Translating Corporate Culture around the World: A cross-cultural analysis of whistleblowing as an example of how to say and do the right thing

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Ethical Values in Global Business

Translating Corporate Culture around the World: a cross-cultural analysis of whistleblowing as an example of how to say and do the right thing

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The extraordinary technological advances that have characterized the past decade, coupled with significant geopolitical events that have taken place across the globe, have fundamentally changed the way business is conducted in the 21st century. Geographic borders no longer operate as meaningful distinctions or boundaries in discussions of business operations. Since the fall of the Berlin wall in 1989, the worldwide political landscape has undergone a drastic transformation, one that has been accompanied by major economic consequences. As traditional communist regimes have fallen and former colonies have begun the lengthy process of liberalization, new markets are opening for goods and services, employment and business ventures. The Internet enables people throughout the world to cooperate and interact as members of a single “global” community; the removal of barriers to travel at the same time facilitates increased physical interaction. For the most part, gone are the days of single store fronts and companies that operate only locally. Mere economic survival seems to demand a national or regional presence; multinational operations (virtual and/or brick-and-mortar) are almost always necessary for a commercial enterprise to be competitive in even a minimal sense.

Increased globalization brings with it a host of complexities. While the elimination of boundaries holds tremendous potential in the development of new markets, the accompanying clash of cultural norms and values challenges multinational enterprises (MNEs) to determine how to operate effectively in the expanded and enhanced marketplace. It is not enough simply to have a multinational presence; MNEs must now address, respond to, and, perhaps most critical, be sensitive to the interests and demands of diverse stakeholder interests. Politics, laws,
language, culture and aesthetics represent but a handful of the differences that MNEs must now recognize among employees, customers, stockholders and others. Even though we, as individuals, tend to understand the pervasiveness of culture in our own lives, it seems a reality companies often underestimate.

As companies begin to realize the depth of culture’s reach, they seek out ways to develop and maintain a consistent corporate culture through which to embrace the diversity of national cultures that populate them. MNEs have learned that strong and pervasive corporate cultures can enable them to create significant value in terms of goal alignment, coordination and control, effective motivation, behavioral consistency and rapid socialization of new employees. All of these consequences result in a positive impact on organizational outcomes in terms of performance in ways that are unmatched by efforts in many other arenas (Sørensen, 2002). Strong cultures have been shown to contribute to increased return on investment, net income growth and higher share prices (Schein, 1985; Gordon & DiTomaso, 1992; Kotter & Heskett, 1992; Mcfarlin, 2002).

In order to benefit from the value of a strong culture, companies seek to retain the consistency of their particular “flavor” all over the world so that the company’s culture is recognizable and familiar from location to location. Levi Strauss & Co., for example, strives to ensure that it is similarly associated with a strong social mission (and all that association carries with it) in California, Guatemala or China. “Recognizable” certainly does not always translate into “identical.” With regard to brand management, for instance, many companies have integrated intentional differences. Even though Coca Cola subtly varies its flavor in many countries according to local tastes, the overall product image and experience remains constant. The result is that customers in every location share a similar perception of Coca Cola. Bartlett and Ghoshal (1989) assert that product differentiation does not undermine a company’s strategy. Effective global strategy, according to Bartlett and Ghoshal, involves not only product offerings, but also flow of skills, resources and capabilities. It is essential that this process is bi-directional and iterative from one country to another. In other words, as strategy is communicated worldwide from headquarters, it is subsequently informed by local behaviors and interests that are then communicated back to headquarters. The resulting, evolving strategy is different than the original in that it is infused with local considerations from countries all over the globe through the iterative process of communication back and forth. This requires consideration and implementation of practices at the local level as well as at the level of the overall enterprise.

Although the importance of nuance is commonly recognized in the retail sector in terms of the regional variability of style and taste, MNEs frequently overlook that same variability with regard to the impact of local cultural and societal norms on corporate culture and strategy. As companies endeavor to articulate a vision and to infuse a culture consistent with that vision, they often seek to implement and integrate that culture throughout the entire organization. This effort is, in many ways, both a noble and instrumentally valuable aspiration. Having a consistent organizational culture facilitates strategy implementation. It makes it easier for
employees to move among locations and it creates a sense of predictability that often also helps generate support from other stakeholders.

