulgent

4.4 Literature Review Conclusion and Research Questions

We have reviewed how risk is present in any aspect of life and how humans face it and manage all the time based on the dilemma of receiving better incentives and rewards when facing hazard and risky situations. Later we reviewed how risk management has been adopted as an international practice to the extent that nowadays it has become an international practice applied to organizations of all sizes and business fields. While different frameworks are available in the market with different approaches towards risk, their main goal is the same for example facilitate decision making, improve efficiency, reduce losses and uncertainty by measuring risks. For the purposes of this study we selected ISO 31000, as the most applied standard in Transnational companies, as our main reference for analysis and reviewed its basic contents, terminology, contents and methodology.

By using second sources of information taken from global and well recognized risk advisory firms, we identified how risk management is perceived by organizations around the world. We noted the staff number working directly in risk areas is very low, between 1-5 per company, where we observe that Senior Management and Directors focus only in strategical decisions where only 9% of boards spend a fraction of their time discussing risk management matters. In contrast, effective risk management demands participation and involvement of all departments and levels to assure successful results. Moreover, survey results show organizations not being capable of dealing with new “emerging risks” due a lack of IT/IS infrastructure, training and expertise among their staff. In the same way, where technological devices and software is available, decisions towards risk exposure and uncertainty are made based on judgment and intuition.

Analyzed from a regional perspective, Latin American also face the same reality where organizations are aware of risk management practices, however existing policies, processes and procedures are not mature enough to define a continuous risk management system. Culture and the lack of engagement from individuals are noted as the main constraints for implementing effective risk management frameworks in Latin Organizations, as well as several limitations in the use of technology for risk analysis and decision making. In the cultural approach, the analysis made by the researches only mention culture and low commitment in risk management, it is still unclear what are the specific variables or situations affecting their impact.

If risk management is said to be an international standard adopted and implemented by large companies sponsored by the ISO, and proved to be dynamic to fit organizations

structure and culture philosophy, then why the Board and Senior Management do not show high levels of engagement in risk matter decisions so they feel more comfortable using intuition, judgment and experience for making decisions, for instance companies do not move towards using cutting edge technology for either measuring known risks or detecting emerging risks still unknown (emerging risks). Besides, if risk management environments do exist and are available at a regional level in LATAM, why is it that the effects of organizational culture and technology influence the outcomes of risk initiatives when working in LATAM organizations.

From the above we can determine the following research questions:

- A. What are the cultural challenges that Risk Management Professionals face when working in Latin American companies with an implemented risk management framework?
- B. How technology and IT/IS infrastructure are applied in Latin American transnational companies by full time Risk Professionals?

5 Research Methodology

The methodological perspective followed in this work has been determined as interpretative and qualitative. Inside this perspective, we aim to understand the weight in which experience, location, size and other socio-cultural factors influence the implementation and application of effective Risk Management practices in companies based in the LATAM region. Another important consideration is that this practice is actually built by many risk professionals in charge of carrying out the activities of this area of specialization. Although in our study we relied in secondary data analysis from external sources, qualitative analysis of descriptive statistics was applied as a method to understand the population of interest. Data was summarized and presented for review in different benchmarks reports, surveys and questionnaires conducted by risk consulting firms. This was helpful for defining the theoretical framework of our research. Secondary sources of information are extremely useful to centralize the objectives of a research, describe the sector of analysis or the thematic under study, also make possible to quantify variables based on statistics and predict current scenarios with trends.

As described by Smith (2013) qualitative research involves asking participants about their experiences of things that happen in their lives. Using this approach researchers obtain insights into what Risk Professionals deal with to understand their reality. Additionally, the subject of interest is focused on understanding the purposes that individuals built, meaning how they learn from the environment and from the experiences lived (Sherman & Webb 1988). It is also assumed that interpretation is driven on the experiences of professionals, as well as the degree of maturity of companies where these practices have been adopted (Peshkin 2000). On the other hand, this perspective follows an inductive research strategy, thus the result of the study is merely descriptive (Dennis, A. Gioia, Kevin G. Corley, Aimee L. Hamilton 2012). In this research, the interviewee is the main instrument for obtaining and analyzing data collected through semi-structured interviews.

The results obtained from the interviews will help us understand the perception of our subjects of study with regards of how the Risk Management practice is applied and adopted in different Latin American organizations. The research simply intends to discover and understand a phenomenon, a process or the perspectives and visions of the individuals involved in the research, and at the end the intention is to provide a much deeper insight of the opportunities found in organizations.

This epistemological approach maintains that a representation of the world does not respond to reality itself but to multiple interactions of the different types of appropriation on individuals and social groups when facing reality.

For the analysis we decided to conduct interviews to 8 Risk Professionals working in transnational companies in the LATAM region. For this research, sampling was determined using the theory of saturation since most scholars consider it as the most important factor to consider in qualitative research (Mason 2010) and in the context of the number of interviews to be conducted in order to collect enough data for analysis. Charmaz (2006) mentioned that saturation depends on factors not under control of the researcher. In many cases it is uncertain to determine the variables affecting the study and the population characteristics and variables. A key element in this approach is defining the right time when researchers find saturation in their analysis.

The interview sessions were conducted remotely either on the phone or on teleconference software (skype and zoom), sessions lasted between 60 to 120 minutes. The interviews were designed into three categories (culture differences between Latin and developed countries, organizational behaviors and effects of Culture, and Use of Technology for Managing Risk).

Each of the interviewees is specialized in a particular risk management field within their organization, meaning they are considered SME by their peers and colleagues. Selected professionals are Latins working in Transnational companies. To gain a broader scope of analysis we judgmentally selected areas where risk activities, duties and responsibilities are performed at different levels of the organization. Thus, the selected areas under study are:

- IT/IS Security Risk
- Security Risk Management
- Risk & Safety
- Risk Insurance
- Governance Risk
- Compliance Risk
- Risk Advisory
- Financial Risk

Interviewees Details:

Name	Area	Position	Years of Experience in Risk Management	Scope
Lucia O.	Compliance Risk	Senior Internal Auditor	11	Perú
Juan V.	Financial Risk	Controlling and Finance Reporting	14	Brasil
Angel B.	Governance - Risk	Property, Liability and Cargo Manager	8	Colombia
Mauricio N	IT/IS Security Risk	Security Vulnerability and Resilience Services	12	US-LATAM
Georgina R	Risk & Safety	LATAM HSE Manager	9	MX-LATAM
Manuel F.	Risk Advisory	Regional Risk Manager	25	Mexico
Marco O.	Risk Insurance	Insurance and Internal Controls Coordinator	8	Mexico
Ronaldo M.	Security Risk Management	Executive Security and Services Manager for South America	15	Brazil

*Most interviewees requested to protect their identity since transnational companies have strong disclaimers with regards private and internal share of information. Full names and contact details are available on a separate file.

Company Details

Name	Company	Headquarters	Annual Revenues (Global)	Risk Frameworks
Lucia O.	ASEA and BBC Brown Boveri Perú	Switzerland	6 B USD	ISO 31000/COSO/ERM/COBIT
Juan V.	NaanDanJain	Israel	5.09 M USD	ISO 31000/COSO
Angel B.	AON	USA	11 Billion USD	ISO 31000
Mauricio N	Swiss-Swedish multinational corporation	Switzerland Sweden	27.97 Billion USD	COBIT
Georgina R	American multinational consumer goods corporation	USA	67.68 Billion USD	OWN Standard based in OSHA
Manuel F.	Marsh Risk Consulting	USA	16.7 Billion USD	ISO 31000/COSO
Marco O.	BMW Group	Germany	104.21 Billion Euros	ISO 31000/COSO
Ronaldo M.	Cummins	USA	23.77 Billion USD	VPI / 9-BOX

Interview Structure:

The structure considered a brief screening of the interviewee for setting the context and understanding his/her background:

Name:						
Position:						
Company:						
Department:						
Reports to:						
Years of Experience:						
Summary of Activities:						
Number of Professionals in your area:						
1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?						
If yes, please specify those applicable:						
ISO 31000	COSO	COBIT	BASEL	ERM	OTHER...	

The first question considered placing the risk professional under a perspective intended for comparing LATAM and developed cultures.

1. What is the difference between the risk culture in LATAM compared to the existing in developed countries?

Questions 2 to 8 are intended for providing an insight on how the interviewee perceive the culture of risk in his/her organization and how well It is aligned to strategical plans and objectives.

2. What are the risk management process and capabilities in your organization?
3. How does risk management integrate into the strategy, business units planning and decision making?

