LEADERSHIP GLOCALITY: THE ALGORITHM TO COMPLIANCE GLOCALIZATION

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ABSTRACT

How do multinationals create a glocal identity of compliance? This article focuses on putting this quest to an end, dissecting multidisciplinary approaches to solve the compliance glocalization problematics. It starts with the saga of the glocalization neologism, followed by the philosophical- and psychodynamics of compliance and its moral foundations in Kantianism, the development of integrity into actual business ethics and the vehemence of cross-cultural awareness and management when doing business internationally. Finally, it establishes the Three Stages Theory and the EMB Guidelines for the glocalization of leadership, as the ordinary solution to compliance glocalization.

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I.   INTRODUCTION

As the spread of global brands continues to disrupt digitalization and legal challenges across borders, local becomes compulsory in the multinational enterprises' scenario. What was once controversial to growth emerges as imperative. Alongside growth, local is imperative. Global corporations all over the world are facing the glocalization odyssey as the world economy endures to merge into a single, interconnected market.

This phenomenon has become increasingly salient in a broad variety of academic and practical business endeavors, resulting in considerable amounts of uncharted challenges worldwide in various professional areas. Glocalization has been disrupting compliance industry ruthlessly, leaving professionals in the field, by all means, with a rather remarkable quest: "how to create a glocal identity of compliance?"

Aiming to obviate this matter and to emphasize the cruciality of multidisciplinarity to compliance efficiency, multidisciplinary approaches were taken in order to holistically address the compliance glocalization problematics.

This article first starts with the primary conception of the term glocalization and the role it plays in sociology and economics from a business perspective, followed by the philosophical- and psychodynamics of compliance in traditional philosophy, psychology and metaphysics, giving emphasis to the moral foundations of compliance in Kantianism and the development of integrity into actual business ethics.

Furthermore, it delves into the helm of culture, revealing cross-cultural disparities when doing business internationally, culminating in the development of a three stages theory and guidelines for the glocalization of leadership, as an ordinary solution to compliance glocalization.

II.   THE GLOCALIZATION NEOLOGISM

According to The Oxford Dictionary of New Words (1991) cited by Robertson (1995) on his piece "Glocalization: Time-Space and Homogeneity-Heterogeneity"[1], "the term 'glocal' and the process noun 'glocalization' are 'formed by telescoping *global* and *local* to make a blend." Also according to the *Dictionary*, "in business jargon: simultaneously *global* and *local*; taking a global view of the market, but adjusted to local considerations." The neologism glocalization has its background related to the Japanese business thinking back in the early eighties and due to the successful endeavor of Japanese enterprises in glocalizing their businesses – verbal form of organizing "one's business on a global scale

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[1]   Roland Robertson, *Glocalization: time-space and homogeneity-heterogeneity, in*: Theory, Culture & Society: Global modernities 25-44 (M. Featherstone S. Lash & R. Robertson Eds., 1995).

while taking account of local considerations and conditions"[2], western corporations started to adopt their methodology. It was first called *dochakuka*, deriving from the Japanese word *dochaku* 'living in one's land', originally referred to a way of adapting farming techniques to local conditions. In the late eighties, *dochakuka* evolved into business strategies when Japanese economists started writing articles for the Harvard Business Review[3] and became, thereafter, called as *global localization*. The term was soon conjoined to *glocalization*, proving to be "one of the main marketing buzzwords of the beginning of the nineties."[4]

Roland Robertson (1992), sociologist and pioneer of globalization studies, conceptualized glocalization as "the universalization of particularization and the particularization of universalism"[5], originating the term's popularity at a conference on "Globalization and Indigenous Culture" in 1997.

Businesswise, to simplify the complexity of the glocalization terminology, Roland Robertson (1995) states that:

> *The idea of glocalization in its business sense is closely related to what in some contexts is called, in more straightforwardly economic terms, micromarketing: the tailoring and advertising of goods and services on a global or near-global basis to increasingly differentiated local and particular markets.*[6]

In other words, a narrow business approach combined with marketing strategy targeted on a small-scale group of highly-selected consumers. Needless to say, that it represents a crucial element for businesses operating in a competitive, most likely in an economy of scale environment – our mainly postmodernist environment, where growth is imperative and sold in the form of a leading consultancy firm's slogan[7] to multinational corporations (henceforth MNCs) worldwide.
It is a tailored strategy to augment brand awareness, sales and profits *per se*.

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[2]   Oxford Dictionary of New Words, compiled by Sara Tulloch (1991). Oxford: Oxford University Press.

[3]   Chanchal Kumar Sharma, *Emerging Dimensions of Decentralisation Debate in the Age of Globalisation*, 1, INDIAN JOURNAL OF FEDERAL STUDIES 47-65 (2009).

[4]   Roland Robertson, *Glocalization: time-space and homogeneity-heterogeneity*, *in*: Theory, Culture & Society: Global modernities 25-44 (M. Featherstone S. Lash & R. Robertson Eds., 1995).

[5]   ROLAND ROBERTSON, GLOBALIZATION: SOCIAL THEORY AND GLOBAL CULTURE (1992).

[6]   Roland Robertson, *Glocalization: time-space and homogeneity-heterogeneity*, *in*: Theory, Culture & Society: Global modernities 25-44 (M. Featherstone S. Lash & R. Robertson Eds., 1995).

[7]   As for instance, the Boston Consulting Group (BCG) that offers organizations worldwide tailored strategies to drive profitable growth and true value-creation.

Businesses, nowadays, are capable of creating a more personalized marketing schemes to each individual in its target pool, as opposed to a large group of its target audience simultaneously, where economic capital operates alongside with social capital[8], forging a valuable mechanism in economic growth. This institutes a core side of our fast-paced digitalized, interconnected and capitalistic manufacturing world, which grows smaller by the minute, as corporations rely extensively on social capital *a fortiori*[9] to drive business worldwide.

I certainly do not want to fall into political system victimhood or the ineffectiveness of its results, neither discourse about actual business and marketing terminology, however, the ideology of capitalism and glocalization are incontestably homogeneous. One does not exist without the other and conjointly, like Robertson (1997) analogously stated when conceptualizing glocalization, there is no universalism without particularism and vice versa.

