

The Complete Compliance and Ethics Manual 2023

Communicating Values Across Cultures: Globalizing Your Code of Ethics

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A key issue for ethics and compliance officers entrusted with the global effectiveness of their programs is to successfully disseminate organization-wide values and standards while taking into account the many cultures in which the company does business.

An increased awareness of the business case for high ethical standards, as well as recent anti-corruption laws in countries including France (Sapin II), Germany, Russia, China, and Brazil and legal mandates on human trafficking and environmental requirements, 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 understanding of or adaptation to the international locations where they operate. It is difficult to achieve buy-in when the ethics program is perceived locally as irrelevant or inappropriate. One of the most significant challenges when globalizing ethics and compliance programs is overcoming local employees' belief that the company is trying to impose foreign values upon them—a kind of cultural imperialism.

The key to addressing these issues is for companies to approach cultural differences with sensitivity, open-mindedness, and enhanced communications. This may not only reduce conflict at the local level, but may 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 mitigated reputational risk, allowed companies to move personnel between locations with minimum disruption, and helped establish unified corporate cultures.

However, global codes can fall short when 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 deep-seated cultural differences. True cultural differences result when the fundamental values in one society conflicts with another. For example, many western societies believe a contract is sacrosanct in business relationships; however, in some eastern countries, contracts may be viewed as a guideline.

What should compliance and ethics professionals consider when globalizing their codes of ethics? Companies need to show sensitivity and open-mindedness when applying 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. These are viewed as tips, and it is a culture-based distinction. Tipping is a customary practice in some countries 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 engage in bribery while respecting an important cultural tradition

throughout much of Asia.

Naming the Code of Ethics

A code document can be referred to by many names (“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. The ethics office needs to work closely with the company’s communications professionals when considering effective style, messaging, and dissemination channels for different geographies.

A code’s title should be carefully considered before its adoption. Calling the document “Our company’s compliance code” fails to convey the concept of ethical behavior being about choice and judgment, and as a result, it is perceived as a set of rules, which is not as compelling as the concept of corporate values in some countries. 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 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 to take into account local customs where they do not pose an integrity risk. Some introduce variations to the 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 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, and
- Local business ethics support channels.

Regional variations and supplements will increase application consistency because employees on a global scale will better comprehend how the standards interact with their workplace and social cultures.

Additionally, they help 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 and inclusive.

Tone and Style of the Code

A common mistake in the development of a global code is to express the standards and commitments in a commanding, negative, and even punitive manner. For example, the writer might resort to such expressions as “employees must never,” “employees are prohibited from,” “it is mandatory for employees to,” etc. This tone can lead to accusations of cultural imperialism and tends to remove employees from the position of feeling

authorized and empowered to make the best choices for the organization.

In all cases, negative commands can be transformed into affirmations. For example, the statement “You must never make personal use of the fax machine” could be expressed as, “We have a responsibility to our shareholders and fellow employees to use company resources in the best interest of our organization.” Globally, this aspirational tone for a code of ethics is better received by employees.

Code writers need to be wary of using terms and expressions that are country and/or region specific. For example, equal employment opportunity appears in many US codes, and it refers to anti-discriminatory practices when hiring employees. The term is rarely used outside of the United States. The following list offers replacement terms for some examples of culturally specific terms:

- Equal employment opportunity (US-centric) → fair hiring practices/no discrimination
- Antitrust (US-centric) → fair competition
- Anti-monopoly (UK-centric) → fair competition
- Bullying/mobbing (UK and Europe) → harassment, disrespectful treatment
- Anti-bribery (UK) or Foreign Corrupt Practices Act (US) → improper payments

Code translators who are not familiar with these expressions will be hard-pressed to express them accurately in another language. In such instances, translators are apt to translate the expression word for word. Unfortunately, this translated statement will have no meaning for employees in other locations. To the extent possible, code developers need to be proactive and exercise diligence in avoiding the use of such terms before the code is sent to the translators.

In general, a code document is most effective when the language is at a level so that all employees can comprehend it without any specialized ethics or legal knowledge. In addition to confusing readers, complex writing is more difficult to translate and will result in deviations from the original version of the document that could have been avoided. This can be the case anywhere a company operates but can be a particular issue in emerging economies. Some companies produce simplified versions of the code to communicate effectively with these workers. A few have even used illustrations to communicate core messages to the audience.

Code Translation

For multinational organizations to communicate their code effectively to employees in other territories, the code needs to be translated, including language variations, such as Canadian French, Brazilian Portuguese, etc., in locations where there are significant employee numbers. While many of the employees of multinational organizations usually speak the language of the company’s home country, translating the document ensures that all employees can fully and easily comprehend the information. Translating the materials also demonstrates that the organization cares about its international workforce and sends a strong message about the commitment of the organization to the ethics initiative. The company may not need to translate the entire code but should consider translating at least a subset of core standards that significantly affect the local population.

Companies often strive to get the text just right in the language of its home country by using the proper terms and conveying the individual messages in a clear manner without jargon. During the translation process, however, a translator, even one with experience translating codes, can unknowingly bring to the translation everything the code authors were trying to avoid (e.g., “helpline” becomes “hotline,” “seeking guidance” becomes “reporting,” “manager” becomes “superior,” etc). Organizations will need to provide specific

directions to translators, including guidelines on how the text should read, instructions on word usage, and an overview of approaches to avoid, ensuring that the translated document is both accurate and appropriate in all regions. For example, one company carefully eliminated all references to “reporting” concerns in their communications because of the negative connotation the phrase has in many cultures, only to have a translator reinsert it when translating the document. Fortunately, a local executive reviewed the translated materials and identified the error before the materials were distributed. The company now provides translators with a summary of key points to consider during the translation process.

It is particularly important to explain any idioms in the code text to translators. For example, one company’s code suggested that employees should take a step back, meaning to reflect. However, the code was translated literally as “we need to move backwards.” Other examples include “touch base” or “wrap up,” in addition to many others.

After translating the text into other languages/language variations, many organizations then have the code reverse translated by a different translator or member of senior management to verify the integrity of the translation.

While it might be tempting for a multinational company to use a translator within its home country, it is important to recognize that language evolves. If a translator has been removed from a location for more than five years, there is a possibility that they will not be up to date on subtle shifts in the language. This can be particularly true for business terminology. If an organization does not use a local translator, it will be important to have managers in the target location review the document prior to circulating it to employees.

Translators that have experience working with fiction rather than technical documents often do the best job of translating code documents because they are accustomed to understanding nuances in tone and meaning. Companies may need to exercise caution when using technical translators, who are often too literal in their translations.

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