4. Who from the organization is responsible of risk management practices? Is there transparency and accountability on these positions? From your point of view are decisions made using intuition, judgment or experience rather than on analytics?
5. What is the risk culture in your organization and how is it lived?
6. How well aligned are the corporate culture in your company with local strategies?
7. What cultural challenges and constraints do organizations face for accomplishing an effective risk management?
8. What plans, models or structures could be useful to implement in order to improve the current risk culture in your organization?

Question 9 refers to get a better picture of the available resources in organizations for managing risks since literature review revealed these are limited or unknown in organizations.

9. How does management monitor external events and trends to identify current risks and emerging risks?
 - a. What technologies, software, and systems are used to manage risks?
 - b. Are there any constraints such as budget, training or competences for such purposes?

5.1 Analysis Results – Social Context

For the first question interviewees were asked about their personal belief on the main differences between LATAM cultures and those observed in developed countries. We identified the attributes applicable to LATAM, then these were ordered into 6 different categories based on their context of analysis:

Ideology and Attitudes	Educacion	Economy
Short term planning < 1 year	Risk Topics should be included in academic plans	Bad performance in local economies
Ignorance towards risk concepts and initiatives	Poor education at all levels in schools	Economic plans limited
Basic needs are a priority (education, health, food...)	Poor education received at home from parents	Wealth distribution unequal among population
Risk and Insurance is seen as a luxury not everyone can afford	Risk Professionals are hard to find	Poverty as a constraint for investing in risk related initiatives
Normalize taking unnecessary risks in peoples' daily activities	Lack of financial education	Risk and Insurance is seen as a luxury no everyone can afford
People open and willing to take risks	Data is not analized because people does not have time nor knowledge	
Do not tackle problems from the root cause	People do not save nor invest their money. Don't look at a long term	
People risk their lives to keep their job		
There is a need to take risks to earn money		
Society just look for certainty in their lives		
Culture of prevention does not exist		

Politics	Work Culture	Regulatory Affairs
Political Instability	Management not aware of laws and regulations	Local laws and regulations do not promote a risk culture
Corruption	Problems solved ongoing	Laws are easy override to avoid additional expenses/investments
Public policies change constantly after elections	Risk activities are merged or given to other positions	Governmental Institutions and departments not coordinated
Government do not provide poples' basic needs	Risk positions not found in organizational charts	Laws and regulations are weak to address risk exposures
	Comply with risks because they are told to	
	Risk not considered in annual budget plans	
	Strategic initiatives not cascade down to lower levels	
	Risk activities performed just for compliance purposes	
	Plans and strategies designed by improvising	

It is interesting to observe how most of the elements identified in the interviews, correlate with the results from our previous analysis of the LATAM culture based on Hofstede's principles. As per Hofstede's dimension we inferred the Latin Culture to be:

Collective - Influenced by Power Distance - Avoid Uncertainty -

Short Term Oriented - Indulgent

Collective:

- Harmony should always be maintained
- Relationship prevails over task

Influenced by Power Distance:

- Subordinates expect to be told what to do
- Corruption Frequent-Scandals are covered up
- Income Distribution in society very uneven, Hierarchy means existential inequality.

Avoid Uncertainty:

- Uncertainty inherent in life is felt as a continuous threat that must be fought
- Higher stress, anxiety
- Lower scores on health and well-being
- Staying in jobs even if disliked
- Emotional need for rules, even if not obeyed
- In politics, citizens are seen as incompetents nor not important

Short Term Oriented:

- Most important events in life occurred in the past or take place now
- Social spending and consumption rather than saving or investing in long term financial products
- Students attribute success and failure to luck but not to lack of effort and preparation
- Slow economic growth

Indulgent:

- Higher percentage of people declaring themselves very happy
- Maintaining order in the nation is not given a high priority

We can say that cultural attributes of a nation or region leverage and influence the culture adopted inside organizations. In the context of risk management, transnational companies should always take into consideration the living culture, size of economy and traditions of a country when defining strategic risk decisions and calculating risk appetite levels

towards risks. In LATAM we are culturally exposed to innumerable risks ranging from incidents at home to incurring in big losses due bad business decisions in large corporations. Societies are willing to take risks only if there is a reward or compensation, sadly in most cases rewards are not fair compared to the level of risk taken, people sometimes take risks because they need an income to survive. The government has plenty laws in place to attend and minimize risks, but laws and regulations are very easy to manipulate due corruption, people prefer to look the other way. Being short term-oriented limits us to setting long-term plans and therefore it is nearly impossible to develop strategic plans aim to change people's mentality towards a risk culture.

5.2 Analysis Results – Organizational Context

For questions 2 to 8 we interpreted interviewees responses from an organizational point of view. We also followed the same procedure, separating attributes into different categories for analyzing and summarizing the information collected.

A. Corporate Risk Culture

- Risk culture not appropriate as a personal value by employees
- Risk controls and procedures override in benefit of the business units (sales)
- Risk matters delegated into additional tasks to different departments without the required expertise
- Decisions made under intuition or experience
- Deficiencies in organizational synergy
- Risk decisions taken by Finance staff most of the times
- Misalignment between corporate culture and local strategies due culture differences
- Technology availability and budget are barriers when implementing corporate risk initiatives at a local level
- Corporate initiatives must be adapted to local reality, conditions and available resources
- Local laws and regulations act as a stopper when international risk strategies or plans are deployed

- International certifications or standards not existing locally
- Risk cultural breaches between companies and suppliers/vendors
- Risk analysis and assessments considered only at late stages in projects or strategic decisions
- Risk not seen as an effective measure for mitigating risk instead as a compliance requirement
- Hard to calculate positive outcomes of risk management in organizations in terms of savings since risk fundamentals rely on potential scenarios.

B. Risk Management Training

- Risk Management not included in companies career plans
- No talent available inhouse
- No training material available in companies
- Risk and safety topics not even taught in Universities.
- Companies should create a risk culture awareness in employees from a personal side
- Develop a high number of risk professionals inhouse at different levels and areas of expertise
- Educational and cultural backgrounds negatively impact people's attitude towards risks
- Lack of knowledge about this topic among employees

C. Discipline and Behavior

- Risk Audits and reviews not followed up, same recommendations observed frequently
- No consequences nor actions taken when errors, omissions or acts of negligence are observed
- Low wages increase the chances of accidents or safety incidents
- Staff available in risk management not fully exploited

D. Risk Professionals

- Talent not available out in the local market
- Universities do not offer careers nor specialization focused on risk management
- Only few companies have a figure of Risk Manager and a specialized department in charge of risk management
- Most risk professionals ended up in their position randomly
- CRO figure missing in companies

Once information was collected, we noted that transnational companies in fact have a full infrastructure and corporate programs in place which are based on international risk frameworks. In the same way it is remarkable how they have a mature risk reporting model at different levels. These elements are properly designed to monitor, detect and evaluate risks, however there will always be room for improvement if considering communication, synergy and culture as sources of variation. Although strict and rigid measures are taken for preventing risks, these are observed mostly in financial, security and safety departments, as for other areas risk culture is still hard to identify, measure and monitor. This is not surprising considering visibility and accountability as one of the main constraints for risk management in LATAM. Companies who are not able to seize and measure the positive effects of risk initiatives are more distant towards adopting methodologies and tools aim to reduce exposure and uncertainty. Likewise, technology and capital are also limited from a risk perspective since companies prefer to invest in projects and initiatives more reliable, or that represent a higher priority for the business in terms of cost vs benefit. Unfortunately, companies with a solid structure for approaching risks tend to think about risk at late stages in the process, or considering it just for complying to mandatory requirements, meaning it is not fully integrated into business strategies and plans. Where multiple risk management systems are implemented within organizations at different levels, each of them has their own requirements, methodologies, and perspectives, generating division when seeking to incorporate risk management actions across the organization.

From a managerial point of view answers can be interpreted to say organizations do not take seriously the effects and scope of risk management due the low number of resources assigned, specific activities related to risk management are either transferred or merged with other job descriptions, employees fully dedicated to performing activities related to

risk are hardly seen in organizations, decisions are still made on the influence of intuition and experience where data analysis is available, and manager who enroll into strategic decision apply risk methodologies just at upper levels.

Culture represents a barrier for companies where company values are not merged with employees' personal values, a sense of belonging is essential when promoting a single work culture. In the same way a risk culture should be shared, communicated and lived through all members in organizations. It should be adapted to match local customs, traditions and beliefs but always following common accepted practices, laws and regulations.

An interesting finding is to see the main reasons of why interviewees believe risk is not properly addressed in organizations, 4 out of 8 mentioned that management do not take corrective measures towards employees who do not attach to existing controls and procedures, meaning they incur in violations and omissions to rules established without any consequences. Implementing punitive actions and consequences management strategies, could be a solution to reduce the impact and exposure on companies controls.