III. ETHICS BEFORE A GLOBALIZED WORLD: THE PHILOSOPHICAL- AND PSYCHODYNAMICS OF COMPLIANCE

To illustrate the previous idea of the conceptualization of glocalization and furthermore, the glocalization of compliance that will be addressed here in turn, one must exhume into the foundations of morality. Initially here, into moral particularism and moral universalism.

Empiric social science studies have been conducted since Aristotle, forming a concept among philosophers, that moral particularism is vital to interpreting social behaviors of individuals and entire societies.[10] Characterized as the "forefather" of particularism, on his work "Nicomachean Ethics", Aristotle emphasizes that ethical inquiry is mistaken if it aims for "a degree of exactness" too great for its subject matter, and added that moral generalizations can hold only "for the most part"[11]. Furthermore, he also emphasizes that ethics ultimately concerns particular cases, that no theory can fully address them all, and that "judgment depends on perception" (NE, 1109b)[12].

It makes me emphasize, in a more contemporaneous manner, that each and every one of us have our own vision, perception of the world. This perception is ignited from the depths of the society *and culture* that we are raised immersed in. It initially forges our

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[8]   Social capital is defined by the OECD as "networks together with shared norms, values and understandings that facilitate co-operation within or among groups".

[9]   *A fortiori* meaning on the Oxford Dictionary appears as "used to express a conclusion for which there is stronger evidence than for a previously accepted one." That is; *more than ever.*

[10] Guido de Blasio, Diego Scalise & Paolo Sestito, *Universalism vs. Particularism: A Round Trip from Sociology to Economics,* No. 212, BANK OF ITALY OCCASIONAL PAPER (January 24, 2014).

[11] ARISTOTLE, THE NICOMACHEAN ETHICS (trans. by David Ross, eds. by Lesley Brown, 1925).

[12] ARISTOTLE, THE NICOMACHEAN ETHICS (trans. by David Ross, eds. by Lesley Brown, 1925).

values, conceptions and characters, in conjunction with our ordinary human capital development and level of ideology *critique*.

Ideology, that I will phrase in a rather dramatic and provocative manner as the worth resembling Slavoj Žižek's *critique* of ideology, as a silent and invisible force, embodied in all layers of our society as a whole, taking many socio- and cultural forms, tangibly and intangibly. On his piece "The Pervert's Guide to Ideology" (2012), the Slovenian contemporaneous philosopher and critical theorist analyses John Carpenter's science-fiction pseudo-comedy movie *They Live* (1988) masterpieceness. In the movie, the drifter construction worker John Nada, as Žižek (2012) also ascertain to emphasize "Spanish [also Portuguese] word for nothing"[13] – criticism of the status quo of our being in this ideological world, – accidentally discovers several hidden boxes of sunglasses while investigating an odd church at a Los Angeles shantytown. When wearing the sunglasses for the first time, Nada starts seeing the world through its reality's lenses, witnessing the so far "unseen" subjective messages behind the system's manipulation: publicity billboards now display phrases like "Obey", "Marry and Reproduce", "Stay Asleep" and dollar bills bear the words "This is your God"[14].

This parasitic near-alienistic role of ideology, fruit of our mainly capitalistic glocalized world, convey a nature of implicit injunction[15] and is part of our daily lives – from a simple morning tabloids' capital letters headlines and anti-aging cosmetics to retail bio t-shirts and political populist electoral campaigns. But what is the message behind the postmodernist omnipresent socio-economic consumerism and political cannibalism? Žižek (2012) demonstrates ideology's utopia:

> Then there is, of course, the beautifully-naive mise-en-scène[16] of ideology: through the critico-ideological glasses, we directly see the Master-Signifier beneath the chain of knowledge: we learn to see dictatorship in democracy.[17]

 "Dictatorship *in* democracy". An intriguing and rather provocative quote that reaches the bottom of most of our stomachs, instigating denial as our first instinct as human beings. But make no mistake, it *is* unquestionably part of our daily reality and to exemplify this veracity, nothing better than bringing our contemporaneous global political scenario into light.

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13   Slavoj Žižek, *Denial: The Liberal Utopia* (2012), (Mar. 31, 2018, 12:37 PM) http://www.lacan.com/essays/?page_id=397.

14   Ibid.

15   In psychology, the perception of whether a behavior will be approved or disapproved by a given group. A "what ought to be".

16   *Mise-en-scène* meaning on the Oxford Learner's Dictionaries appears as "(formal) the place or scene where an event takes place". As if a stage setting.

17   Slavoj Žižek, *Denial: The Liberal Utopia* (2012), (Mar. 31, 2018, 12:37 PM) http://www.lacan.com/essays/?page_id=397.

One can state that we are experiencing the world's two largest economies sliding everlastingly towards confrontation and the actual establishment of global populism. Multiple ideology conflicts sliding into worldwide protectionism. Both, Donald Trump and Xi Jinping are ideologists. They are both nationalists. And one might argue that the only difference in how they perceive dictatorship is that the story in the west unfolds into populism – or democracy's crises of confidence, or better, dictatorship in democracy and in the east it tends to unfold autocracy *into* dictatorship.

Geopolitical and ideological conflicts leading a trade war that The Economist would simplify as "How the West got China wrong"[18]. Furthermore, by stating that "the emergence of leaders such as Mr. Trump and Mr. Xi is a reflection of broader ideological shifts in both countries"[19], The Financial Times emphasizes the vehemence of being aware of the role ideology plays in society and our actual global political scenario.

Immanuel Kant, in his "Perpetual Peace: A Philosophical Sketch" (1795), attempted, on Žižek's words, "to undermine the very possibility of such unwritten obscene rules"[20]. He asserts, of course setting aside everything empirical in the concept of civil or international law, that "all actions relating to the right of other men are unjust if their maxim[21] is not consistent with publicity", introducing, therefore, what he denominates the "Transcendental Formula of Public Law".