Consistency, at least to a degree, is unquestionably a strength; at the very least, it facilitates compliance with rules, regulations and moral principles – as encouraged by lawyers and ethicists. It is important not to “over” design cultures, however. If the organization generates too much standardization among systems and policies, there is no room for infusion of local nuances. This caution does not mean that policies and procedures have to be identical from one location to another; in fact, it can be argued that, by not being identical, they have a greater chance for success. By adapting to local cultural differences, these policies become more effective in promoting common goals (Borkowski & Koressis, 2002).

In terms of ethical business practices, MNEs operating with trust and integrity in the global environment must have corporate cultures that demonstrate such values. The accomplishment of this objective, however, depends on recognition and integration of local cultural norms to create an organizational culture that is both consistent and sensitive to local traditions and social norms across nations (Park, Blenkinsopp, Oktem & Omurgonulsen, 2008). This awareness provides the means for accomplishing more effective ethical business practices worldwide.

The purpose of this article is to examine how these cultural factors can be integrated, particularly as connected to internal employee reporting mechanisms, i.e. whistleblowing. Whistleblowing emerges as an important area of inquiry in that it is through proper internal reporting that organizations are able to identify potential problems before they occur – often at a time when they are most effectively poised to prevent harm. As important as whistleblowing is, there has to date been no systematic scholarly attention paid to global policies on this topic (Tavakoli, Keenan & Crnjak-Karanovic, 2003; Keenan & Remington, 2002; Keenan, 2007). Arguably more important than the corporate culture in the context of issues such as whistleblowing are the policies emanating from culture, for it is the policies that have a direct impact on the people connected to the organization. Policies are revealing because they represent corporate culture and make it tenable to people; local culture informs the impact of policies at the individual level. Policies that are flexible to or infused with variations that adapt them to the local culture are more effective in achieving goals consistent with the corporate culture linked to those policies (Callahan, Dworkin, Fort & Schipani, 2002).

Even where people have values consistent with policies, polices are influenced by local customs and cultural norms. Just as we translate words from one language into another, it is essential that we “translate” and interpret policies as well. By taking local differences into account, not only can the overall effectiveness of the mission – and the corporate policies that support it – be significantly enhanced, but the experience of all involved can be intensified toward an extraordinarily augmented commitment, top down and bottom up. This is not at all to be understood as an effort to create homogeneity among all workers and locations, but instead to encourage a sincere enthusiasm for the underlying mission and values.

Though some degree of translation is appropriate in almost any corporate policy
arena, our discussion focuses on whistleblowing as an example of one easily identifiable area where sensitivity to cultural differences is particularly important. In the wake of Enron, Parmalat, WorldCom, Siemens, Tyco and the many other corporate scandals that have littered the early years of this millennium, whistleblowing has become a focal point for attention from corporations and their stakeholders. There is considerable concern surrounding whether those individuals who are in a position to prevent potential harm have the voice, support and protection to enable them to do so (Dworkin, 2002). Even though many, if not most, MNEs have established reporting policies and procedures, the “whistle” often remains silent outside the United States, particular in non-Western countries. This can be attributed to several environmental impediments that can be traced to local culture and societal norms (Martens & Crowell, 2002a; Martens & Crowell, 2002b). If reporting policies are to operate effectively, the focus needs to move from consistency to adaptability. The intersection between the national culture of origin of the decision-maker, the host country and the ethical climate of a particular organization is a critical reference point for influencing ethical decision-making within the organization. Our discussion concludes with a set of guidelines aimed at directing corporate policy-creation efforts. It is not enough for MNEs simply to say the right thing; they need to make it possible, predictable and safe for their employees to do the right thing.

The importance of whistleblowing in the corporate setting

Globalization has not introduced new problems so much as it has exacerbated pre-existing challenges (Berenbeim, 2000). This consequence is clearly the situation with whistleblowing. Even twenty years ago, when globalization was far less prevalent, difficulties still occurred domestically and around the world. There was a need then, just as there is now, for people to speak up in the face of wrongdoing. The 1986 Challenger disaster, a preventable space shuttle crash that occurred because of a known risk, provides one example of what happens when people do not voice their concerns. Although Engineers expressed to managers serious alarms about the effect of weather conditions on particular parts, those concerns went unheeded. Instead of escalating the issue, the engineers remained silent and allowed the Challenger to launch, only to tumble back to earth 73 seconds later and kill all of its passengers. No one blew the whistle (Boisjoly, Curtis & Mellican, 1989; Radin, 2007).