In the field of education and training there is a huge room for opportunity inhouse and in the educational sector. All responses mentioned companies need to emphasize and improve the approach on risk topics information and trainings among employees. By living in an environment where risk culture is not known and studied at detail, people is not conscious of the objectives and fields of action of this practice when joining companies as graduate students and professionals do not understand the concepts when working in organizations. If not properly addressed future exposures and losses could occur for not taken care of the problem from its root cause. Additionally, it is observed a need for academic programs and careers in Universities related to risk management, the offer in Latin American universities is so low compared to what is offered in developed countries. Moreover, basic concepts and practices could be adopted in schools for cultivating a risk aware culture in students from all levels.

5.3 Analysis Results – Use of Technology Context

The last question had as main objective to understand how well companies use technology for managing risks and most importantly if resources exist to monitor “emerging risks”. Attributes are summarized as follows:

- Databases are used in most cases
- Analysis performed manually
- Low investment in new technologies
- Low availability of IT/IS resources
- Not a priority for companies
- Historical data
- Specialized Risk Firms & Outsourcing
- Knowledge Transfer
- Questionnaires and surveys
- Software available only for monitoring risks
- Available Resources only used at Corporate levels

It is easy to note that technology is still under development, Risk Professionals mostly use it for monitoring risks internally and for creating risk registers. Data analysis is done manually based on historical events records through databases and with the support of 3rd party companies. It was also mentioned knowledge transfer among colleagues as a key resource for exchanging information regarding new risks and trends.

Questionnaires and surveys are common elements for getting a clear picture of problems and threats faced by companies, but these are practices are frequently observed in risk consulting companies not so in private organizations.

Finally, where software and technology exist is at Corporate offices where headquarters are located. Based on the answers, technology is very restrictive, access is confidential so that companies abroad only receive summarized information from the official corporate communication channels regarding emerging risks in their location or region.

6 Theoretical and Practical Contributions

A. Theoretical Contribution

When analyzing the subject of risk management in LATAM there were several barriers from the very basics such as finding literature or data about it, in the same way risk professionals are not easy to find in the labor market. Companies struggle to develop and train inhouse staff on risk management fields since both offer and demand are rare in

Latin America. These facts are good examples of how culture is directly connected to business practices inside organizations and social behaviors. Surveys made to risk managers from around the world and to Latin American risk professionals provided an insight of challenges and areas of opportunity where our results could be useful on future projects.

We verified after our interviews that multinational companies in LATAM do have well-structured risk management programs with defined work teams and activities. Only a small percentage have dedicated teams working in risk management. However, at an operational level reality differs from theory, as employees incur in omissions and bad practices when not following the policies and procedures, affecting the goals of the organization.

The analyzed surveys represented culture and risk awareness as constraints for implementing effective risk management in companies in the LATAM region but did not mention what specific cultural elements impact the outcomes of the practice. For this purpose, we needed to understand how the Latin American culture could be conceptualized from different approaches. Since no literature was found, we used Hofstede's six dimensions studies for generating a concept exclusively for Latin America. Hofstede did not publish any information on this matter at a regional level but at a country level. We decided to average the indexed scores of all Latin countries considered in his study to come up with a unique index digit which will serve as a point of reference. It was interesting to see how conceptual descriptions on Hofstede's studies matched with the numbers and figures analyzed by risk consulting firms about the LATAM risk management culture. By taking a closer look to cultural activities observed in organizations, interviews made possible to gain a deeper understanding on risk scenarios and current risk models available at companies. From the information analyzed, we observed a link between social culture, organizational culture and risk culture in organizations. The negative outcomes on risk culture initiatives inside organizations are a projection of what social groups face in their regular lives. Economy and education play a key role as these variables set the context where individuals are born and grow. When looking at the real practices on risk management, poor education and low incomes in the region trigger the exposure of individuals to risky

acts, situations and scenarios. Same reality is translated within organizations where management then try to align individual attitudes towards risk to organizational tolerances and good practices.

Another interesting fact demonstrate that companies are more vulnerable to threats and uncertainty when punitive actions or corrective measures are not taken for employees who break the law, or do not follow corporate standards and procedures. LATAM companies often tend to feel shame for their employees as the social context is in most cases not favorable and hard to stand for the employees to the extent of granting concessions, second chances or waivers on established guidelines. This example is of so much interest as it is just the reflect of how Latin societies are neglecting to law, looking for creative ways to avoid it. Finally, in the context of technology applied as part of risk strategies and used for detecting emerging risks; edge technology is not used nor available in LATAM countries, on the contrary recurrent sources of information include surveys, benchmarks, questionnaires and information shared by colleagues and risk consulting firms. There is software installed and running in some companies but these are operated just for manipulating databases.

When updates are received on any risk management matter, these come straight from Corporate offices where technology and resources are at the company disposal. This statements reinforces data extracted from the survey as with regards LATAM countries not willing to invest in software, applications nor technology for managing risks. Budget and skills limitations are identified as the main constraints.

B. Managerial Contribution

Responses obtained show a huge need for training and development of human element but also show the vulnerabilities of risk models. Senior management staff should be aware of the implications of their actions and behaviors in the organization since they are responsible for sponsoring a risk culture based in respect, safety, security, health and common well. In order to successfully achieve a mature risk culture environment, transnational companies should reinforce their current risk framework knowledge and make sure every single member of the organization understands the position of the company towards risk. Our findings show employees do not fully adopt a risk management culture due ignorance, job saturation, null interest or skills not developed. If a mature risk culture is

preferred, each employee should have risk related activities as part of their job description.

Interview results also make us to recommend including risk topics in companies' training materials to establish solid risk models and promote risk awareness. In the same way, employee career development plans must be aligned to individual competences, abilities and to the organizational risk culture appetite.

Considering the perception of risk professionals on employees with recurrent faults and indiscipline and who does not integrate into a continuous improvement philosophy. A consequence management policy is an effective and efficient way to both manage risk and maintain a good corporate culture (Graham 2019). This alternative shall be considered as an option for boosting their willingness to follow the rules. Unfortunately, companies relax and tend to be flexible in a way for caring their employees and creating a better work environment. When no actions are noted from management, employees start to feel distant from authority.

To avoid implementing robust risk management strategies only in certain departments (Finance, Safety and Governance). Management should start striving to promote key personnel from all areas to become risk specialist in their departments and serve as a liaison between middle management to upper levels and the opposite. If defining Risk Champions (Liebenberg 2003) in middle management, risk initiatives are easier to accomplish by cascading down instructions but also making it possible to interact with peers throughout the organizations. Corporate risk initiatives should be breakdown into strategic objectives and plans and then delegated to the figure of risk champions.

Education offering at Universities is also an advantage for organizations if properly addressed, as careers specialized in risk management are not common among Latin Universities, companies can sign collaborative agreements for funding groups of professionals who are interested in taking a path on risk management. Programs could be offered only to talented students, meaning companies could retain the students after completing their studies. Thus, Universities can also promote their new risk academic programs for future generations.

Lastly, technology is available only at limited capacity at a country level since large tech developments are made in transnational headquarters. Companies only use databases and specialized software for risk register management, however it is critical for organizations

to be aware of emerging risks occurring in their region. Sometimes these are out of scope at Corporate as they show interest only in trendy global risks. To assure visibility companies should implement a risk reporting system inhouse where employees from all departments can report risks detected and engage them into a risk culture.

7 Conclusions:

After conducting the analysis, we can conclude that culture is a key feature that large corporations should take into consideration when setting a new location in any region abroad. The type of culture perceived and lived in societies will influence the style of the organizational culture. The study demonstrated a path and common elements visible in Latin America cultures when compared to the work environment, challenges, opportunities and deficiencies present in transnational companies located in the region. Subsequently, the culture lived in organizations will also reflect employees' attitude towards risk management strategies. Considering the literature review and the information taken from the interviews, now we have a better insight and understanding of specific cultural issues that make organizations lose time and money for not having solid controls over risks. The risk culture available in organizations is way too far from being mature and effective. Despite infrastructure and resources exist in transnational companies, risk is not a priority for managers, as it involves doing additional tasks that eventually will cause delays.