This publicity formula represents Kant's belief that undisclosed legislative acts performed by the State towards its subjects in the form of an unknown law that would constitute the legitimation of the arbitrary despotism of those in political power who exercise it:

> *A maxim which I cannot divulge without defeating my own purpose must be kept secret if it is to succeed; and, if I cannot publicly avow it without inevitably exciting universal opposition to my project, the necessary and universal opposition which can be foreseen a priori is due only to the injustice with which the maxim threatens everyone.*[22]

Kant (1795), also emphasizes that this publicity faculty, as I shall call it, is to be regarded not merely as ethical precept, belonging to the virtue's doctrine but also as a juridical one, concerning to the rights of man. When put in practice, as an "experiment of pure reason" by the agent of public law, one should question the, of course, morality behind one's conduct criteria of righteousness, as for instance; could I evade the consequences of my action and will for performing the same if my deed were publicly known? The assumption of the answer would, obviously, imply negativity as it only assists to the acknowledgement

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[18]   *How the West got China wrong*, THE ECONOMIST - March 3rd 2018, (Mar. 31, 2018, 12:37 PM) https://www.economist.com/leaders/2018/03/01/how-the-west-got-china-wrong.

[19]   Gideon Rachman, *America vs China: How trade wars become real wars* , THE FINANCIAL TIMES - March 12, 2018, (Oct.. 17, 2018, 10:27 PM) https://www.ft.com/content/5a93b060-25d3-11e8-b27e-cc62a39d57a0

[20]   Slavoj Žižek, *Denial: The Liberal Utopia* (2012), (Mar. 31, 2018, 12:37 PM) http://www.lacan.com/essays/?page_id=397.

[21]   The rule or principle on which you act; e.g. I might make unconditional justice to my maxim.

[22]   IMMANUEL KANT & TED HUMPHREY, TO PERPETUAL PEACE: A PHILOSOPHICAL SKETCH (2003).

of what is not just to the others.

In this sense, Kant's antique technique aforementioned has transcended the limits of philosophy and theory into the crucial kern of the existence of compliance in all its spheres and nuances, domestically and internationally. The negative answer to one's moral conduct question is a fundamental asset for the assessment of a minimum moral standard for businesses worldwide, especially for MNCs that must nowadays assess it glocally. As particularism would not exist without universalism, nor would global without local reciprocally.

The crucial point is that, due to evolutionary shifting of the world into its very present form, dichotomies grew coexistent. Again, one does not exist without the other. To be a great *global* company, an MNC has to be a great *local* company. The dichotomy is not counterpoised. Quite to the contrary, the local is essentially inherent within the global and the principal target of this micromarketing strategy is, nothing more and nothing less than people. People must be in all manners reached and touched where they live, and therefore, also their faculties.

As stated by Friedrich Nietzsche (1886) on his masterpiece "Beyond Good and Evil"[23], Kant on his brilliancy, summarized one's human nature as "by virtue of a faculty". That is, to dissect, that humans are driven by the virtue of a faculty, they seek for faculties *in perpetuum* and delve into synthetic judgments[24] *a priori* everlastingly as a meaning of existence. "I think, therefore I am"[25] Descartes' (1641) old knowledge philosophic dilemma that Nietzsche (1886) would call as "immediate certainties" such as "I think" and "I know".

These "immediate certainties" are, in conjunction with analytic and synthetic judgments, the *animus nocendi*[26] of unethical perpetrations, provoking breaches of business ethics and integrity standards. They are apparently innocent and intentional wills hidden behind the immense complexity of the humanitarian faculties that trigger the occurrence of the villain of the compliance machinery: the misconduct. Nietzsche (1886) states:

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[23] FRIEDRICH W. NIETZSCHE & WALTER KAUFMANN, BEYOND GOOD AND EVIL: PRELUDE TO A PHILOSOPHY OF THE FUTURE (1989).

[24] Synthetic judgments, are those whose predicates are wholly distinct from their subjects, to which they must be shown to relate because of some real connection external to the concepts themselves. Hence, synthetic judgments are genuinely informative but require justification by reference to some outside principle.

[25] RENÉ DESCARTES & DONALD A. CRESS, MEDITATIONS ON FIRST PHILOSOPHY (3rd. ed. 1993).

[26] In jurisprudence, the subjective state of mind of the author of a crime, with reference to the exact knowledge of illegal content of his behavior, and of its possible consequences.

> *But I will say this a hundred times: "immediate certainty", like "absolute knowledge" and the "thing in itself" contains a* contradictio in adjecto[27].[28]

Contradiction in terms [of judgements *a priori*], that in Nietzscheism are not to be believed in and impossible, since such judgements must be manufactured true for the purpose of preserving beings of our kind, which is why they should obviously, nonetheless be false.[29] 'It is only the belief in their truth that is necessary as a foreground belief and piece of visual evidence, belonging to the perspectival optics of life.'[30] Older similar words to Žižek's (2012) *critique* of ideology.

To do justice to Robertson's (1992) dichotomous conceptualization of glocalization and to pierce now the exposure of universalism, ethical Kantianism allures us this time into morality. As a matter of fact, what is a human being without its moral faculty and what is compliance without its core moral aspect or even better, the lack of it? Again, with our own spectacles!

Through the Kantian (1785) spectacles, universalism is perceived as common sense morality, where moral thoughts are the protagonists of universality comprehension – naturally, *a priori*. Kant believed in the prohibition and inadmissibility of misconducts – such as lying (hence perjury), torts, theft and murder and so on, alongside other types of actions. He believed that there was a supreme principle of morality that he entitled on his first formulation, "The Formula of Universal Law", as "The Categorical Imperative" – an imperative whose rational authority of actions does not depend on the agent's contingent ends but on whether they fulfill our [moral] duty. *The Formula of Universal Law* detains that one must unconditionally act according to one's maxim by which one could at the same time desire that it should become a universal law [of nature].[31] In humble words, something is only acceptable if it could become a universal legislation.

Kant is unquestionably, a major defender of ethical duties towards others and has vigorously defended "truth telling", claiming that lying was always wrong. He trusted that we should treat each human being as an end in itself[32], and never as a mere means. On his timeless, influential work in moral philosophy the "Groundwork of the Metaphysics of Morals" (1998), he states that one should "seek out" the foundational principle of a "metaphysics of morals", which he understands as a system of *a priori* moral principles that

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27   Contradiction in terms.