Whistleblowing enables organizations to mitigate current harm or loss and assess and prevent future risk. Had someone blown the whistle to NASA in 1986, lives would have been saved. Certain types of financial loss can also be managed through whistleblowing. Fraud, for example, costs companies tremendous sums – the figures are staggering. A study of more than 500 European firms found that fraud cost those companies more than €3.6 billion (Shaw, 2002). Another study placed the price tag of fraud for companies in the United States at $994 billion annually (Association of Certified Fraud Examiners, 2008). While it is difficult to
prevent all fraudulent behavior, whistleblowing can enable companies to keep it in check. Establishing internal reporting mechanisms is merely the first step, however; ensuring that people are willing and able to use those mechanisms remains an essential rejoinder.

As companies have globalized, opportunities for engaging in unethical or inappropriate corporate behaviors have increased. Extending operations around the globe has created greater and greater distance between people, processes and corporate headquarters. This evolution suggests that the occasion to allow potential ethics or compliance conflicts to come to light internally through an appropriate reporting structure plays an integral role in enabling companies to maintain consistent standards, in spite of the challenges of globalization.

**History of whistleblowing**

Considerable controversy often accompanies whistleblowing. Part of the baggage associated with the term is that it is generally considered an “American” practice. This perception leads to a degree of resistance in other parts of the world. Even in the United States, a host of rationales are offered by people who elect not to come forward: uncertainty, not wanting to be involved, fear of retaliation and hesitance to “tattle” or “rat” on a co-worker. In fact, the term “whistleblowing” is of British origin and was initially derived from the practice of English bobbies (police officers) who blew their whistles to alert others to wrongdoing (Cavico, 2004: 548).

Origins of whistleblowing in the United States can be traced to 1863 in response to fraud within the governmental sector. United States whistleblowing legislation traces back to the enactment of the Federal False Claims Act from efforts to reduce fraud with suppliers to the government during the Civil War (Macey, 2007). Specifically, former President Abraham Lincoln introduced the False Claims Act to limit fake invoices of gunpowder by defense contractors to the Union during the war. The False Claims Act was significantly underutilized until the Act was amended in 1986 to include a provision that authorized payments to whistleblowers as a percentage of money recovered or damages won by the government in cases in which the whistleblowers’ evidence was useful in the investigation.

The past century has witnessed the evolution of a number of laws pertaining to whistleblowers, both in the United States and elsewhere, with the magnitude of difference varying from state to state and country to country. For example, whistleblowing provisions in current statutes in the United States developed directly from efforts to protect individuals who choose to come forward with information about alleged wrongdoing. In contrast, whistleblowing legislation in Japan was originally passed in order to promote strict compliance with laws; and legislation in South Korea was passed to provide guidelines for the disclosure of information about wrongdoing (see Appendix, Table 1: *Purposes of Whistle-blowing Legislation Across Countries*). Notwithstanding such differences, however, the term whistleblowing is generally defined as “the disclosure by organizational members
(former or current) of illegal, immoral, or illegitimate practices under the control of their employers, to persons or organizations that may be able to effect action” (Near, 1985: 4; Mesmer-Magnus & Viswesvaran, 2005).

History holds poignant examples of situations where potential whistleblowers failed to step forward. The Ford Pinto debacle represents a noteworthy, tremendously public, product defect case. The situation began during the 1960s when Ford Motor Company began selling defective Pinto cars. Competition was intense and Ford was hesitant to do anything that might jeopardize its market position. Even when it was determined that faulty design of the Pinto fuel system could lead to explosions upon impact during car collisions, Ford opted not to notify purchasers, to correct the design, or to do anything that might jeopardize its financial position. There is evidence that managers calculated the risk of potential harm and placed a dollar value on the potential loss of life. Ford managers decided that it was less expensive to pay that anticipated cost than to fix the automotive part. Employees apparently did not feel comfortable contradicting their managers. It was not until the late 1970s that the NHTSA demanded a recall of Ford Pintos. On June 7, 1978, Ford recalled 1.5 million cars (Wills, Swanson, Satchi & Thompson).

The Pinto and Challenger situations are frighteningly similar to that which occurred in a different part of the world more than 15 years later, where potential whistleblowers again remained silent. November 17, 2000, is a night difficult to forget for those who live in Lenasia, a suburb of Johannesburg, South Africa. It was on that night that 11 people died in an explosive fire that tore through a factory owned and operated by ESS Chemical. Onlookers, many of whom were patrons of a neighboring night club, watched in horror as they clung to the fence encasing the property. The figure of a woman appeared behind a screened window. Her inaudible screams silenced the crowd that watched as the flames engulfed her. They could not reach her; she could not reach them (Slaughter, 2000).