Risk strategies are only important in finance and safety areas, where risk can be accounted and where risk materialization is easier to conceptualize. In other areas, risk management is based on simulated scenarios and probabilities. This is a huge limitation as businesses demand direct savings on real case scenarios. In order for risk management to be effective, and really serve as a tool for assessing risk scenarios, companies must be disciplined and organized, avoiding considering risk as a stopper for moving forward with plans and projects. Tables presented in section 5, show several practices taken from different contexts inside organizations which are consequences of behavioral attitudes to risk in any regular day at work. Another important finding of this research is that corporate risk culture cannot be implemented just as it is into local organizations, to make it effective first it needs to be adjusted to reflect the local values of the region. Otherwise employees will not identify themselves with the initiative, leading to weak ties of commitment.

One of the most important findings is to analyze how educational programs at all levels are so distant from risk management concepts. Interviewees mentioned education as a key element for creating awareness in different segments of populations, principally with students who are the basis of future generations. From our analysis we found Latin America to improvise and apply short term planning, for instance young students should be taught on risk topics like insurance, savings, investments or retirement plans.

As a proposal for further study we could work in designing a risk framework to suit local organization needs in terms of culture, budget, education and physical location. Holistic approaches have been proposed already but currently there is no a formal proposition.

A second proposal is to understand why universities in Latin Countries do not offer careers focused in risk management. In USA and Europe these programs have existed for 20 years. Are universities not offering these programs because companies do not have mature risk management systems or is it that companies demand professionals, but culturally young students are not attracted to it, because they do not understand the scope and activities of someone linked to risk management.

8. Appendix

Questionnaires:

Name:	Manuel F.						
Position:	Regional Risk Manager - Risk Insurance						
Company:	Marsh Risk Consulting						
Department:	Risk Management						
Reports to:	Risk Management Regional						
Country:	Mexico						
Years of Experience:	25						
Summary of Activities:	Atención Servicio a Cliente, Promoción, Administración Programas Mundiales, Asesoría Siniestros						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	OTHER...	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<p>*Como latinoamericanos no estamos acostumbrados a una planeación de vida.</p> <p>*La población no tiene para planear vive al día. Mucha gente pobre. Cultura de prevención en otros países</p> <p>*Pensar antes de Otras prioridades (alimentación, vestido, salud...) Si existe dinero extra es para pagar seguros o invertir. Porque no tengo dinero, compro un seguro. Lo ven como solución no como un lujo.</p> <p>*Riesgo político. Cada 4 o 6 años cambia el rumbo de un país.</p> <p>*3% de las casas en Mexico están aseguradas</p> <p>*El Latino desconoce y menosprecia el seguro</p> <p>*Las leyes en Latinoamérica son muy laxas y flexibles, no existe estado de derecho y también existe corrupción</p> <p>*Falta cultura del ahorro</p> <p>*Educación Financiera nula no incluida en los planes de desarrollo</p> <p>*No existe de educación académica de Calidad</p> <p>*Gente no preparada para enseñar</p> <p>*En los pauses en desarrollo los gobiernos satisfacen todas las necesidades básicas y los individuos tienen oportunidad de emprender nuevos riesgos</p> <p>*No toman riesgos porque apenas y pueden tener un patrimonio</p>							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en su organización?							
<p>*Se relaciona directamente con la Póliza de Seguro</p> <p>*No existe cultura de administración de riesgos en la Alta Gerencia. Empresas locales sin administración de riesgos</p>							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios, y toma de decisiones?							
<p>*Empresas Transnacionales tienen personal pero no lo explotan, solo por cumplir.</p> <p>*No existe conocimiento del tema ni talento local</p> <p>*Las empresas no desarrollan talento en su plan de carreras</p> <p>*Finanzas, CXP, Compras llevan la administración</p>							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
<p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <p>*No existe CRO. Las decisiones son tomadas por el Gerente de Finanzas</p> <p>*No existe alguien que funja como umbrella. No existe sinergia entre las plantas hermanas o filiales.</p> <p>*Poco involucramiento de las empresas en la administración de riesgos</p> <p>*Decisiones bajo sentido común e intuición con criterio principal en costo. Data anasis, DATA mining apenas comienza a implementarse</p>							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<p>*Mala comunicación entre empresas a todos niveles</p> <p>*Delegan toma de decisiones y funciones a contratistas y firmas de consultoría</p>							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
<p>*Parcialmente. Existe pero solo en ciertas áreas se tiene conocimiento amplio del tema.</p> <p>*Es difícil encontrar talento en el mercado</p>							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
<p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...</p> <p>*Las empresas no desarrollan talento en su plan de carreras.</p> <p>*Las universidades tampoco ofrecen estos planes de estudio</p>							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<p>*Capacitaciones, enseñar con el ejemplo desde altas esferas. Mayor información mejor toma de decisiones. Educando a la gente y permeando puntos básicos</p> <p>*Implementar en las escuelas educación financiera y Administración de Riesgos</p> <p>*No se sabe actuar en caso de emergencias. Después de las tragedias se aprende, más no analizar antes de que sucedan los eventos. Desde temprana edad</p>							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<p>- ¿Que tecnologías, software y sistemas son utilizados para gestionar los riesgos?</p> <p>- ¿En su organización cómo monitorean los riesgos emergentes?</p> <p>- ¿Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines?</p> <p>*Uso de bases de datos de registros.</p> <p>*Predicciones en Data Analytics</p> <p>*Transferencia de conocimiento entre colegas. Manera empírica y por experiencia.</p> <p>*No se invierte en tecnologías por falta de conocimiento sobre el uso y alcances de las herramientas</p> <p>*No es prioridad para la organización invertir en estos recursos</p>							

Name:	Angel B.						
Position:	Property, Liability and Cargo Manager						
Company:	AON Risk México						
Department:	Property Risk						
Reports to:	Regional Director						
Years of Experience:	8						
Summary of Activities:	Administrar la Cartera de Clientes Transnacionales, Asesorías, Siniestros, Nuevos Riesgos						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	OTRO	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<ul style="list-style-type: none"> *Países no tienen sentido de prevención hacia el futuro. *Visualización a corto plazo *Por temas económicos y educativo *Política económica limitada de países *No existe obligación por leyes y regulaciones locales en seguros obligatorios *Materia de seguridad social, es necesario que en Latinoamérica se eduque a la gente desde la escuela en estos temas 							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en una organización?							
<ul style="list-style-type: none"> *El 80% de las empresas se enfoca únicamente al área financiera, es decir cuidar el patrimonio de la empresa *Los financieros son responsables de pagar seguros sin saber de seguros *En un 20% de empresas si existe un departamento de administración de riesgos. *La figura de CRO existe muy poco si acaso es posible observar pero solo en empresas transnacionales 							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios, y toma de decisiones?							
<ul style="list-style-type: none"> *Forma parte de la estrategia pero también se observa solo para temas de cumplimiento, depende mucho del tipo de producto. Riesgos delegados a otras áreas sin el expertise necesario. *Toma de decisiones en función de riesgos más intuitiva que sobre datos analíticos. *Capacitación inadecuada para los tomadores de decisiones 							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
<p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <ul style="list-style-type: none"> *Finanzas y Compras. A mi consideración en el 90% de los casos lo administra alguien del área financiera. *Recursos Humanos por el tema de beneficios y compensaciones. *Si existen comités de riesgos o risk managers ellos validan la decisión 							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<ul style="list-style-type: none"> *Curso de inducción pero muy general donde se mencionan los valores de la empresa. Es un estándar regional *Descripción de actividades de puesto *Capacitaciones online sobre riesgos atribuibles al puesto de trabajo. *Pláticas de ética y profesionalismo en el trabajo *Pláticas Riesgos emergentes 							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
<ul style="list-style-type: none"> *Todas las estrategias locales son alineadas a estrategias corporativas *Estudios para validar tener las capacidades necesarias para ejecutar el puesto según política corporativa *Planes de carrera en marcha para todos los empleados *En ocasiones algunas iniciativas globales de IT/IS no empatan con el modelo local por incompatibilidad de tecnología o por falta de capacitación del personal 							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
<p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...</p> <ul style="list-style-type: none"> *Disponibilidad de Tecnología *Capacitación *Lenguaje y terminología distintos entre países y regionales 							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<ul style="list-style-type: none"> *Capacitación al personal financiero en temas de seguros y riesgos NO financieros *Promover que las escuelas consideren materias referentes a educación financiera en diferentes niveles educativos *Auditorías específicas en materia de riesgos y seguros 							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<ul style="list-style-type: none"> - ¿Que tecnologías, software y sistemas son utilizados para gestionar los riesgos? - ¿En su organización cómo monitorean los riesgos emergentes? *Para riesgos emergentes se usan históricos para atender probables siniestros según estacionalidades y tendencias mundiales *Existen agencias especializadas en temas de daños que nos comparten información, al igual que las Aseguradoras *Empresas proveedoras de datos de información sobre cuotas de suscripción como lo es el caso de "Sensward" *Utilizamos bases de datos para consulta de información, más no para procesarla *Se emplean cuestionarios para descubrimiento de riesgos con base a metodología - Discovery *Tenemos el software de SLIP de riesgos que apoya en la toma de decisiones apoya a la gestión de riesgos según la exposición 							