28   FRIEDRICH W. NIETZSCHE & WALTER KAUFMANN, BEYOND GOOD AND EVIL: PRELUDE TO A PHILOSOPHY OF THE FUTURE (1989).

29   Ibid.

30   Ibid.

31   IMMANUEL KANT & MARY GREGOR, GROUNDWORK OF THE METAPHYSICS OF MORALS (1998).

32   As people, we have an inherent worth, value that must not depend on anything else or other means. As an end in itself meaning on the Merriam-Webster dictionary appears as "something that one does because one wants to and not because it will help achieve or accomplish something else".

apply the categorical imperative to human persons in all times and cultures.[33]

This illustrates pure Kantian capitalism, that according to Norman E. Bowie (1998), 'if properly adopted could provide a moral minimum for business, ensure that employees are treated with respect, structure firms as moral communities, and help establish a more cosmopolitan and peaceful world, contributing greatly to business ethics.'[34]

For sharing the same line of thought, I drafted the two questions Kant's Moral Algorithm based on Kant's "Transcendental Formula of Public law" – or publicity faculty and "The Formula of Universal Law" – faculty of international legislation that will be presented and applied here in turn, on the EMB Guidelines chapter as a practical approach for identifying ethical conflicts abroad.

As shown from the beginning of this chapter, ethical and moral values have been steering societies *in all times and cultures* towards what through generations has taken the form of universal law as people desire a reliable existence system of no discontent. Utopic, as deception and the good and evil dilemma are inherent to humankind, but it gives life to our eternal *virtue of a faculty*. It also introduces the motion behind businesses' ethics and integrity *prima facie* faculties and obligations, which are themes of our next topic.

Therefore, my purpose of delving into old philosophic and psychological culture is to emphasize, that the clash of all evolutionary aspects of human life and existence conditions, directly and indirectly, has crystallized the form of the contemporary world as we know today. One cannot dissect compliance without its moral foundations, hence the holders of moral or any other cognitions; us reasoning beings. I want to demonstrate, vehemently, that it has been always about people and I would say, nevertheless in any event, that it is *all* about people.

For this reason, – be it with critico-ideological glasses or not – I would, of course, refuse the idea of the not inherency of philosophical- and psychodynamics in all spheres of compliance as it has sufficient analytic-interpretative leverage of intrinsic nature, especially relating to the ethics of businesses.

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[33]   Robert Johnson & Adam Cureton, *Kant's Moral Philosophy*, THE STANFORD ENCYCLOPEDIA OF PHILOSO-PHY (Edward N. Zalta (ed.), Spring ed. 2018).

[34]   Norman E Bowie, *A Kantian Theory of Capitalism*, 1, THE RUFFIN SERIES OF THE SOCIETY FOR BUSINESS ETHICS 37-60 (1998).

IV.   CROSS-CULTURAL BUSINESS ETHICS IN COMPLIANCE AND LEADER-SHIP GLOCALIZATION

One should not be too literal when it comes to the analogy of corporate personhood. Corporations are endowed of their own personality, identity, culture, language, values, operational characteristics, particular rights protected by laws and so on, being therefore, also bodies capable of actions just like people and "qualify as moral agents, at least in the minimal sense that they and their actions may sometimes be characterized by moral concepts."[35] They are juridical persons constituted by natural ones. Although, with distinguished responsibilities from those of its creators.

Corporations have *prima facie* faculties and obligations that encompass several global values, especially integrity, that according to Joan Dubinsky (2009), United Nations Chief Ethics Officer, 'can be found in all religions, texts on more philosophy down through the ages, – [as just demonstrated in the last chapter] – and in the UN Universal Declaration of Human Rights and all resulting rights-related conventions and principles.' Furthermore, on her Global Ethics & Integrity Benchmarks, she asserts that:

> *Though there is significant 'play' in how global values (such integrity) can be defined and their scope of application, there is little doubt that what unites us as human beings is this ethical dimension. Different cultures, nations, and societies may differ about how to prioritize specific moral values. Nevertheless, all human societies accept that a set of global values exists and that these values tend to unite – rather than divide – us.*[36]

This "ethical dimension" of universal common sense values together with last chapter's compilation of morality principles, rectify the fundamentals of MNCs' minimum business ethics, or as one would say, the moral foundations of multinationals, that transcend national boundaries and legal systems. Companies invent in one territory and produce in another, due to, for instance, alluring business atmosphere created by governments' innovation and investment incentives such as IP-related tax benefits and tax holidays. In some cases, they have different places of production for the same or diverse goods and a distribution centre or permanent establishment in another country. Living aside, online sales worldwide, delivery interconnectedness and so on.

Be they for international tax planning or business strategy purposes, the global trade systematics is immersed in legal pluralism and postmodernism, "where the law has become an amorphous and entropic system, where one is often hit by its force by pure happenstance"[37]. All of this due to globalization, therefore colliding with cross-cultural mores

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[35]   THOMAS DONALDSON, THE ETHICS OF INTERNATIONAL BUSINESS (1989).

[36]   JOAN E. DUBINSKY & ALAN RICHTER, THE GLOBAL ETHICS & INTEGRITY BENCHMARKS (March, 2009).

[37]   Peter Kurer, *Legal and Compliance Risk in a Global World: Nemesis or Catharsis?*, COMPLIANCE ELLIANCE JOURNAL, 4 - 15 (Vol. 1 No. 1 2015).

and intersecting frequently with matters of moral relevance.

My deliberations in this article will now turn to the fact that the globalization "dialectical phenomenon" – Giddens (1991) perspective of globalization 'in which events at one pole of a dissociated relation often produce divergent or even contrary occurrences at another' – requires the linkage of localities worldwide, be they at major or small *poleis*[38]. For the global scenario to happen, localities have, undoubtedly to be linked, illustrating once more Robertson's (1992) conceptualization of glocalization. Consequently, cross-cultural interaction and communication are commonplace and an everyday challenge to MNCs worldwide.

