

Creating an Engaging Global Code of Ethics: Transcending Cultural Differences



Lori Tansey Martens

International Business Ethics Institute



Michelle Nichols

The Network

WELCOME!

Please standby. Our webcast will begin shortly.

Speaker Introduction



Lori Tansey Martens, Founder & CEO of International Business Ethics Institute. Active in the field for over 25 years, Lori is a leading authority on international business ethics and has been recognized as a contemporary American opinion leader.

As CEO of the IBEI, **Lori** directs research and educational activities designed to promote responsible international business practices. Lori travels the world over speaking on matters of business ethics and advising corporate CEOs and Ethics and Compliance Officers on policies, management systems, organizational assessments and senior level ethics education and training.

Lori has been quoted in a variety of publications including the New York Times, Guardian, Investor's Business Daily, USA Today, and Business Ethics Magazine... And, has appeared on such news broadcasts as BBC World Business, CNN's Lou Dobbs Tonight, the Nightly Business Report, and CNN Financial News.

Speaker Introduction



Michelle Nichols ARM, CCEP, Senior Program Consultant for The Network. Michelle provides program consulting services for The Network's training and communications solutions. She has been helping companies create and maintain effective global ethics and compliance programs for more than a decade.

Formerly, Michelle managed the Risk Management and Corporate Ethics & Compliance function for a global chemical manufacturer.

Michelle holds an Associate in Risk Management (ARM) professional designation and a Certified Compliance and Ethics Professional (CCEP) designation.

Creating Engaging Global Codes: Transcending Culture Challenges

Lori Tansey Martens

President

Int'l Business Ethics Institute

About the Institute

(www.business-ethics.org)

- Private nonprofit educational organization
- Activities include:
 - Advising and consulting MNCs on global business ethics programs and issues
 - Public education
 - Research studies

Understanding Culture

*Culture is more often a **source of conflict** than of synergy. Cultural differences are a nuisance at best and **often a disaster**.*

Prof. Geert Hofstede, Emeritus Professor,
Maastricht University

POLL QUESTION #1

Importance of Effective Globalisation

How would you respond to a “no tipping” policy?

- A. Follow the policy, to both the letter and spirit.
- B. Tip out of your own pocket.
- C. Look for “creative workarounds” that fall within the letter of the policy.
- D. Ignore the policy.

The Challenge of Culture

- Culture is “mental programming”
- In business ethics, cross cultural conflicts tend to arise in the following:
 - Cultural myopia
 - Importance of relationships . . .vs . . .
 - Importance of rules
 - Power and hierarchy

POLL QUESTION #2

Global vs. Regional Codes

Which best describes your company's approach to the code:

- A) One fairly detailed code for all locations
- B) Code variations as needed for different countries or regions
- C) A high level principles-based global code, with detailed policies by location
- D) Other

Most Challenging Code Issues

- Conflicts of Interest
- Facilitation payments
- Gifts and hospitality
- Privacy and personal life
- Raising concerns about misconduct

Conflicts of Interest

- Change language to recognize “confluences” of interests
- Provide rationale:
 - “ . . .eliminate perceptions by others of favoritism or self-enrichment at the expense of the company’s interests.”
- Must have a process for managing

Facilitation Payments

- **Being in denial** puts you MORE at risk than dealing honestly with issue
 - Recognize exceptions for risks to company property or personnel
- Provide **rationale**
- Must **have a process** for managing

Gifts and Hospitality

- Take **cultural blinders** off
- **Honor spirit of standards** – allow appropriate flexibility for customs
- Must **have a process** for managing
- Provide **rationale**
- Recognize complexity of **personal vs. professional** relationships

Privacy and Personal Life

- Other regions, especially Europe, demand greater respect for private life
- **Wording is very important** – you control the workplace, but nothing outside of it
- Must **have a process** for managing
- Provide **rationale**

Raising Concerns

- Avoid describing in terms of “reporting”
- Offer apps, internet and email options
- Broaden scope of helpline to reduce negatives
- Provide rationale – include culturally-based metaphors

A Word about Rationales. . .

Problematic

- “Do the right thing”
- Company of integrity
- Ethical
- Appeals to abstract concepts
- Equality

Better

- Build relationships based on trust
- Good business
- Attract customers
- Responsibilities
- Enhance reputation
- Protect company from harm

When Working with Local Partners NEVER Believe the Following . . .

1. “Don’t worry about translations – everyone here speaks English.”
2. “The draft translation of the code looks fine – you don’t need to make any changes.”

Lost in Translation . . .

Customers are X's reason for being and satisfying them is our main commitment. One cannot meet customer expectations without adopting an ethical posture at all times during this interaction.

Some of X's shares are traded in public markets. The Company's contribution to fair securities markets is complying with all applicable laws and regulations. This is the reason why we hereby inform employees about legislation, specifying prohibited conduct and the consequences of trading in violation of such laws.

Statements NEVER to Believe . . .

1. "Don't worry about translations – everyone here speaks English."
2. "The draft translation of the code looks fine – you don't need to make any changes."
3. "People here are very open – they'll tell you exactly what they think."
4. "Relax – people here are used to dealing with the Americans/British/French/Spanish, etc."
5. "Just send us the materials – we'll conduct the training ourselves."

Process for Global Implementation



1) Int'l Advisory Group

2) Global Sensing

- a) Focus Groups
- b) Surveys

3) Code Development

- a) Focus Groups (contents & graphics)

4) Review Alternate Reporting Channels

5) Global Training

- a) Int'l Pilot Tests

6) Monitoring and Auditing

Monitoring Code Effectiveness

- **True electronic codes** allow for detailed metrics:
 - Which sections most accessed
 - Common search terms
 - Length of time on each page
- Can incorporate pop up post-use surveys
- Include code-related questions on **corporate surveys**

Summary for Global Implementation

- **Be open** to cultural differences
- Look for creative ways to maintain core standards while **respecting local customs**
- Determine **which standards/values are sacred**, and which allow for cultural sensitivity
- Often **business-based rationales** are better than abstract appeals to 'ethics'
- **Involve local personnel** in all aspects of program development and implementation

Questions?



Q&A

Contact Us



Lori Tansey Martens

Founder & CEO

International Business Ethics Institute

(202) 296-6938

[*martens@business-ethics.org*](mailto:martens@business-ethics.org)

[*www.business-ethics.org*](http://www.business-ethics.org)



Michelle Nichols, ARM, CCEP

Senior Program Consultant

The Network

(800) 253-0453

[*MichelleNichols@tnwinc.com*](mailto:MichelleNichols@tnwinc.com)

[*www.tnwinc.com*](http://www.tnwinc.com)

@thenetworkinc (Twitter)

THANK YOU!

Upcoming Events...



ON-DEMAND WEBCASTS

Behind the Bribe – A Fireside Chat with Richard Bistrong

Featuring Richard Bistrong (Former FBI Cooperator)

May 5th @ 1:00 pm Eastern Time | [Register](#)

EVENTS

Ethics & Compliance Exchange 2015 – New York City

Featuring K&L Gates Partner Donald C. Dowling

April 21st | 12:00 pm - 6:00 pm | [Register](#)

Ethics & Compliance Exchange 2015 – Philadelphia

Featuring K&L Gates Partner Donald C. Dowling

April 23rd | 12:00 pm - 6:00 pm | [Register](#)

Visit www.tnwinc.com/resources for more details...

Want to see the full webcast?



Download the full webcast and slide deck here:

<https://www.tnwinc.com/12892/on-demand-webinar-creating-an-engaging-global-code-of-ethics/>