Name:	Marco O.						
Position:	Insurance and Internal Controls Coordinator						
Company:	BMW Group						
Department:	CONTROLLING						
Reports to:	CONTROLLER - CFO						
Years of Experience:	8						
Summary of Activities:	ESP SIST CONTROL INTERNO, REP INHOUSE BROKER, RESP RIESGOS FINANZAS, RESP PROYECTO						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	OTRO...	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<ul style="list-style-type: none"> *En Latam desde el tema educativo no tenemos perspectivas a futuro ni de prevención. Trabajan mas en la prevención y toman medidas de mitigación *La gente vive al día, no tienen recursos para la parte de prevención y solo se enfocan a cumplimiento Legal *La planeación no es mayor a un año, cuando en culturas desarrolladas planeación es a más de 15-20 años *Riesgos estratégicos no permeados para niveles medios y bajos *En empresas desarrolladas la admin de riesgos se hace a todos niveles. En LATAM se hace solo para soportar *En latam no nos gusta tomar riesgos, menos a aquellos que no conocemos. Nos gustan las cosas seguras y que dan certidumbre *La economía no da para cumplir con recursos básicos, los planes de mitigación y prevención son un plus 							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en una organización?							
<ul style="list-style-type: none"> *En mi empresa existe una estructura completa y a todos niveles que gestionan este tema *A nivel Directivo se realizan dos reportes anuales de los Top 3 riesgos a nivel mundial. Cada área reporta los riesgos a nivel operativo *En áreas de calidad existe un risk manager que hace assessment de riesgos de producción 							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?							
<ul style="list-style-type: none"> *Existe un responsable de reportar riesgos en cada planta *En los niveles operativos - FMEA SWOT Ishikawa 6M *A nivel estratégico - SWOT *Metodo Montercarlo a nivel corporativo para intergrar reportes 							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
<p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <ul style="list-style-type: none"> *El Gerente de Riesgos *También existen responsables de riesgos a nivel procesos - Se coordina con el responsable de riesgos en distintas áreas (producción, IT, ensamble, logística, etc) *Las decisiones son tomadas con base a datos duros y a consensos entre otras entidades y responsables de riesgo. Alta Gerencia involucrada 							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<ul style="list-style-type: none"> *La empresa sí vive la cultura de riesgo a nivel grupo sin embargo al momento de implementar las estrategias localmente cuesta trabajo por distintos factores culturales y de organización corporativa 							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
<p>Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?</p> <ul style="list-style-type: none"> *No están alineadas al 100% por tema de cultura pero se deben hacer adaptaciones que empaten con la situación real. 							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
<p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...</p> <ul style="list-style-type: none"> *Legislaciones en corporativo y marcos de referencia distintos en el país donde se basa la empresa. *No existe certificaciones OEA en global vs local *Empleados no adoptan el tema de cultura riesgos fácilmente, más un tema de trabajo que un tema personal *En algunas áreas de hacen las cosas por cumplir y en otras si se hace por un tema de conciencia 							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<ul style="list-style-type: none"> *Crear entrenamientos específicos para todos los niveles para crear un link entre el riesgo personal al riesgo organizacional *En la estructura de la compañía ampliar la red de administradores de riesgos para llegar a más niveles *Cuando se preparan certificaciones y tomar como base ISO 31000 para comunicar mejor la importancia de riesgo al personal 							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<ul style="list-style-type: none"> - ¿Que tecnologías, software y sistemas son utilizados para gestionar los riesgos? - ¿En su organización cómo monitorean los riesgos emergentes? - ¿Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines? <ul style="list-style-type: none"> *El board de directors hace reuniones para analizar efectos de riesgos geopolíticos y sus efectos. Se reporta a Corporativo en Alemania *Se cuenta con bases de datos y existe un master risk list al que se tiene acceso los risk managers de todas las áreas. Base para juntas mensuales de risk managers. <p>Monitoreo de riesgos.</p> <ul style="list-style-type: none"> *Se detallan fechas de implementación y se debe enviar evidencia de cierre. Sistema de mejora que solicita monitorear el riesgo a futuro. *Cada planta o unidad también tienen acceso *IT está buscando crear dashboards y analytics a través de otras bases de datos. *Accesos a bases de datos solo con entrenamiento previo *Existe un área de Relaciones gubernamentales que atiende temas de riesgo político 							

Name:	Georgina R						
Position:	LATAM HSE Manager						
Company:	Procter & Gamble						
Department:	Health & Safety						
Reports to:	HSE GROUP MANAGER						
Years of Experience:	9						
Summary of Activities:	Contractors Safety Program Mgmt, Higiene & Engineering, Program Mgmt						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	OWN RISK FRAMEWORK	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<p>*Una diferencia clave es como se autodetona la persona y factores externos. A nivel individuo existe el entendimiento del riesgo pero no existe una conceptualización del mismo.</p> <p>*En situaciones cotidianas nos enfrentamos a diversos riesgos que hacen que perdamos noción de la exposición a riesgos normales. Normalizamos el riesgo.</p> <p>*En países desarrollados esta consciente de los riesgos que enfrenta y sus derechos para no tomar riesgos innecesarios. Educación y conciencia de leyes.</p> <p>*En LATAM esta acostumbrada a arriesgar la vida por el entorno económico y la necesidad de trabajar.</p> <p>*Las clases bajas son más expuestas a sufrir accidentes y creo en ocasiones tenemos un gusto por enfrentar riesgos, así como malos hábitos en materia de seguridad.</p> <p>*En las empresas existe interés en mejorar la seguridad de los empleados pero la mayoría de las veces no tienen los conocimientos adecuados.</p> <p>*Es difícil implementar un proceso de riesgos porque el empleado no desea seguir las instrucciones, al final lo hace a juicio personal.</p> <p>*En Latam solo se hacen planes a corto plazo</p> <p>*Las Leyes en LATAM más laxas y flexibles en materia de seguridad. También existen sistemas corrompidos.</p> <p>*Los empleos y empresas no conocen la ley o la omiten con tal de trabajar</p> <p>*Debería existir una influencia en educación de admon de riesgos (padres, escuela, empresas)</p> <p>*Se observa una falta de coordinación entre dependencias gubernamentales para aplicar la ley en materia de riesgos (IMSS, STPS, SE)</p> <p>*En LATAM estamos más expuestos a fraudes y malas prácticas que perjudican al empleado y a las empresas</p>							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en una organización?							
<p>*En nuestra organización se enfocan a atacar el riesgo puro desde un punto de vista correctivo, reactivo y predictivo.</p> <p>*Generar registros y procedimientos que pudieran generar riesgos grupales e individuales</p> <p>*Estandares políticas y procedimientos según el tipo de tecnología aplicada que permiten prevenir incidentes</p> <p>*Realización de Auditorías Internas y externas</p>							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?							
<p>*Se hace a todos los niveles. Existe buena comunicación y se tienen la encomienda de la seguridad primero.</p> <p>*Se aplica la metodología de Administración del Cambio (evaluación a estado futuro), identificamos riesgos y requerimientos, plan de acción, actividades específicas.</p> <p>*Este análisis se realiza a todos niveles</p>							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
<p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <p>*Existe un dueño de programa de la seguridad en el trabajo, pero los dueños de los resultados son los del equipo de Liderazgo.</p> <p>*Existen roles definidos y actividades por programa, competencia y tecnología. Es una responsabilidad compartida.</p> <p>*Las decisiones SI son hechas con base a datos analíticos ya que existen procedimientos y estándares.</p> <p>*Cualquier cambio debe incluir una evaluación de riesgos</p>							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<p>*Es una cultura independiente, no reactiva, desde mi punto de vista no hay que estar atrás de la gente presionando para que realicen las cosas. Los empleados están en la mejor disposición a recibir recomendaciones.</p> <p>*Cumplir estándares de seguridad pero consecuencias punitivas por negligencias. Alto índice de aceptación en temas de seguridad.</p> <p>*Existe un alto compromiso ante la honestidad y el compromiso</p>							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
<p>Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?</p> <p>*Las iniciativas corporativas externas siempre deben implementadas localmente, si no existen los recursos se buscan alternativas pero siempre siguiendo las directrices corporativas.</p>							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
<p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...</p> <p>*Falta de talento con contratistas</p> <p>*Influencia externas de la organización, ya que las empresas y contratistas no necesariamente siguen la ley y los protocolos</p> <p>*Estado de relajación de empleados con mayor antigüedad</p>							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<p>*La empresa es muy tolerante con contratistas. Implementar un modelo de competencias contra la consecuencia de no realizar las actividades.</p> <p>*Adaptar el modelo de entrenamiento y capacitación en la región de Latam para empleados y contratistas (tocando idiosincrasia de las personas)</p> <p>*Mejorar los sueldos porque los empleados preocupados y distraídos son más propensos a perder su trabajo, lo cual es una causa de accidentes</p>							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<p>- ¿Que tecnologías, software y sistemas son utilizados para gestionar los riesgos?</p> <p>- ¿En su organización cómo monitorean los riesgos emergentes?</p> <p>- ¿Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines?</p> <p>*Las plantas tienen un sistema de gestión de riesgos laborales. (no excel). A partir de historial de incidencias, se hacen predicciones.</p> <p>*No se usan herramientas estadísticas complejas o muy avanzadas</p> <p>*Se utilizan bases de datos para realizar análisis pero a manera manual. Herramientas a nivel global. No existe acceso libre a esa información por temas de confidencialidad</p>							