Business internationalization interconnectedness demands; cross-cultural management, the studies of the behavior of people provenient from different cultural backgrounds interacting within and among distinguished or the same organizations working environments across the globe, comparing and assessing their *organizational behavior* itself; and organizational behavior, the studies of "cross-cultural similarities and differences in processes and behavior at work and the dynamics of cross-cultural interfaces in multicultural domestic and international contexts. It encompasses how culture is related to *micro organizational phenomena*, motives, cognitions, emotions; *meso organizational phenomena*, teams, leadership, and negotiation; *macro organizational phenomena*, organizational culture, structure and the interrelationships among these levels."[39]

Management, of any kind, requires excellence in order to provide responsible, profitable and competitive growth. It is the heart of the corporate body, pumping results – be they positive or negative – through divergent courses, from and to all areas of the same, granting its functionality or none. Consequently, the excellence of management relies upon the characteristics of the people to be managed besides, of course, distinct managerial expertise and human capital. Nevertheless, different outcomes torrent from global management practices of excellence applied by MNCs in diverse countries. Some nations show excelling management than the others. But how can an entire nation generate a superior management than another nation? The explanation of this incongruence lies within the realm of culture.

Culture acts at several levels of analysis in innumerous areas of studies and has been defined throughout the decades in various manners by academics in the fields of sociology, psychology and anthropology (Herkovits, 1955; Triandis, 1972 and 1994; Kraut, 1975; Shweder & LeVine, 1984; Hofstede, 1991 and so on).

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[38]   Poleis, plural of polis, that means city in archaic Greek.

[39]   Michele J Gelfand, Miriam Erez & Aycan, Zeynep, *Cross-Cultural Organizational Behavior*, Vol. 58, ANNUAL REVIEW OF PSYCHOLOGY 479-514 (2007).

Geert Hofstede (1980), Dutch social psychologist and developer of the groundbreaking Cultural Dimensions Theory, on his leading work "Culture's consequences: International differences in work-related values"[40] asserts culture definition as:

> *The collective programming of the mind that distinguishes the members of one category of people from those of another, ... the interactive aggregate of common characteristics that influence a human group's response to its environment. (...) Culture is not a characteristic of the individual; it encompasses a number of people who were conditioned by the same education and life experience. When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that these people have in common; the programming that is different from that of other groups, tribes, regions, minorities, or nations.*

With the idea to bridge cultural differences, Hofstede initiated in 1970 an ample survey study within the IBM organization among 56 countries. After more than 1.000 interviews from a wide range of distinctive angles, he developed the Hofstede Cultural Dimensions framework. The framework compels six dimensions of national culture spectrums; *power distance*, egalitarianism vs. hierarchism scales; *individualism vs. collectivism*, "the degree to which people in a society are integrated into groups"; *uncertainty avoidance*, "a society's tolerance for ambiguity" or unexpected happenstances from the status quo; *masculinity vs. femininity*, preferable materialism, assertiveness and heroism in a society rather than modesty, sensitiveness, caring and quality of life respectively; *long-term orientation vs. short-term orientation*, to what extent a society attain to traditionalism – past, present or future level of focus and *indulgence vs. restraint*, allowance of a relatively free gratification of basic and natural human drives related to enjoying life and having fun versus a suppressed gratification of needs, regulated by means of strict social norms.

Furthermore, Harry C. Triandis (1994), international and social psychologist, falls to the concept that the great majority of scholars allot, believing that culture is shared, is adaptive or has been adaptive at some point in the past, and is transmitted across time and generations.[41]

However, as much as my reckoning unquestionably abides to the same line of thought, it is of vehement importance to our dissertation and of my own constant personal experience to additionally expose that cultural inheritances do not attain merely to subjects of the same nationality. They can be acquired directly by subjects of different cultures living foreignly, among cultures contrasting their own or for somehow experiencing a foreign culture indirectly – as for instance by working in parity or circumstantially interacting with international corporations or persons from distinct national backgrounds.

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[40] Geert Hofstede, *Culture's consequences*, Vol. 5, INTERNATIONAL DIFFERENCES IN WORK-RELATED VALUES (1980).

[41] HARRY C. TRIANDIS, CULTURE AND SOCIAL BEHAVIOR (1994).

Hofstede and Bond (1988) in their article "The Confucius connection: From cultural roots to economic growth"[42] analogously phrase that 'cultural inheritances are not genetically transferred; they can in principle be acquired by any human being who is at the right place at the right time. We begin to acquire the mental programming we call culture from the day we are born, and the process continues throughout our lives in a particular society.'
Insofar as we regard the idea of the understanding and the definition of culture and having vastly connoted its role in glocal business beyond the local-global problematic interrelatedness within the glocalization context, I will leave the mere vicious mania of "how to" literature intellect, – in this case; cultural disparities and countervailing forces of homogenization – and start entering a more practical approach. Cross-cultural relativity has transcended into international business ethical values in the corporate scenario and demands practical endeavors rather than simply intellectuality.

Business ethics, more precisely here; international business ethics, is a basic requirement for an effective and stark corporate compliance program. In fact, business ethics is the very fundamental part of the compliance program's pillar or element, where the formalization of the program is represented by codes of business conducts, ethics and policies. Such by-laws are developed in accordance to the company's *modus operandi*[43], industry, stakeholders and geographical position necessities, being therefore, the foundation of an "effective compliance program".

To enlighten, these "effective" compliance program's pillars or essential elements, vary from each area of compliance to another, literally in numbers, particular predilection or company culture. Due to the ever-changing number of compliance requirements, or more straightforwardly, global legislation that seem to multiply on a daily basis, – from the good and old U.S. Sentencing Guidelines to the FCPA, UK Bribery Act, OECD "best practices" and the ultimate EU General Data Protection Regulation (GDPR) – MNCs incorporate from five to even ten pillars or essential elements into their tailored compliance program.

Although, the quantity of these or their nomenclature is irrelevant to a compliance program effectiveness. What determinates its effectiveness is the covering of all applicable global legislation and guidelines and the quality of its ongoing management. In fact, compliance is only effective if it is able to fulfil its dual function. "That means safeguarding the company's reputation as a good corporate citizen, complying with regulation to avoid costly investigations and fines, and defending IP and customer data", states Jo Ludlam (2019), partner and co-chair of the global compliance & investigations group at Baker

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[42]   Geert Hofstede & Michael H. Bond, *The Confucius Connection: From Cultural Roots to Economic Growth*, Vol. 16 Issue 4, ORGANIZATIONAL DYNAMICS, 5-21 (1988).

