**When corporate cultures clash: defining company values across borders**

For Molson Coors, Nike, Coca-Cola and other companies operating in different countries, social responsibility can be a tool for self-definition – and a way to exchange cultural values

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From ethics to etiquette, fashions to values, cultural norms vary vastly from place to place – and companies that ignore the differences do so at their own peril. But what if a company is caught between two communities – and two sets of community values? For companies that manufacture products in one country and sell them in another, balancing the ethics and moral values of two cultures can be a delicate dance of give and take, with lessons for both sides.

There’s a very real impetus for companies to make corporate social responsibility (CSR) work: developed-world customers often respond harshly to companies that they perceive as coming up short on social responsibility. As a UN Department of Economic and Social Affairs report noted, a large amount of CSR has been “driven by the concerns of investors, companies, campaign groups and consumers in the world’s richest countries”. In other words, as developed-world consumers and communities have called for greater corporate responsibility from their preferred brands, companies have responded with actions that, the report notes, have become important for reducing poverty in middle- and low-income nations.

But finding a middle ground between the values of developing-world producers and developed-world consumers is a complex process that resists a one-size-fits-all approach. The key, experts agree, is for companies to allow their actions to be shaped by local operators, both within the company and the greater community.

“Taking the risk to spend more time upfront, developing these relationships and understanding the local culture ... is really worth it,” says Alison Colwell, associate director with BSR Advisory Services, a San Francisco-based nonprofit that consults with companies on CSR issues. “It saves you time and money in the long run, and those long-term relationships with the community are invaluable to your business.”

**Molson Coors: exchanging ideas**

North America-based Molson Coors faced a major values gap in 2012, when it acquired the Central European brewer StarBev for €2.65bn (US $3.54bn). Molson Coors’s CSR standards were grounded in the values and business environment of its host countries – Canada and the US. StarBev, on the other hand, was based in the Czech Republic, and had a different values structure. Finding a connective link between the two perspectives was a key to making the merger work.

Molson Coors, which operates a worldwide network of over 100 brands, already had mechanisms in place for translating its values across multiple cultures. The first was the concept of “Beer Print,” a tool that the company uses to assess its impact on the environment, the world and on the communities in which it operates. The second, “Our Brew,” focuses on the company’s standards of behavior.

Debbie Read, Molson Coors’s head of corporate responsibility, says that the Beer Print was a key tool when it came to explaining the company’s CSR concepts to its new employees in Central Europe. “One of the benefits that we have with our Beer Print is that it does break it down to a really base level,” she says. “We talk about what’s important to our people. We were able to go into these new countries with essentially a new concept, new language, a new way of doing things.”

Molson Coors declined to discuss specific instances in which its values butted heads with those of its StarBev workers, but noted that while Beer Print was a useful tool for communicating values, the language barrier sometimes got in the way of quick communication and quick action. “The idea of deciding on an all-company release tonight and issuing it tomorrow is a thing of the past,” she says. “We need to plan these things a bit more. It stops you being able to be quite so spur-of-the-moment.”

Coupled with the communication difficulty, Read says, the company’s new Czech holdings also had a fundamentally different work ethic. In comparison to the more spontaneous North American and UK approach to business, the former StarBev operations were more structured and ordered. “They very much want a road map about activities,” she observes. “They want to know where we’re going, what we’re doing, what the times scope are, what the metrics are.”

On the other side, while Molson Coors was bringing these values to the Czech Republic, it was also bringing some of StarBev’s values back to North America. Read notes that Molson Coors has come away from the region with some new lessons for its overall corporate culture. The central European approach, she says, “makes us pre-plan and consider how we’re going to roll things out, in a far more structured and measured way. So I think actually there’s been a two-way learning (process) there”.

**More than socializing**

BSR’s Colwell says company executives need to realize that bringing a company to a developing country – or starting a new company in a developing country – isn’t just about maintaining good relations with new workers and communities. “Companies often learn so much from local staff and local community that they actually make better business decisions,” she says. “So it’s not just about socializing, it’s that they understand the local market and can make better business decisions.”

Understanding local markets, Colwell also notes, can also mean coming into conflict with local cultures and traditions. This was certainly borne out by the Molson-Coors/StarBev merger, in which the bold, entrepreneurial values of one company came face-to-face with the more planned, cautious values of another. But while conflicting work ethics can be troublesome, they aren’t likely to spawn embarrassing scandals. In other cases, the differing values of developed and developing countries can be far more controversial – and potentially fraught with peril.

For example, Colwell points out, perspectives about the definition, dangers, and corporate responsibility for child labor can vary from country to country. This, in turn, can lead to difficult managerial and employee dialogues about issues such as international versus local work age standards, the importance of a child’s access to education, and the need to protect children from hazardous work conditions.

This could have been a potential problem for Coca-Cola. The company purchases tens of thousands of soccer balls annually to support some of its sponsorships. However, according to US government estimates, tens of thousands of children in India are employed to produce hand-stitched soccer balls. Eager to avoid a child labor scandal, the company has created a “Soccer Ball Pre-Certification System,” which directs the company’s procurers to only purchase balls made by pre-certified suppliers.

Another hot-button issue in some nations is workers’ freedom of association, as well as their right to form and join unions. “That’s a corporate standard and a global standard, but some countries don’t allow independent unions,” Colwell points out. “Every situation is unique, but physically what companies (can) do is ... establish an alternative mechanism to support worker participation in determining working conditions.”

The sporting goods giant Nike, grappling with freedom of association problems in its supply chain, created its own framework. To head off problems, it sets up three targets linked to human resource management training – working with its contract manufacturers that encourage them to engage in worker-management dialogue, sharing ways to improve factory grievance systems, and directly intervening when specific freedom of association issues arise.

**Moral obligations versus ‘the way it’s done’**

For companies that are moving into new nations, especially ones with emerging economies, one of the biggest challenges is establishing an independent and responsible role in the community. “You go in to make clear to the cultures and communities that you’re a private business – not the government, not a nonprofit – and there to contribute to the community,” says Bruce Hutton, a professor of business ethics and dean emeritus at the University of Denver’s Daniels College of Business.

This role carries a great deal of responsibility. “In developing countries, companies coming in have an obligation, a moral and long-term financial obligation to their stake-holders, to do what’s right,” Hutton explains. “And if people are taking advantage of their workers in ways that are harmful, you don’t get to say ‘that’s the way it’s done.’ You can be a game-changer in those countries.”