Name:	Mauricio N.						
Position:	Security Vulnerability and Resilience Services						
Company:	ABB US						
Department:	IS Risk & Security						
Reports to:	CFO						
Years of Experience:	12						
Summary of Activities:	Vulnerability Mgmt, Penetration Testing, Finding Mgmt Administration						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	OTRO...	NIST 171	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<p>*En LATAM no entienden el por qué de los controles, solo lo ejecutan porque se les dice que lo deben hacer.</p> <p>*No existe una cultura a largo plazo</p> <p>*Se reacciona solo después de que ocurre un evento de pérdida</p> <p>*No se hace un plan de implementación para evitar los sucesos pasen de nuevo</p> <p>*Se crean "Todólogos" y son los que llevan la gestión de ciertos riesgos. Solo se piensa desde un punto de vista de reducción de costos</p> <p>*Leyes NO aplicadas al 100%. No son seguidas al pie de la letra. Existe impunidad cuanto violación Leyes</p> <p>*Existe un problema y el problema se corrige sobre la marcha, no desde inicio</p> <p>*No se apegan a las cláusulas de contrato</p> <p>En Países desarrollados:</p> <p>*Toman en cuenta las consecuencias para prevenir</p> <p>*Se asignan mayores recursos para gestionar riesgos (organigrama y funciones específicas)</p> <p>*Leyes e iniciativas gubernamentales en materia de prevención ligadas y procesos coordinados. Esquemas de multas y medidas punitivas. Mayor supervisión y control de Gobierno</p> <p>*Stakeholders validan los niveles de riesgo y calificaciones de las empresas antes de hacer negocios</p>							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en una organización?							
<p>*Políticas, controles, estándares y guidelines de la organización sobre las actividades del puesto de trabajo</p> <p>*Medir el nivel de protección de la empresa ante vulnerabilidades conocidas en riesgos de IT (controles seguridad a todo nivel)</p> <p>*Penetration testing-vulnerabilidades no conocidas</p> <p>*Los findings se reportan en una base de datos para dar seguimiento</p>							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?							
<p>*No existe integración ya que el negocio siempre tiene autoridad sobre vulnerabilidades encontradas.</p> <p>*En ocasiones se hacen excepciones para omitir controles de seguridad si el cliente final lo pide.</p> <p>*Se deben monitorear constantemente los controles para que la gente los siga y se apegue al procedimiento</p> <p>*Las implementaciones requieren forzosamente de la participación del jefe directo para que se ejecuten = Champions en proyectos</p>							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades? En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos							
<p>*IS Risk Management --> Risk Management</p> <p>*No existe claridad de sus funciones. Tareas interrelacionadas con otras áreas. Equipos nuevo, no tienen el staff completo y son puestos que no se dedican al 100 en esas nuevas funciones.</p> <p>*Se toman decisiones con base a risk assessments de controles de seguridad, pero solo por cumplir, pero la decisión final es decisión propia.</p> <p>*Existen decisiones preconcebidas y viendo por el bien del negocio.</p> <p>*Risk Assessments hechos fuera de tiempo, una vez que las decisiones estaban tomadas</p> <p>*Riesgo tomado en cuenta hasta las fases finales del proyecto</p>							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<p>*Existe documentación sobre riesgos y controles, infraestructura y sistemas pero no se usan efectivamente</p> <p>*No existe una cultura de riesgo entre los empleados.</p> <p>*Se toman decisiones reactivas y no preventivas.</p> <p>*Problemas recurrentes a través de los años. Mismas personas haciendo las mismas tareas para resolver el mismo problema. No se solucionan los problemas de raíz</p>							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local? Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?							
<p>*Teoría diferente a la realidad</p> <p>*Se deben tropicalizar los lineamientos y procesos a nivel local, de lo contrario no son eficientes. Las personas no lo entienden y nunca se apropian de él</p> <p>*A nivel local se presentan falta de recursos \$, humanos.</p> <p>*Tareas nuevas y adicionales asignadas a otros empleados con tareas ya definidas. No se ejecutan las iniciativas correctamente por falta de tiempo</p> <p>*Procesos diseñados de manera estándar sin considerar particularidades de los sitios</p> <p>*Falta de entendimiento local</p>							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos? Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...							
<p>*Cultura de no pasa nada desde un tema antropológico (desde niños)</p> <p>*Directores de empresas globales no pueden implementar estrategias locales por barreras cultural. Terminan adaptándose a la cultura local</p> <p>*Aceptación del riesgo en culturas de LATAM (hábitos de enfrentar riesgos)</p> <p>*Capacitación en materias de admon de riesgo en las empresas</p> <p>*Se rompe el espíritu de cambio y mejora al ver que los problemas son recurrentes</p> <p>*No existe la oferta educativa desde la escuela en materia de administración de seguridad y riesgos</p>							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<p>*Ser coherentes entre el tiempo de implementación de controles. Todo es urgente no hay tiempo para planear. Tener una mejor planeación</p> <p>*No existe consideración de presupuesto para correcta administración de riesgos</p> <p>*Grupos multidisciplinarios al implementar estrategias</p> <p>*Hacer que el riesgo sea implementado de manera efectivo y no como un requerimiento</p> <p>*Implementar herramientas y modelos de riesgo a largo plazo</p>							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<p>- ¿Que tecnologías, software y sistemas son utilizados para gestionar los riesgos?</p> <p>- ¿En su organización cómo monitorean los riesgos emergentes?</p> <p>- ¿Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines?</p> <p>*Fred Intelligence (interno y externo) monitorea open source intelligence.</p> <p>*Monitorear riesgos externos sintetizados a aquellos con mayor probabilidad de ocurrencia para nuevas tendencias de vulnerabilidad.</p> <p>*RCA Archer - Software para identificar, evaluar y monitorear riesgos</p> <p>*Herramientas para trabajar sobre riesgos preventivos y correctivos. No existen tecnologías para riesgos predictivos</p>							

