

{Thought in Action} *faculty minds*

## • What are you thinking about?

### • A: CONTROLLING CORRUPTION IN INTERNATIONAL BUSINESS

Assistant Professor of Business Law **David Hess** focuses his research on the role of the law in ensuring corporate accountability. He looks at approaches that enable corporations to go beyond legal compliance to meet the expectations of society with respect to ethical behavior and sustainable economic development. His publications in this area analyze the proper structuring of sustainability reports to increase stakeholder influence and improve organizational learning. Hess recently took home the 2008 Faculty Pioneer Award from the Aspen Institute Center for Business Education. The annual recognition is dubbed the “Oscars of the business school world” by the Financial Times and celebrates MBA faculty who have demonstrated leadership and risk-taking in integrating social and environmental issues into academic research, educational programs, and business practice. He also won the Faculty Award of Excellence for Early Career Achievement from the Academy of Legal Studies in Business. In the following Q&A, Hess reflects on his research into the insidious nature of corruption in corporations.

**What are you thinking about?** I’m continuing my research on controlling corruption in international business. I’m looking at both government regulation and the use of voluntary initiatives by multinational corporations. This research includes not only bribe payments to public officials, but also private-to-private corruption, which involves corrupt payments between two corporations’ agents.

**Why is it interesting to you?** The topic interests me because corruption is such a harmful but enduring practice. Some people have stated that it’s a paradox in that corruption is universally disapproved yet universally practiced. It’s also important to remember that corruption in developing countries is harmful not to just economic development, but also to the realization of human rights and the attainment of sustainable development.

In the United States, the Department of Justice has stepped up enforcement of the Foreign Corrupt Practices Act in the last few years. However, most enforcement actions seem to be based on self-disclosure by the bribe-paying corporation, and clearly only a very small percentage of those paying bribes are turning themselves in. The challenge is to get more corporations to prevent the payment of bribes by their agents in the first place and if someone does pay a bribe, to disclose those actions. The recent case of the German company Siemens shows why this is such a difficult challenge. Siemens, a conglomerate operating throughout the world and employing close to 500,000 people, apparently had corruption thoroughly ingrained in its culture. One

report indicated that the company’s own internal investigators identified more than \$2 billion in suspicious payments over the past several years. Apparently, these practices were so common that individuals at all levels of the organization either no longer questioned their appropriateness or felt powerless to oppose them.

Overall, we need to provide incentives for corporations to self-regulate, help them develop effective compliance programs that allow self-regulation to work, and find ways to help corporations like Siemens reform themselves. The legal, managerial, and ethical issues involved create many interesting and important research questions.

#### **What implications do you see for industry?**

Corporate officers recognize the business case for ending corruption. They see the costs that corruption imposes on operations and the damage it can do to the company’s reputation. Thus, there is a strong business case to end bribe payments. However, they also see their competitors paying bribes to win contracts. This makes it very difficult to ensure that employees refuse to pay when bribes are requested by customers and clients. It also means that collective action is required. All corporations must be committed to combating corruption and working together to solve this problem. Ending corruption is both pro-business/economic development and pro-human rights/sustainable development. Unfortunately, due to these collective action problems, breaking the cycle of corruption is a significant challenge and requires novel solutions. ✦



## A: NOT GETTING LOST IN TRANSLATION

*The global nature of commerce has more companies than ever selling their wares overseas. This puts them in the unfamiliar position of using new languages in advertising. These companies spend a lot of time crafting workable slogans in various tongues. But what should companies and advertisers do in bilingual countries such as India? **Aradhna Krishna**, the Isadore and Leon Winkelman Professor of Retail Marketing at Ross, discusses new research that reveals the critical nature of that decision. Krishna is co-author of the paper “Language Choice in Advertising to Bilinguals,” along with Rohini Ahluwalia of the Carlson School of Management at the University of Minnesota. The paper was published in the Journal of Consumer Research.*

**What are you thinking about?** In the international marketplace, firms are moving into new countries and being exposed to bilingual and trilingual societies. I’m asking what happens in terms of advertising when you enter these societies. In Asia alone, you have Singapore, which uses Chinese, English, Malay, and Tamil; China, which uses Chinese and English; and Malaysia, which has Malay, Chinese, and English. In North African countries, you have the local language and French. The association with English may be different than the association with French, and it might make sense to do more research there. But the point is to show that you have to be careful about the language you use. I’m also building off of this research and looking at the effects of script in print ads. Some countries use two different scripts for the same language. In India, Hindi is in the Devanāgarī script, but many of the billboards use Roman characters. In Russia, they use the Cyrillic alphabet, but they also write Russian-language ads in Roman characters. So when this happens, does the choice of script make a difference?

**Why is this interesting to you?** There’s really no academic research on it. The kind of research that has been done has been more centered on slogans: Which ones are catchy? Which ones will be effective? They’re not necessarily focused on language use. We’re looking at this more in terms of the effect of language on interpretations.

**What implications do you see for industry?** For the multinational company, the choice of language might be extremely important for

positioning their product. Awareness is heightened and language becomes “marked” when it’s unexpected. What we find is that language does not get marked in advertising when it’s a local company, because people in bilingual countries move in and out of languages very comfortably. In India, Hindi and English are the informal means of communication. So the local company can use Hindi, English, or a combination and it doesn’t get marked. It’s fine. But with a foreign company, the English and the Hindi get marked, so they have to be more careful.

The right choice for a multinational company also depends on what they are selling. Both issues affect language use: the kind of company doing the advertising and the kind of product. In our study, English-language ads worked well for luxury items. English is associated with luxury while Hindi is associated with “belongingness.” Using Hindi in an ad for luxury items can backfire. When advertising necessities, such as soap or household items, we showed that the multinational firm can use the local language. But it’s even better to use a mixed-language ad for necessities. The mix of languages would not draw excessive attention to the language choice.

Right now, the advertising by companies in bilingual societies is all over the map. So there are some things advertisers can learn from the research. The good thing is that it’s very easy to adapt your strategy. It’s not like you have to radically change anything that’s already in play. ✦