Accidents such as that which occurred at ESS Chemical occur due to a multitude of circumstances all over the world. Although the specific causes and number of people involved vary, such incidents share in common their complete and utter avoidability. In this instance in South Africa, managers had received repeated complaints and warnings. Employees such as Margaret Washington had spoken out against what they saw as workplace abuses and potential dangers, but no one listened, and those who noticed the potential problems refrained from going outside the chain of command. Washington was scheduled to work that night. She is alive today only because she happened to call in sick that night (Slaughter, 2000).

Managers, in contrast, often serve as gatekeepers in that they determine how this information is to be used. In the Challenger, Ford Pinto, and ESS Chemical, as well as in numerous other situations, these managerial gatekeepers ignored the warning signs to the detriment of their organizations and without regard for human life. If managerial gatekeepers do not act upon this information properly and promptly, it is only through the actions of whistleblowers that organizations and their stakeholders can be protected. Whistleblowing is of vital consequence to the global workplace (Caux Roundtable, 2004).
The question remains: why do internal reporting mechanisms fail? Why do whistleblowers fail to come forward? There is no simple answer. Appelbaum, Grewal & Mousseau (2006) assert that a potential whistleblower’s choice is based on a combination of organizational, personal and situational factors, all of which can be influenced by culture. Our contention is that people often fail to blow the whistle because of the inadequacy of organizational mechanisms in addressing or overcoming cultural differences. It is not enough to say, “It is important that you report dangerous situations;” organizations must take into account systemic factors that may inhibit the goals of their policies and procedures from being realized. This effort often entails varying incentives according to local norms and expectations (Kerr, 1975). For policies and procedures to be effective from country to country, organizations must articulate goals and implement policies and procedures in a way that is sensitive to local needs.

**Whistleblowing around the world**

Local environments vary with regard to the specific factors that challenge corporate reporting policies and practices. A worker in one country might fear peer condemnation, while a key issue in another country is access to a telephone. It is essential for MNEs to address such factors in order to create a global sense of trust and integrity through policies and procedures that are tenable and practicable from country to country (Martens & Crowell, 2002a; Martens & Crowell, 2002b). It is not enough to articulate support for whistleblowing; to enable it to occur, effective policies and procedures must be adapted to cultural differences manifest in factors such as legal environment, history, social norms, experience and logistics.

**Legal Environment**

The legal environment has a primary influence on a worker’s decision to report or not to report perceived wrongdoing because of her or his analysis of the potential for retaliation, among other factors (Magnier, 2002). Ernst & Young interviewed employees of multinational companies around the world. The survey results demonstrate a strong correlation between a person’s willingness to report and his or her fear of retaliation (Ernst & Young, 2007: 12-13). The legal environment therefore provides a straightforward starting point for understanding a community’s or culture’s receptiveness to whistleblowing because the presence of legislation goes a long way toward mitigating this fear. Malaysia has no specific federal or other legislation pertaining to whistleblowers. As should be of no surprise, Malaysia is not considered to have a culture that openly supports whistleblowing.

A number of countries stand in stark contrast with Malaysia and other countries that do not maintain legislation pertaining to whistleblowers. The United Kingdom, for example, has removed a significant impediment by legislating protection for whistleblowers through its “Public Interest Disclosure Act 1998” (PIDA), enacted in July 1999 (Lewis, 2008). Similarly, a majority of states in the United States have
passed laws specifically protecting the rights of whistleblowers. On the federal level, the United States’ Public Accounting Reform and Investor Protection Act of 2002, commonly referred to as the Sarbanes-Oxley Act, also provides specific protection through its anti-retaliation provisions. Sarbanes-Oxley is very much like PIDA in the United Kingdom. Such protection sends the message that whistleblowing is encouraged and, while it does not necessarily provide an extraordinary incentive, it does help to remove one potential obstacle, that is, the fear of direct retaliation. Most Western democracies claim protective legislation.

Within recent years, a number of other countries around the world have also begun to adopt such legislation (i.e., South Africa, Japan and so on). De Maria (2005) reports that most industrialized countries today have some sort of whistleblower legislation and information is being shared from one country to another. A number of countries have explicitly based their whistleblower statutes on the legislative experience of other countries. New Zealand’s Whistleblower Protection Act of 1994, for example, was based on a similar act in South Australia. The Irish Whistleblowers’ Protection Bill of 1999 was also based on a British statute, which influenced legislation in Japan and in Israel, as well (De Maria, 2005).