Name:	Lucia O.						
Position:	Senior Internal Auditor						
Company:	ASEA and BBC Brown Boveri Perú						
Department:	Internal Audit						
Reports to:	Board of Directors						
Years of Experience:	11						
Summary of Activities:	Risk and Control Compliance Review, Operational Finance and Compliance						
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	ERM	COBIT	BASEL		
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
<p>*En Latinoamérica no existe un cumplimiento claro de los conceptos de riesgos. En países desarrollados los jóvenes ven a futuro e invierten en planes para el retiro</p> <p>*Desconocimiento esquemas de ahorro, inversión y retiro. Conocimiento sobre requerimientos y leyes locales es diferente.</p> <p>*En LATAM la cultura nos orilla a cuidar el trabajo y dar preferencia a éste antes que a asuntos personales</p> <p>*En LATAM los empleados muestran respeto y miedo a los jefes, en otros países los ven como sus colaterales</p> <p>*En países desarrollados se analizan más los datos para la toma de decisiones porque tienen mayores recursos, herramientas y fuentes de información</p> <p>*En LATAM no se tiene un excedente para invertir o disponer en necesidades diferentes a las básicas y en materia de seguros</p> <p>*Existen leyes existentes en tema de prevención de riesgos pero no son seguidas al pie de la letra. El estado no impone obligatoriedad</p>							
2. ¿Cuáles son los procesos y capacidades de la administración del riesgo en su organización?							
<p>*Se hace una análisis de riesgos anualmente para definir el alcance de las auditorías a realizar durante el año. Posteriormente se hacen entrevistas para definir el scope de riesgos ya definidos (alcances distintos según la exposición al riesgo).</p> <p>*Revisar guidelines a nivel corporativo, políticas y procedimientos locales. Tablas de Autoridad, Segregation of Duties, Controles, Compliance con Regulaciones Internacionales y Locales.</p> <p>*Estos procesos son realizados en todos los niveles de la organización</p> <p>*Proveer consultoría para implementar controles de procesos</p>							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?							
<p>*Existen alineación entre las estrategias corporativas de la empresa son los objetivos estratégicos del área.</p> <p>*El área está enterada de cualquier iniciativa o cambio global que la empresa tiene</p> <p>*Plan de trabajo se adecúa a los riesgos estratégicos de la empresa considerando el inventario de riesgos global a nivel país</p>							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
<p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <p>*Existen múltiples departamentos encargados de éste tema según el nivel de riesgo</p> <p>*La administración varía dependiendo de la estructura de cada país y de las unidades de negocio. Esto hace que existan actividades y funciones compartidas lo que implica una comunicación inefectiva entre departamentos</p> <p>*No existe claridad sobre quien es el dueño y responsable de ciertos procesos</p> <p>*Usualmente se toman decisiones con base a experiencia. Por tiempo, falta de información, ignorancia o por desconocimiento en la disponibilidad de herramientas.</p>							
5. ¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
<p>*La organización es consciente de los riesgos que impactan a la organización mediante iniciativas globales lideradas por la alta dirección.</p> <p>*En mandos gerenciales y operativos se pierde la intención de la estrategia y operativos no son prioridades para sus objetivos de área.</p> <p>*Se le da más importancia al negocio que a la correcta gestión de riesgos. En ocasiones no es aprobado por la Alta Gerencia</p> <p>*No acciones en contra de las personas que violan los controles. (Management Consequences)</p>							
6. ¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
<p>Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?</p> <p>*No están necesariamente alineadas y para la correcta aplicación se deben analizar los contextos locales como tamaño de la organización, cultura, herramientas disponibles, etc.</p> <p>*Problemas de integración en unidades de negocio distintas</p> <p>*Problemas al alinear iniciativas globales a empresas adquiridas (compradas) por el grupo</p> <p>*En ocasiones hay limitantes de presupuesto para implementar estrategias locales, ya que ciertas autorizaciones son hechas en Grupo</p> <p>*Problemas al implementar y estandarizar controles entre países con distintos recursos</p>							
7. ¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
<p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados en universidades?, Presupuesto?...</p> <p>*Falta de conocimiento a nivel directivo. Se enfocan en la operación más que en el enfoque de riesgos</p> <p>*No hay oferta en el mercado laboral con profesionistas especializados en materia de riesgos. Es difícil encontrar candidatos idóneos para cubrir vacantes internas por desconocimientos del alcance del puesto y funciones a realizar (Control interno y auditoría interna)</p> <p>*Se cumplen controles solo por cumplirlos más no por tener un entendimiento de la exposición y efectos consecuenciales</p> <p>*Hallazgos de auditoría recurrentes año tras año. No existe compromiso por el dueño del proceso ni supervisor por atender las recomendaciones.</p>							
8. ¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
<p>*Management Consequences</p> <p>*Educación desde niveles básicos en materia de riesgos</p> <p>*Comunicación a todos los niveles de la organización</p> <p>*Capacitación a los empleados que ingresan en materia de gestión de riesgos</p>							
9. ¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
<p>-Que tecnologías, software y sistemas son utilizados para gestionar los riesgos</p> <p>-En su organización cómo monitorean los riesgos emergentes</p> <p>-Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines</p> <p>*Análisis de Riesgos Anual. Board of Directors-Senior Management</p> <p>*Bases de datos para analizar riesgos</p> <p>*GRCM - Software para gestionar riesgos</p> <p>*Audit Swift - Software local para documentar auditorías</p> <p>*Herramientas a nivel grupo para analizar el riesgo</p>							

Name:	Juan V.						
Position:	Controller						
Company:	Naandanjain						
Department:	Naanjin						
Reports to:	Corporate Controller						
Years of Experience:	8						
Summary of Activities:							
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30	+31
Do you know the risk framework under which your organization works?	YES	NO					
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	VPI are using 9-box	
Risk Management in Latin American Organizations							
1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?							
La preparación de la gente que se dedica a esa rama en específica. En México no se observa que la gente esté al tanto o le de importancia a temas referentes a la prevención de riesgos. Es algo que no se nos inculca desde pequeños y que no se estudia en los distintos niveles de educación superior. De igual manera los Gobiernos juegan un papel crítico en la consecución de metas y objetivos para la sociedad, ya que si el propio Gobierno no promueve políticas públicas que ayuden a tal fin, el resto de las Secretarías e Instituciones que se rigen bajo distintos marcos regulatorios no tomarán cartas en el asunto.							
2. ¿Cuáles son los procesos y capacidades de administración del riesgo en su organización?							
Se tienen definidos diagramas organizacionales, descripciones de puestos, tablas de segregación de funciones, departamentos que atienden asuntos de riesgos pero bajo distintos órdenes y perspectivas. El Corporativo en Israel también envía comunicados e información que debe de permearse en todas las áreas.							
3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?							
Contamos con estrategias anuales y de 5 años sobre las cuales definimos objetivos estratégicos y objetivos relacionados. En cada paso de las estrategias se revisan cosas puntuales de riesgos pero no de una manera a detalla sino que está implícito en los procesos el hecho de considerar los riesgos. Cada responsable de área, departamento o de unidad de negocio vela por el buen cumplimiento de los objetivos.							
4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?							
En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos su día a día; además reciben entrenamientos sobre el tema de manera recurrente. En el resto de las áreas las decisiones se toman más sobre lógica y experiencia, siempre tratando de maximizar las utilidades y minimizar amenazas.							
¿Cuál es la cultura de riesgo de la organización y cómo se vive?							
Se vive en todos los mandos pero como ya comenté se hace por cumplir.							
¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?							
Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?							
Existen muchas iniciativas de las cuales no se da seguimiento local por falta de personal, mal balanceo de actividades y por falta de presupuestos. Trabajamos bajo una filosofía de compliance que no se refleja en efectos tangibles para la propia empresa.							
¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?							
Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados universidades?, Presupuesto?...							
Falta de comunicación y de implementar estrategias a largo plazo. Aquí no se tiene el tiempo de planear sobre temas adicionales a las descripciones de trabajo de cada puesto. Localmente no tenemos una persona encargada de hacer inventario de riesgos para darles seguimiento y medirlos.							
¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?							
Empezar desde los cursos de inducción e involucrando más a la alta dirección para que promuevan una verdadera cultura a lo largo y ancho de la empresa. Además de hacer revisiones periódicas de los planes a corto, mediano y largo plazo. También serviría hacer comunicados y ver la manera de que los empleados lleven esos conceptos a su vida diaria.							
¿Cómo monitorea la administración los sucesos y tendencias externos para identificar "riesgos emergentes"?							
-Que tecnologías, software y sistemas son utilizados para gestionar los riesgos							
-En su organización cómo monitorean los riesgos emergentes							
-Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines							
Existen algunas herramientas pero que no son administradas localmente, tengo conocimiento que eso lo hacen en nuestro Corporativo. Para sucursales de cada país solamente las personas relacionadas con IT tienen acceso a bases de datos y software que previene riesgos de ciberseguridad.							