[43]   The way in which something functions, operates or works.

McKenzie.[44] In other words, protect and drive business value by responding to emerging risks.[45]

The ethics of international business conjointly with global management creates the motion behind the glocalization of legislation in the industry of compliance. The compliance industry operates in a holistic multicultural environment of ideological diversity that in this transformative age of contemporary discontent taking many forms, is under ongoing pressure to create a glocal identity of compliance in order to facilitate tradeoffs between conflicting norms in home and host countries.

The aforementioned corporate policies are the hub of conflicts among subsidiaries and their headquarters internationally. Policy conflicts are the perfect exemplars for cultural disparity within multinational corporate bodies and the main cause of the lack of synergy in global management. Especially between western and eastern countries.

Hofstede and Bond (1988), in the above-named Confucius Connection article, portray this situation perfectly:

> *In one U.S. corporation we know, the head of the headquarters staff department complained bitterly to the president about the noncompliance with certain rules by the East Asian regional manager, who was an expatriate American. "I fully agree", said the president. "His behavior is stupid and against company policy. I have only one question. From the time he worked in headquarters, I have known Mr. X to be an intelligent man. How can a man be so intelligent in Los Angeles and so stupid in Hong Kong?"*

No further comments needed, that the noncompliance from the western manager acting in the southeastern subsidiary of the same MNC was incontestably related to cultural differences rather than his intelligence quotient. An issue that has driven leading roles, lay subjects in the matter, to unfairly oust good professionals from their duties. It is, therefore, a theme of important situational awareness when exerting leadership.

Pragmatic organizational behavior studies are still in progress in an attempt to tackle cross-cultural management disparity in the quest for global management synergy. The previously detailed Hofstede *Cultural Dimensions* are the most influential and inescapable essential work developed in the area, followed by the work of Professor Robert J. House and his colleagues in their GLOBE (Global Leadership and Organizational Behavior Effectiveness) study of 62 societies.

Professionals of compliance, from the very bottom as interns or audit assistants – or whatever title they may attribute to any regulatory position in its complexity – to the very top as chief compliance officers or global heads of compliance, have multidisciplinarity as

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44   Baker McKenzie, *Connected Compliance: The global Case for Integration* (2019), (Apr. 8, 2019) https://www.bakermckenzie.com/en/insight/publications/2019/01/connected-compliance.

45   Ibid.

their main prerequisite. They must be aware of these culture-related issues happenstances besides world economics and the philosophical- and psychodynamics behind compliance in order to integrate a holistic approach to a glocal compliance identity. As there is no place in the corporate world for companies inattentive to corporate and regulatory compliance, such management challenges can equally no longer be afforded by MNCs. From the top down of all managing positions existent in a company, be they in the compliance sphere or not, – from the CEO or CCO to the facilities manager or junior compliance administrator – these challenges must be tackled.

These difficulties are unavoidable even for the best-prepared, best-intentioned and most experienced managers and executives, which must always rethink their business practices in foreign settings. As seen before, what is effective in a company's home country, is in many cases doomed to failure in the host country due to different standards of ethical conduct. Many business practices that are considered unethical in one setting may be ethical in another – of course, when observed the minimum standards of human values or rights. Needless to say that, for instance, modern slavery is unbearable anywhere in the globe and inadequate pollutants discharge is an equal intolerable violation of these cores values. Consequently, this cultural disparity awareness serves as a moral compass for business practices not only abroad, but also domestically.

To illustrate these cultural differences problematics and emphasize the western and eastern long-dated society's discrepancies, back in the late nineties on his article "Values in Tension: Ethics Away from Home", Thomas Donaldson (1996) stated that managers in Hong Kong had a higher tolerance for some forms of bribery than their western counterparts.[46] An analogous research from Laura L. Whitcomb et al. shows in a vignette case study of 1998 that the Chinese managers were more propitious to abide to a payment of $500 thousand dollars to a foreign middleman in order to gain access to his country's market than their American counterparts:

> *In explaining their reasoning, Chinese respondents overwhelmingly indicated that this was "not unethical, just the price paid to do business" (59%). Among the responses choosing "other", 28 (15% of the total sample) wrote that they were not really against paying, but were concerned about the credibility of the middleman. Five (3%) simply said it was a good business deal. Only one respondent (0,55%) thought it was a "bribe and unethical". The Americans, on the other hand, were more apt to conclude that the transaction was a "bribe and unethical" (24%) or was "illegal" (9%). "The price paid to do business" was still selected by 22% of the sample. Another 17% justified their decision by saying this was an acceptable practice in other countries.[47]*

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[46]   Thomas Donaldson, *Values in Tension: Ethics Away from Home*, September-October Issue, HARVARD BUSINESS REVIEW (1996).

[47]   Laura L. Whitcomb, Carolyn B. Erdener & Cheng Li, *Business Ethical Values in China and the U.S.*, Vol. 17 Issue 8, JOURNAL OF BUSINESS ETHICS, 839-852 (1998).

This "price paid to do business" culture was in fact widely accepted in China as a part of regular business deals or marketing strategies until the presidency of Xi Jinping took place in 2012. Mr. Xi's fervent anti-corruption campaign cracked down government corruption and commercial bribery practices by MNCs in the country.