The unintentional consequence of this “international mimicry,” however, is insufficient regard for cultural distinctions. While New Zealand and Australia, for example, inhabit the same part of the globe, the countries boast significantly distinct cultural leanings. This dissimilarity is also true with regard to Ireland and the United Kingdom, Japan and Israel. The fact that a country has legislation therefore does not mean that that legislation is necessarily effective. In countries where the legal system is weak, corrupt or unreliable, presence of legislation makes little difference beyond signaling recognition by the local government that the international community considers it important that employees have a voice in the workplace. Protective legislation in countries like China might translate into mere lip service. Although legislation exists in China to protect whistleblowers, it is commonly recognized as immaterial (Gong, 2000; Johnson, 2007). People lack the ability to voice concerns in many areas of their lives in China; the workplace is no exception (Keenan, 2007).

In examining international whistleblower legislation, it is therefore important to consider the effectiveness of that legislation, influenced not only by embedded cultural factors but also by the purposes of the legislation, which are many (Tsahuridu & Vandekerckhove, 2008). Table 1 in the Appendix identifies the various roles such legislation plays. While legislation in all of the named countries aspires to protect whistleblowers, the relationship between the public and organization varies from country to country. Such distinctions reflect and underscore the pervasiveness of culture in governing interaction between people and organizations.

History

History represents a strong cultural influence and, in some cases, an inhibitor. The way in which people interpret whistleblowing is, in many instances, determined by cultural history and experience. Past political use of informants creates a strong
opposition to informants today even in the business context. In Germany and South Africa, anything that resembles turning friends and neighbors and colleagues against one another is therefore resisted. Certain pockets of German people continue to feel the legacy of World War II and Nazi Germany (Gibeaut, 2006). There remains a degree of sensitivity to having members of a community “inform” on one another, which was a common tactic employed by the tyrannical Gestapo. Even though the purpose of whistleblowing is very different, reporting structures still encounter considerable resistance because of Germany’s particular history.

This is true also in South Africa. Like Germany, South Africa suffers from a history of an authoritarian regime that made use of state informers. As a result, South Africans have a difficult time adapting to corporate cultures that ask them to report on their colleagues to individuals in authority positions (Calland & Dehn, 2004: 18; Camerer, 2001: 1; Dimba et al., 2004: 143). Whistleblowing is therefore viewed unfavorably in many parts of South Africa, where the very thought of it brings to mind the apartheid-era informants, called impimpis. Antagonism toward these informants was historically so high that they often faced public death if caught or suspected of reporting (Martens & Crowell, 2002a; Martens & Crowell, 2002b).

Whistleblowing is reminiscent of informing, as De Maria explains:

> [W]histleblower laws [in South Africa] assume the value of a neutral, public interested criminal and civil justice system fire-walled from the influence of executive power. The African reality is removed from that. Mbaku says what many others have said: … “[T]he enforcement of state regulations and statutes in most African countries is poor, arbitrary, capricious, and ineffective.” … Recent studies expressing concern over the low level of whistleblower activity in Africa fail to pick up on this huge cultural impediment to reporting. The preference instead is to call for more whistleblower protection, as if that is the key obstruction to disclosure (De Maria, 2005: 222-223, citations omitted and emphasis added).

In countries or regions where work has not always been plentiful, history interferes in that the thought of reporting a fellow worker translates into a fear of denying someone his or her livelihood. Particularly in Asian countries and in parts of Latin America, where jobs have historically been scarce, workers are often deterred from reporting questionable behavior for fear that it could lead to reduced employment opportunities. It is not simply that they fear loss of their own jobs, but that they are concerned about the overall presence of employment opportunities in general. An example is Malaysia, which suffers from a tradition of poor treatment of workers. As a result, the notion of whistleblowing is alien to these workers. Even though the treatment of workers has improved somewhat, labor challenges remain a significant part of Malaysia’s history and fear of job loss is constant among the thoughts of workers there. They remember what it was like not to have jobs. In addition, since the treatment that exists today is considered so much better than what existed previously, it does not necessarily occur to workers to report the questionable behavior that does occur. People are hesitant to report possible abuses because those abuses pale so in comparison with past abuses that they seem almost inconsequential.