Name:	Ronaldo M.					
Position:	Executive Security and Services Manager for South America					
Company:	Cummins Brasil Limitada					
Department:	GIS					
Reports to:	GIS Latin america Leader linked to ABO					
Years of Experience:	15 years					
Summary of Activities:	Responsible for Security, Services, Aviation and Hospitality in South America Region focused on People, Property and Product					
Number of Professionals in your area:	1-5	6-10	11-15	16-20	21-25	26-30 +31
Do you know the risk framework under which your organization works?	YES	NO				
If yes, please specify those applicable:	ISO 31000	COSO	COBIT	BASEL	ERM	VPI are using 9-box
Risk Management in Latin American Organizations						
<p>1. ¿Cuál es la diferencia entre una cultura de riesgo en LATAM contra la de países desarrollados?</p> <p>Antes de contestar esto, hay que comprender que america latina tiene una distribucion de riqueza muy desigual, entonces hay mucha pobreza. Otro factor importante es la corrupcion de todas las areas del sector publico, que genera mucho mas problemas de inseguridad. Entonces con base en la cultura de los paises Latinos lo que se puede notar es que la cultura no siempre es con busqueda de prevencion pero si en hacer los ajustes arriba del tiempo para que haya oportunidad de mas corrupcion y cuando sea necesario la inversion para corregir las perdidas o problemas que haya toman mucho mas dinero, es la oportunidad que mueve las cosas.</p> <p>Ademas de esto, hay mucha falta de credibilidad de los gobiernos en la region, en su gran mayoría tuvieron largos plazos de gobiernos de extrema izquierda o extrema derecha, que llevaran a fallas muy grandes de administracion y que genero esta perdida de credibilidad. Otro factor importante es el factor educacional, en donde hay muchos problemas que por lo mismo de la desigualdad, eso ya genera desde los primeros pasos una busqueda por llevar ventaja y siendo asi generando una cultura falla que genera profesionales de bajo nivel en el mercado.</p> <p>Si miramos a paises desarrollados y como ejemplo podemos tener EEUU y Europa, en donde la inversion mas alta que hacen es en escuelas y enseno a los pequenos, eso genera una mejor cultura de reconocimiento por merito y no por ventaja. Ademas de eso, la credibilidad de los gobiernos en programas que llevan en cuenta el bien del pueblo, garantiza un cuidado mayor.</p> <p>Cuando hablamos de cultura de riesgos, los paises mas desarrollados tienen las premisas de invertir bien una vez sola, con esto la premisa principal es en prevencion y asi los resultados son mucho mas importantes. Hay muchas organizaciones que estan trabajando apra formar mejores profesionales de riesgo y con la Pandemia, este tema sera mas frecuente desde ahora y puede ser una gran oportunidad de desarrollo cultural en general.</p>						
<p>2. ¿Cuáles son los procesos y capacidades de administración del riesgo en su organización?</p> <p>A hay un proceso muy robusto de BCP con busqueda de una mejora continua em minimizar los riesgos y los que no sean posibles, que esten mapeados y con procesos mas calros de ataque ne caso de que pasen. Otro punto importante es que el alto liderezo esta involucrado y engajado en mejorar los procesos, por esto se hace muchos stress tests para garantizar que los riesgos estan todos mapeados y con programas de respuesta rapida. Cada area tiene un proceso de riesgo, no solo en BCP pero del negocio como un todo, entonces son muy robustos. Ademas de esto, hay un grupo dentro de la estructura que hace monitoreo 24/7 de todos los riesgos externos que pueden generar impactos en nuestro negocio, y con esto tenemos respuesta mucho mas rapida de los posible eventos que tenemos en el mundo.</p>						
<p>3. ¿Cómo se integra la administración del riesgo dentro del encuadre de la estrategia, planeación de las unidades de negocios y toma de decisiones?</p> <p>Por el propio proceso de desarrollo de cada negocio, hay un proceso de management of Change que nos ayuda a entender cuales seran los cambios y de acuerdo a esto se hace la evaluacion de los riesgos. Ademas de eso el equipo de seguridad tiene silla permanente en las juntas de discusiones estrategicas en donde la informacion llega mas clara y de allis e puede tomar decisiones con base en estudios y evaluaciones de riesgo, mirando para la continuidad del negocio, proteccion de la marca, producto, propiedad y personas.</p>						
<p>4. ¿Quién dentro de la administración es responsable de la administración del riesgo?, y ¿hay claridad y rendición de cuentas de esta función y responsabilidades?</p> <p>En tu punto de vista se toman decisiones de manera intuitiva, a juicio o con base a experiencia; o de forma analítica con base en datos</p> <p>Cada negocio tiene su area que evalua riesgos, sea estrategia sea operacional, pero los conceptos de MRG (Management Review Group) ayudan mucho para la tomada de decisiones. Mucho de la administracion de riesgos viene por parte de seguros, pero mas focados a la proteccion de assets, entonces hay una responsabilidad compartida que pasa por evaluacion mas constante.</p> <p>Hay una conjunto, los datos son muy importantes y son la base para las tomadas de decisiones, pero las experiencias del pasado tambien son tomadas en cuentas para que no tengamos errores repetidos. la cultura de lessons learned esta muy clara y desarilla un papel muy relevante en tomadas de decisiones y nuevos proyectos dentro de evaluaciones de riesgo.</p>						
<p>¿Cuál es la cultura de riesgo de la organización y cómo se vive?</p> <p>Creo que puedo decir que la mejora continua es el mejor entendimiento de la cultura de riesgo, el sistema de 6 Sigma trae procesos muy claros de desarrollo y con esto la organizacion tiene guidilines muy claros. Otro factor importante es que los lideres estan comprometidos con entrega en alto nivel, o sea, mejores procesos y menores perdidas. esta muy fuerte tambien lo que es la cultura de proteccion de las personas, los riesgos en operaciones y compromatamientos son constantemente evaluados y con esto los procesos de entrenamiento garantizan que la comunicacion llegue a todos. se vice como cultura de la empresa.</p>						
<p>¿Cuán alineada está la cultura corporativa de riesgo de la empresa con su estrategia local?</p> <p>Iniciativas globales no empatan con el modelo local?, falta de presupuestos?, tecnologías incompatibles?</p> <p>prospuesto que hay diferencias de region a region, sobretodo em tecnologia y costos, pero la empresa es global, si es así, s estrategias no deben ser locales. Hay desafios em todo territorio, sea em prevencion de riesgos a personas, propiedad, marca, etc. pero la organizacion inventiva que los procesos sean los mas iguales posibles para que no haya problemas de adaptacion. tambien hay mucha claridad en cual es el objetivo, entonces en algunas regiones los caminos para llegar a este objetivo pueden tardese un poco mas y pueden ser diferentes, pero con la claridad de donde deseamos llegar, es mas facil de administrar.</p>						
<p>¿Qué impedimentos culturales enfrentan las organizaciones para una efectiva implementación de la gestión de riesgos?</p> <p>Ejemplo: Falta de compromiso de dirección? Falta de talento? No existe oferta de empleados especializados universidades?, Presupuesto?...</p> <p>em primero momento la gestion de reigo no estaban em las organizaciones como algo que deberian poner atencion, pero desde hace 20 años esto gano mucha fuerza, com los cambios de los mercados, los riesgos ciberneticos e la inseguridad mundial, se esta tomando mas em serio este sector.</p> <p>em mi punto de vista la grande barrera para tener una posicion fija de gestion de riesgo el la visibilidad del resultado, recuerdo que la prevencion de riesgos no es mensurable, o sea, no siempre es posible poner valor a lo que se evita de perdida, entonces esto dificulta invertir en una persona en este nivel y es por esto que se divide los procesos en varias areas diferentes.</p>						
<p>¿Qué modelos culturales, estrategias o estructuras podrían ser útiles de adoptar para mejorar la cultura de riesgos en su organización?</p> <p>siento falta de sistemas tecnologicos de evaluaciones de reigos que puedan mensurar los valores que son mitigados cuando se hace una inversion em prevencion, em general si no hay una perdida, es mas dificil una justificativa de inversion,</p> <p>Tener mas fuerte la presencia de una estructura de riesgos ayudaria em tomada de decisiones mas rapidas, aun ue tenemos procesos claros, pero la falta de una area que seria slo especifica para esto, ganaria mas fuerza y velocidad em los proyectos.</p>						
<p>¿Cómo monitorea la administración los sucesos y tendencias externos para identificar “riesgos emergentes”?</p> <p>-Que tecnologías, software y sistemas son utilizados para gestionar los riesgos</p> <p>-En su organización cómo monitorean los riesgos emergentes</p> <p>-Existen limitantes de presupuesto, entrenamiento o de conocimiento para tales fines</p> <p>Como comentado hay una estructura corporativa que hace el monitoreo de los riesgos de los escenarios externos, esto nos ayuda a tener visibilidad del mundo al momentoy, tanto com crisis politicas, criminales o disrupturas em la cadena de suministro. este soporte ayuda mucho a tener la informacion rapida.</p> <p>La empresa contratada tiene un sistema para adminisntracion de los riesgos y asi puedo ayudarnos con el mapeo, pero es un sistema cerrado sin mucho acceso. No digo que haya limitantes para entrenamientos, pero creo que como no hay una area especifica, genera mas dificultades em entrenamientos especificos.</p>						

Glossary:

AS/NZS: Australian Standard

APM: Association for Project Management

BS: British Standard

COSO: Committee of Sponsoring Organizations

ERM: Enterprise Risk Management

IRM: International Risk Management

ISO: International Organization for Standardization

IVR: Risk Aversion Index

LATAM: Latin America

NFPA: National Fire Protection Agency

PD: Power Distance

PMI: Project Management Institute

SME: Subject Matter Expert

UAI: Uncertainty avoidance

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