In 2013, the British pharmaceutical giant GlaxoSmithKline (GSK) has pled guilty to the involvement of their executives in a bribery scheme worth $489 million dollars in their Chinese subsidiary. In consequence, they were convicted of bribery and corruption for breaking the Chinese laws and fined $491 million dollars, the approximate same amount of bribes that have been paid by GSK China. The fine was the largest ever levied on a western company for bribery and corruption in the People's Republic.[48]

However, despite the fact that Mr. Xi's widely known campaign against corruption indicates an increase in transparency in China, it also carries some downsides. According to Ge Chen, an expert on China's judicial system and legal policies at the Mercator Institute for China Studies in Berlin, it is 'generally criticized for its lack of genuine "checks and balances" on power'. Furthermore, he states that it undermines China's legislature machinery; 'the Standing Committee of the National People's Congress received a remarkable number of more than 11,000 suggestions for revision within three weeks after publishing the bill' and constitution; 'by banning lawyers from representing those under investigation, the draft law fails to subject such investigations to China's criminal procedural law'.[49]

I would also emphasize, in any event, that it undermines the rule of law, which is essential for a sustained economic growth and thereby trade and investment stability and sustainable development in the globalization happenstance.

There is, of course, a moral grey zone in between these western and eastern ideological problematics – actually everywhere in the globe. As a mere well-known illustration of this scenario, the Chinese and the Japanese people often exchange gifts while doing business as a millennial tradition that can signify respect, friendship and gratitude, among other good faith meanings. The European and the North American people when started doing business with eastern countries, first felt this tradition as an attitude of potential bribery or favoritism, until certain tolerance for such cultural difference was developed and therefore, also some limits for corporate gift giving.

The giving and receiving of gifts, courtesies, entertainment and hospitality in the corporate context are nowadays globally regulated by Acts in various distinct jurisdictions and a mandatory part of the compliance policies of any organization worldwide. When the

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[48] Thomas Fox, *GSK in Cina: A New Dawn in the International Fight Against Corruption,* COMPLIANCE ELLIANCE JOURNAL, 29 - 61 (Vol. 1 No. 1 2015).

[49] Ge Chen, *China's Anti-Corruption Bill Exposes the Achilles' Heel of Xi's Legal Reforms*, YALEGLOBAL ONLINE 19th December 2017, (Aug. 2, 2018, 09:25 AM) https://yaleglobal.yale.edu/content/chinas-anti-corruption-bill-exposes-achilles-heel-xis-legal-reforms.

limits of this grey zone are transgressed, that is to say in this case, the limits of its scope and intentions, the inappropriate practice of corporate gift exchange is punishable by global anti-bribery and corruption regulations. Individuals are subjects to imprisonment – up to ten years in the UK or China and fourteen in Mexico – and corporations are subjects to tremendous fines – up to 20% of the gross revenue from the previous year in Brazil and unlimited amounts in Canada or again in the UK.

But how can compliance management develop a top-notch cross-cultural guidance for policy making or identify the limits of this cultural moral grey zone, as even the most robust codes of conduct and upstanding company's core values may not always provide isolated answers to the business ethics problematics? The answer, I would say, lies in a three stages process, by (i) identifying ethical conflicts in the host country, (ii) glocalizing solutions, and (iii) onboarding, ongoing management training and assessment, forming therefore, a three stages theory.

V.   THE THREE STAGES THEORY AND THE EMB GUIDELINES

For the purpose of addressing the needs of compliance management concerning the cross-cultural business ethics problematics, I have developed a Three Stages Theory, as well as a ten preliminary *Guidelines* as an attempt to provide a holistic approach to the matter. The *Theory* – or the algorithm to compliance glocalization – functions as it follows:

A. Identifying ethical conflicts in the host country

Straightforwardly, cross-cultural ethical conflicts encompass cognitive psychology manifestly, more specifically in the realm of judgment and decision-making that when inconsistently dealt with could cause a multitude of cognitive dissonance. It triggers the irrationality of these judgments and decision-makings as a person ventures to reconcile his conflicting beliefs.

Pilot studies and practices have been conducted by scholars and management practitioners in order to diligently assess the best ethical methodology for decision-making in an international context. Numerous theoretical frameworks were developed to enforce a more efficient approach to cross-cultural management decision processes.

Donaldson (1996) presented a two types of conflicts model based on the minimum human values standards founded on the host countries' different levels of; *economic development*, as for instance "developing countries may accept wage rates that seem inhumane to more advanced countries in order to attract investment" and *cultural tradition*, Saudi Arabia's example of prohibiting women of occupying corporate managing positions – a prohibition that "stems from strongly held religious and cultural beliefs; any increase in the country's level of economic development, which is already quite high, is not likely to

change the rules."[50]

Furthermore, Donaldson and Dunfee (1994, 1999), in the line of social contacts theorists and political philosophers such as Hobbes (1651), Locke (1689) and Rousseau (1762), introduced the Integrative Social Contracts Theory (ISCT) as an attempt to bind universal core human values or "hypernorms", such as the right of individuals to freedom of speech and association. It originates from a minimum sense of tacit agreement that allows individuals to live as a society.

DeGeorge (1993) developed specific guidelines grounded on principles such as that "MNCs should produce more good than bad for the host country" or "should do no harm". Hamilton, Knouse and Hill (2009) proposed the HKH decision model, a set of six heuristics questions decision tree or "management decision process" to MNCs' managers aimed on the discussion of "how to apply their corporation's values to resolve conflicts with host country business practices"[51].

Although all these frameworks are useful tools in general, they are not essentially reliable. For a holistic approach to identifying ethical conflicts in the host country and delivering decision-making solutions to occur, a combination of various aspects of social psychology and behavioral economics is required. I personally like to compile such frameworks rather than refute them, as an attempt to assess the glocalization of compliance initial process.

In order to identify ethical conflicts in the host country, I have designed a compilation of the aforementioned frameworks conjointly with the compliance systematics within businesses. Assuming that the governance value of any business is, of course nowadays, law and integrity compliant oriented, I created what I call the *Ethics Malpractice Barometer* or the EMB Guidelines, containing ten embryonic enquiries to designate and address ethical conflicts across borders:

1.   Identify Questionable Practice (henceforth QP):

     What is the salient ethical issue of the business practice in the host country?

2.   Categorize QP:

     Is it a cultural difference, conflict of relative development or ethics problematics?

     a.   Cultural difference – stablish grey zone limits in its scope and intentions, identify and apply met enforced law.

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[50]   Thomas Donaldson, *Values in Tension: Ethics Away from Home*, September-October Issue, HARVARD BUSINESS REVIEW (1996).