History remains a strong inhibitor to whistleblowing. Its influence is far-reaching yet difficult to discern. While historical information is often known, the ongoing impact of such information is not always recognized. It is therefore essential that
MNCs inquire into the role history plays country by country in order to determine how reporting mechanisms can be varied from culture to culture.

Social Norms
Social norms create some of the most subtle and yet also most pervasive deterrents to whistleblowing. In many cultures, relationships are dictated by social conventions that interact both with legislation and with corporate policies and procedures. Even in the United States, legislation alone is insufficient to encourage whistleblowing. This is evidenced by the numerous incidents that occurred during recent decades and that were not prevented by whistleblowers. The tide appears to have turned, though; and the trend in societal norms and expectations in the United States today tends to have moved toward supporting whistleblowers. The Insider (1999), starring Al Pacino and Russell Crowe, told the story of Jeffrey Wigand, former Brown and Williamson Vice President of Research and Development, who exposed the practice of intentionally manipulating the nicotine level in cigarettes to addict smokers on an episode of the network television show, 60 Minutes. Wigand suddenly changed from a pariah into a hero for his role in influencing how the world now views smoking and the large cigarette companies. In 2002, three women shared the honor of Time magazine’s “Person of the Year,” for their courage as whistleblowers – Sherron Watkins at Enron, Cynthia Cooper at WorldCom and Colleen Rowley at the FBI. This tribute was significant since the honor is typically bestowed on politicians, military leaders and other high-profile personalities known for having significant impact on society. It suggests that the American community now not only supports whistleblowers but it honors them as well.

Both in some remaining quarters of the corporate environment in the United States, as well as in some other parts of the global business environment, this sentiment is lagging behind Time’s progressive thinking. Social norms regarding family and relationships underlie the absence of a strong role for whistleblowing in Japan, for instance. Pride, honor and familial connections have traditionally dominated business undertakings in Japan. There is a strong tradition of lifetime employment, coupled with a strict seniority system. Workers are discouraged from questioning management decisions – employees are expected to show unbounded loyalty to superiors and co-workers (Dworkin, 2002). In Korea, China and in some Japanese traditions, the touch point is “shame” or “disgrace.” Because a person’s responsibility is collective, and because the disgrace he or she brings is to his or her family or community, there are extraordinary psychological pressures against whistleblowing (Boettcher, 2007).

Shame exists in Australia as well as a deterrent, though not because of collective responsibility. In Australia, there exists a deeply embedded norm and vocabulary that discourage reporting. Prevalent in Australia is the theme, “Never dob a mate.” To “dob” is to inform on someone and, as is considered common knowledge, it is a “cardinal sin” in Australia to “tattle” on a colleague (Lambert, 2005: 66). Being labeled a “dobber” in Australia “is a serious insult and ‘dobbing’ is considered a betrayal in a culture where ‘mateship’ [friendship] is often omnipotent and speaking out has strong social disincentives” (Trott, 2004: 119, 124). This theme has tangible
effects on whistleblowing in Australia. This disincentive to report – coupled with a corporate environment of informal sanctions, a culture of secrecy and fear, and authoritarian management practices – has led to low adoption rates of reporting processes and low incidence of reporting. This perception unfortunately plays out and is reinforced as retaliation rates are high (Dawson, 2000; De Maria & Jan, 1997; De Maria, 2002). In a recent, large-scale study of reporting in Australia, even though 71% of respondents admitted to having directly observed at least one form of wrongdoing in their workplace, only 28% reported the incidents (Brown, 2007).

Experience
Experience pertains to knowledge of whistleblowing and related mechanisms such as hotlines. If people are not accustomed to speaking up, it might be difficult for them even to know how to do so, i.e., where to begin. Although a hotline might seem intuitive to workers in Western democracies, this could be the first hotline that a particular worker in another country has ever encountered. He or she might have no idea what will happen, whether they there will be an interrogation, what might happen next, whether a record will be kept, whether anything will be placed in a “file,” and so on. Questions such as these can paralyze people who are unfamiliar with whistleblowing.

Further, it has been found that common mechanisms are used differently in various countries. Hotlines, for example, tend to be viewed neutrally or favorably in the United States. In other parts of the world, however, this is not always the case. According to Sotto, Kuner & Simpson (2005), courts in Europe have documented numerous instances where hotlines have been used for malicious purposes – i.e., for workplace slander. For such mechanisms to be useful in the context of whistleblowing, MNEs must first recognize and overcome the negative past experience people of certain cultures have with those mechanisms.

