Communicating Values Across Cultures: Globalizing Your Code Of Ethics

By Lori Tansey Martens[1]

A key problem for Ethics and Compliance Officers charged with making their programs effective on a global scale is how to successfully disseminate organization-wide values and standards while taking account of the many cultures in which the company does business.

An increased awareness of the business case for high ethical standards, as well as legislation such as Sarbanes-Oxley, the Foreign Corrupt Practices Act, and the UK Bribery Act, have been drivers for ensuring global consistency within ethics and compliance programs. It is now more important than ever that an organization clearly communicates its values, commitments and standards wherever it operates.

However, many companies launch their programs from their head office without proper adaptation to the international locations where they do business. It is difficult to achieve buy-in when the ethics program is perceived locally to be irrelevant or inappropriate. One of the most significant challenges when globalizing ethics and compliance programs is overcoming the belief by local employees that the company is trying to impose foreign values upon them; a kind of “cultural imperialism.” As a result, they may also believe that the company is dismissive of local culture and customs. Politics and international policy among nations can serve to solidify this perception.

The key to addressing these issues is for companies to approach cultural differences with sensitivity and open mindedness. This may not only reduce
conflict at the local level, but also improve the overall efficacy of the program, even within the home country.

Globalizing the Code of Ethics

There are many dimensions and tools to a successful ethics and compliance program, but perhaps the cornerstone is the corporate code of ethics. As companies expanded internationally in the early 1990s, they realized the importance of having consistent standards, values, and operating procedures throughout their locations worldwide. Consistent standards also allowed companies to move personnel between locations with a minimum of disruption because the code was believed to help establish a unified culture.

However, global codes can fall short in accounting for the many cultural differences that influence business practices. It is common to mistake cultural etiquette, e.g. how to exchange business cards in Asia, for fundamental cultural differences. True cultural differences lie in the common values held by individuals, which then define how they interact within a societal context. For example, many western societies place emphasis on laws and contracts to facilitate business relationships; however, in some eastern countries, the emphasis is on facilitating the relationship while laws and contracts are of secondary importance.

So what should compliance and ethics professionals consider when globalizing their codes of ethics? Companies will need to show sensitivity and open mindedness in the application of values and principles to specific cultural practices. For example, most western companies with “no cash gifts” policies regularly provide small “cash gifts” to service personnel in hospitality situations. That these are viewed not as “gifts” but as “tips” is really a minor distinction. Tipping is simply an ingrained cultural practice in parts of the West and therefore deemed acceptable. Perhaps viewing the small amounts of cash exchanged in red envelopes during the Chinese New Year as an annual tip instead of a cash gift maintains the company’s core commitment not to bribe in order to retain business while respecting an important cultural tradition throughout much of Asia.

Naming the Code of Ethics
A code document may be referred to by many different names, e.g. the Code of Ethics, the Code of Conduct, Our Company’s Business Practices, The Way We Work, etc. Whatever its title, the code document is intended to provide guidance to employees regarding how the company wants them to behave and conduct business on its behalf. It is of course worth the ethics office working closely with the company’s communications professionals when considering effective style, messaging and dissemination channels for different geographies.

It is important to consider carefully the title of a code before adopting it for use. Calling the document Our Company’s Compliance Code fails to convey the concept of ethical behavior as being about choice and judgment, and as a result, it is perceived as a set of rules, which in some countries is not as compelling as the concept of corporate values. In the multinational context, a name such as Our Ethics Manual is problematic because the term “ethics” is extremely difficult to translate, often having moralistic connotations.

When selecting a title for a code, it can be helpful to think in terms of the overall message or purpose the document serves. For example, Conducting Our Business Responsibly conveys the document’s intent and successfully avoids terms and concepts that might present difficulties in translation.

Regional Variations

Upon drafting global principles and commitments, a growing number of companies enable regions to expand or adapt the basic code, so as to take account of local customs where they do not pose an integrity risk. Some introduce variations to the actual code document itself, though not to the values or minimum expected standards, by providing information and examples that are more accessible, relevant and comprehensible to the employees who will be using them. Such changes should be in explanation and application only.

Regional variations might include:

- More regionally appropriate “questions and answers”
- Concrete examples directly related to cultural concerns
- Additional information in support of specific challenging issue areas
• Local business ethics support channels.

Regional variations and supplements will actually increase consistency of application because employees—on a global scale—will better comprehend how the standards interact with their work place and social cultures. Additionally, they are important in helping to ensure that employees know how to conduct business in a manner that respects local practices while not contravening the company’s core values and minimum standards. Finally, the variations demonstrate to the employees that the organization is culturally sensitive.