[51]   J. Brooke Hamilton, Stephan B. Knouse & Vanessa Hill, *Google in China: A Manager-Friendly Heuristic Model for Resolving Cross-Cultural Ethical Conflicts*, Vol. 68 Issue 2, JOURNAL OF BUSINESS ETHICS, 143-157 (2009).

    b.   Conflict of relative development – if so, would the QP be acceptable at home country if it was in a similar stage of economic development?

    c.   Ethics problematics – apply met enforced or non-enforced law, address and remediate.

3.   Apply Kant's Moral Algorithm:

Publicity Faculty = could I evade the consequences of my action and will for performing the same if my deed were publicly known?

Faculty of Universal Legislation = could it become an universal law?

4.   Does the QP violate any (enforced or/and non-enforced) core human values?

5.   Does the QP violate any (internationally and domestically) enforced laws?

6.   Does the QP violate any core values or principles of the firm?

7.   Does the QP violate the firm's or any (internationally and domestically) industry code of conduct?

8.   Does the QP involve third party engagements?

9.   Will the subsidiary leverage industry practice and/or development in the host country if the firm follows its own practices in the home country rather than the QP in the host one?

10. If the home country's QP is law and integrity compliant, will it bring more responsible benefits than shortcomings when applied in the host country?

The EMB Guidelines are based on a simplified yes or no quotient to all enquiries, in which its positive outcome implies in *"yes" – identify and apply met enforced and/or not enforced laws, address due diligently the salient issues and remediate the consequences and "no" – meet remaining enquiries.*

I must clarify, of course, that indubitably providing *yes or no* answers is insufficient for professionals of compliance to holistically assess any imminent situation, project, idea or issue that an employer might have. The agenda following of a compliance program is much more complex than a binary action and its enforcement is far beyond simplified questioning.

Nevertheless, by applying the *Guidelines* one should have in hands any embryonic inconvenience tackled and prepared for the further undertaking of due diligence measures in order to address and remediate the consequences that any red flag might possess. It is basically a preliminary awareness instrument for compliance due diligence and risk management assessment.

B. Glocalizing solutions

It is of extreme vehemence in this context, to glocalize compliance management solutions transnationally. A glocal approach of allowing foreign business units management to interpret cultural and ethical discrepancies and therefore develop further standards in order to adhere their own suggestions founded on their individual glocal experience to the customary set of corporate ethical principles of the home country, is fundamental for the tailoring of a glocalized compliance solution and identity.

The giant semiconductors company Texas Instruments Inc., for instance, has created the Global Business Practices Council, an international business ethics board designed for managers operating in the MNC's foreign units to solve ethical conflicts. "Global ethics strategy, locally deployed". With their responsible global business strategy, the company was awarded as a 2018 World's Most Ethical Companies ® Honoree List by the Ethisphere Institute – a global leader in defining and advancing the standards of ethical business practices – for the twelfth consecutive year and ranked second on the Forbes "The Just 100: America's Best Corporate Citizens" 2018, among others[52].

Another approach is the outsourcing of such glocalized solutions. It has naturally become part of big consultancy firms' spectrum of services. A.T. Kearney for instance, offers a strategic service within their group denominated the Global Business Policy Council; "a specialized foresight and strategic analysis unit". The council's services collaborate with private and public sector clients, being "dedicated to providing immediate impact and growing advantage by helping CEOs and government leaders anticipate and plan for the future".

Be it by internal or external means – or perhaps even both – cross-cultural compliance management cannot, in no event, afford to be negligent in glocalizing solutions. In a recent participation of mine at the annual event of the Lateinamerika Verein e.V. in Hamburg, the 69th Latin America Day 2018, when attending the forum "Business Culture & Leadership", business leaders from distinct MNCs in Europe and Latin America discoursed about their experiences in doing business across both continents.

Among thrilling, and sometimes rather amusing cross-cultural stories of business conduction in Peru, Brazil, Mexico, Germany and Austria, the outcome was fairly unanimous. A board member of the German intralogistics giant Jungheinrich stated that "headquarters management will fail" when chosen to manage business overseas. "Local people know local business" and the best approach to deal with such problems is "to glocalize [solutions]", reaffirming my thesis.

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[52]   Ge Chen, *China's Anti-Corruption Bill Exposes the Achilles' Heel of Xi's Legal Reforms*, YALEGLOBAL ONLINE 19th December 2017, (Aug. 2, 2018, 09:25 AM) https://yaleglobal.yale.edu/content/chinas-anti-corruption-bill-exposes-achilles-heel-xis-legal-reforms.

C Onboarding, ongoing management training and assessment

For the three stages theory attain a holistic approach in addressing the transnational business ethics problematics, dexterous onboarding, management training and ongoing assessment must take place. The selected human capital must be embraced by a specialized cultural differences based company onboarding program, leading the new hire or relocated employee through a roadmap other than the standard one, but to cultural awareness enhancement orientation.

The resilience of management training and assessment is equally crucial. The on boarded personnel must be immersed in, again, a culture-oriented tailored program of ultimate effectiveness and high managerial impact that must be assessed itself everlastingly. The ongoingness of management training and assessment is crucial for the efficiency of the entire stages theory, ensuring compliant and diligent functionality to its purposes.

This way, a holistic approach can be taken when addressing the cross-cultural business problematics, granting a minimum standard of efficacy.

VI.   CONCLUSION

In a world filled with diversity and international business interconnectedness, ethical decision making and values-based management perspectives are mandatory and a good starting point. There is more to compliance than a bare wave of worldwide regulations. Its machinery is complex and people are the very soul of it. People's nuances are even more elaborate than its entanglement. Aspects related to human faculties, societies, and economics must be equally taken into account. In order to address the complexity of compliance, the awareness of multidisciplinarity is vital to its efficiency, especially when it comes to the creation of a glocal identity of compliance. People think glocal and therefore must be touched where they live. Once more, to be a great global company, an MNC must be a great local company. Leadership glocalization is the solution for solving MNCs' compliance disparities across borders and the Three Stages Theory conjointly with the EMB Guidelines are the primary assets to bringing the "how to create a glocal identity of compliance" speculation to an end, conceiving, therefore, an algorithm to compliance glocalization.