The issue of experience becomes relevant in many domains, not just with regard to whistleblowing. Levi Strauss has dealt with this sort of problem in Guatemala with regard to personal hygiene. One of the larger factories in Guatemala encountered repeated problems having to do with cleanliness in common areas such as bathrooms and dining rooms. It was eventually determined that this was because a number of the workers were simply unfamiliar with modern conveniences such as toilets and eating utensils. Levi Strauss quickly learned that they were in the business, not only of making clothes, but also of educating stakeholders (Radin, 2003b). If MNEs want to be successful in implementing whistleblowing policies and procedures around the world, it is vital to do some additional education as well.

Logistics
Even where local culture itself does not inherently inhibit whistleblowing, it is often the case that access to technology and other resources might. Language, technology and time zones are common issues that interfere with whistleblowing. In Malaysia, “It is difficult … because the concept of whistle-blowing is not there. One problem is, who do you whistle-blow to?” (Sun, 2001: 21).
Even where employees are willing to blow the whistle, for effective reporting to take place, employees need access to tools. In many parts of the world, toll-free mechanisms such as 1-800 numbers are non-existent, and working telephones, themselves, are scarce in some places.

**Role of Corporate Culture**

Given such immense differences across cultures, how do MNEs adapt policies and procedures effectively to create consistency without homogeneity or standardization? Argandoña (2003) suggests that there must be some sort of uniform starting point. The globalization of business operations and management calls for at least some degree of consensus on values in order to cross cultural boundaries in the first place (Napal, 2007).

A recent survey by the Ethics Resource Center (ERC) has found that the presence of a strong, ethical, corporate culture can dramatically reduce corporate misconduct and increase the likelihood of reporting. In fact, while 98% of employees observed misconduct in weak cultural environments, only 24% of employees in strong cultures observed the same – well below the national average. The ERC concluded that the “strength of the enterprise-wide ethics culture is the single factor with the greatest impact on misconduct” (Ethics Resource Center, 2007).

Developing a strong, ethical, corporate culture depends heavily on communication and leadership. Brown, Treviño and colleagues have studied the role of leadership in influencing an ethical culture and ethical behavior (including whistleblowing) in organizations. They define ethical leadership as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making” (Brown, Treviño & Harrison, 2005: 120). They argue that ethical leaders can create ethical cultures because leaders are salient figures in MNEs and employees pay attention to their behavior. This is a theme echoed by Napal, who uses the example of bribery in explaining that education and communication are essential to enable people to distinguish between acceptable and unacceptable practices. This is “particularly important in a context where global partners may encounter divergences of opinion as to what constitutes ethical/unethical behaviour” (Napal, 2007: 5). Whistleblowing presents a stunningly similar experience for many decision-makers since cultural distinctions result in a divergence of perspectives on the ethicality of reporting practices.

**Strategic Corporate Policy Setting**

Effective policies regarding whistleblowing and other global corporate initiatives
demand that MNEs address the five key cultural impediments previously identified:

1) **Protect employees from retaliation in the legal environment.** To ensure that an effective integration of an employee reporting system is integrated from a global perspective, an MNE must provide extra-legal assurances that retaliation will not be tolerated, diminishing the importance of distinctions between national laws and creating a corporate floor below which no region may fall. Where strong legal systems exist, this practice simply provides extra protection.

2) **Acknowledge history.** In communities where people have been forcefully compelled to inform on one another in the past, MNEs can benefit from addressing this from the start in the context of comprehensive training programs. Instead of ignoring the local culture's history, it is more effective to demonstrate to workers how whistleblowing is significantly different from what happened in the past. Educating people about the benefits of whistleblowing to their larger community similarly can help people to distinguish between this sort of reporting and other types.

3) **Confront social norms.** Although social norms are often implicit, they also tend to be widely understood even if they remain unspoken. Through training programs, it is important for MNEs to give employees alternative ways to approach situations. Where peer or superior loyalty is a concern, MNEs should emphasize the other stakeholders to whom an employee might also feel loyalty. In Korea, for example, where employees tend to feel intense loyalty toward superiors, emphasis should be placed on potential harm to peers that could occur as a result of their not coming forward. Systems to support the culture of the company can also be designed with these differences in mind along with an appreciation of the history involved. Where history remains a significant impediment, informal channels of reporting could be leveraged to complement, or in lieu, of formal mechanisms.

4) **Develop experience.** MNEs often overlook the many areas in which some employees are untrained. The solution here is that employers should assume that employees are not yet vastly experienced in any of these key areas. Training programs should therefore be designed locally, in local languages and with specially designed visual aids. Entertaining graphics can be particularly effective, as well as sensitive to differences in literacy levels. In order to assist in training employees about the code of conduct, Chiquita developed a comic book-style companion manual that has since become famous as a model for tailored training tools (Radin, 2003a). A combination of words and pictures can be particularly effective in training people in diverse environments.

5) **Manage logistics.** Issues surrounding logistics tend to arise when people do not take geography into account. The simple answer here is to keep those things in front of mind. If a company is going to offer a hotline, it needs to provide the phone for that hotline to be used, preferably off-site and demonstrably unmonitored. By the same token, in areas where phone lines are not reliable,
other mechanisms must be employed. Lack of consideration of logistics could derail even the most ambitious reporting policies and systems. Effective global whistleblowing policies and procedures are overall characterized by their adaptability to a variety of settings. They entail clear and concise training programs and offer multiple reporting mechanisms so that employees can choose the method with which they feel most comfortable.

**Conclusion**

The success of MNEs in creating a shared global sense of ethical practices and in developing strong cultures of trust and integrity must include consideration of the nuances of national cultures. As globalization strains the ability to control operations around the world, reporting systems play an increasingly integral role. If MNEs do not manage internal risk adequately, they can find their worldwide reputation in jeopardy.

Whistleblowing is only one example of an issue that MNEs confront worldwide. With regard to whistleblowing, the challenge lies in getting workers to use reporting mechanisms. A strong ethical corporate culture and leadership support can provide valuable encouragement. That alone, however, is often insufficient; reporting policies and procedures must be tenable to workers for them to be useful and used. This means that they must be *translated* locally. On a country by country basis, policies and procedures are effective only when they take into account local legal environments, history, social norms, experience and logistics. This is true not only for whistleblowing, but for corporate policies, procedures and systems in general. If MNEs want policies and procedures to be followed, they must adapt them to local conditions so that people know how to rely on them and why to use them.

Globalization demands that MNEs develop global strategies to compete successfully in the global marketplace. A global strategy is not simply a national strategy implemented worldwide; on the contrary, global strategy must address conditions that vary around the world. Managing the country-by-country application of policies, procedures and systems can be construed as a natural part of an MNE developing its global strategy. Headquarters communicates corporate culture throughout the organization, which then communicates culture back to headquarters, and, in doing so, integrates what is learned from worldwide operations. The strategy that results from this iterative process is one that reflects the organization as a whole and is, therefore, truly *global*. This is how MNEs compete successfully on a global basis.

According to Kofi Annan, Ghanian diplomat, seventh Secretary-General of the United Nations, and recipient of the 2001 Nobel Peace Prize, “Globalization is a fact of life. But I believe we have underestimated its fragility” (United Nations, 1999). If we are to continue to reap the benefits of globalization, acknowledging and addressing the diversity of cultures is not our choice, but our obligation.
Appendix

TABLE 1: Purposes of whistleblowing legislation across countries
(Japan, South Korea, Australia, New Zealand, United Kingdom, United States)

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Jap</th>
<th>SK</th>
<th>Aus</th>
<th>NZ</th>
<th>UK</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>To promote the public interest</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>To improve the public service</td>
<td>✔</td>
<td></td>
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<tr>
<td>To prevent and eliminate wrongdoing in public and private sector</td>
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<td>✔</td>
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<tr>
<td>organizations</td>
<td></td>
<td>✔</td>
<td></td>
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<tr>
<td>To promote compliance with laws</td>
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<tr>
<td>To encourage, facilitate disclosures of wrongdoing; to create a culture</td>
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<td>✔</td>
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<tr>
<td>which will facilitate the disclosure of irregular conduct in the workplace</td>
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<td>✔</td>
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<tr>
<td>To provide procedures for whistleblowing; to provide guidelines for the disclosure of information about wrongdoing</td>
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<td>✔</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>To protect whistleblowers</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>To mandate organizational action on whistleblowing</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

Reference documents: Japan’s Whistleblower’s Protection Act; South Korea’s Anti-Corruption Act of 2001 Amended by Act No.7612 on July 21, 2005; Whistleblower’s Protection Act of 2001 of Victoria, Australia and the Whistleblower’s Protection Act of 1994 of Queensland, Australia; New Zealand Protected Disclosures Act of 2000; United Kingdom’s Public Interest Disclosures Act of 1998; United States Whistleblower’s Protection Act of 1989;


References


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