

Cross-Cultural Business Policy Analysis

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Introduction

The U.S. enforcement authorities has paved the way in successfully implementing the enforcement of international anti-corruption laws (Karpacheva, & Hock, 2024). Though the U.S. has an advantage with the size of their economy and power of the dollar, the appeal of their anti-corruption laws and the enforcement of these laws also adds to their overall success. As a means to keep up with U.S. enforcements, countries across Europe have begun implementing Americanized approaches when it comes to anti-corruption. Italy adopted an anticorruption law in 2019 that focused on tightening sanctions involving corruption, and reformed statues of limitations which limited intended ploys to delay rulings (Freedom House, 2024). It also extended current anti-mafia investigative resources to include corruption offenses. Though this is a start, much more reform is needed to continue making improvements towards corruption. Italy is a culture that prides itself on beliefs, values, traditions and relationships (Warburton, 2024). While these are respectable traits, the ethical approaches behind them have led to corruption and organized crime. In an effort to ensure recent laws and steps towards reform are upheld, leaders of Italian businesses must focus on cultural and social changes that are the foundation to strengthening the legal economy and fighting against the unlawful ones (Borgonovi & Esposito, 2017). This includes promoting and modeling ethical behavior that goes beyond expected professional behavior, and rejects proposals and policies that are immoral and impractical.

Culture of Corruption in Italy

Corruption has plagued Italy for years, embedding itself into the overall culture of which people feel it is impossible to escape from. The power of corruption and organized crime has hindered economic and social development, impacting businesses from being able to grow and

succeed (Baraldi, Papagni, & Stimolo, 2024; Linarello, 2021). Over the last few years, Italy has passed laws and amendments regarding anti-corruption for both public and private sectors (Maggio, 2021). However, it goes beyond putting pen to paper. In this case, actions speak louder than words. A cultural shift towards accountability in leadership is required if moving away from expecting and accepting corruption is the ultimate goal. Though laws have been put into place, a more vigorous approach is needed when it comes to anti-corruption reform. Approaches cannot be partial to top-down support and implementation. In fact, approaches made to support and implement this policy should come from bottom-up contribution (Vannucci, 2020). When implementing a policy that is geared towards shifting cultural norms, it is crucial to understand the benefits and implications.

Implementing an Anti-Corruption Policy in an Italian Business

Cultural Norms of an Italian Business

Italian businesses operate under the guidance of a family culture, where leaders and managers are typically authoritative, meaning they are able to make important decisions after much thought and collaboration (Trompenaars & Hampden-Turner, 2012). The purpose of this approach is directed towards power, where the leader of the organization has the experience and authority to direct other members on what to do. Rather than exercise power over their employees, leaders exercise power through them. Pressure is moral and social rather than financial or legal. While there may be an emphasis on hierarchy, it is not always clear on the overall flow and operation of the organization (Warburton, 2024; Evason, 2017). What matters most to Italian businesses are relationships with others. The pressure to create and sustain relationships with others has added to the continuation of corruption. Though the Anti-Corruption law encourages businesses to adopt a model as a means to protect all from liability,

influence and decision-making starts at the top and works its way down (Borgonovi & Esposito, 2017). If an anti-corruption policy is to be enforced, leadership must create and display a framework built on integrity (GRECO, 2024). Implementing a policy supported by law will create a sense of trust among employees and business partners locally and globally.

Opportunities and Obstacles of Implementing an Anti-Corruption Policy

In an effort to continue working towards overcoming corrupt Italian norms, such as using cash rather than electronic forms of payment, both the framework and approach to anti-corruption must be taken into consideration by leaders across various sectors (De Nicola, Dell'Antonia, Caselle, & Barbati, 2023). Businesses should utilize a shared approach to creating and implementing an anti-corrupt policy as a means to ensure everyone in the organization has a voice. This approach will display transparency and create trust between leadership and employees. Italian businesses receive a certification when successfully implementing an effective anti-corruption management framework aligned with the law. This can impact the overall growth of the organization and attract desirable employees, customers and investors.

While the implementation of anti-corruption policies is meant to improve working conditions, the economy and overall trust in one another, working towards making a cultural shift is no easy task. Italians create trusting business relationships through verbal agreements rather than requiring signed documents (Evason, 2017). For Italians, once someone goes back on their word, trust is broken. While this is their approach to trusting relationships, it could be what has led to corruption and organized crime. Businesses within the U.S. enforce policies with approaches utilizing written documentation and trainings. By making policies such as the anti-corruption policy public, leaders will be acknowledging their responsibility by ensuring they are

working towards protecting employees from becoming involved in unethical behaviors (De Nicola, Dell'Antonia, Caselle, & Barbati, 2023). Though these recommended approaches may go against Italian cultural norms, these are meant to protect leaders, employees and the organization from being pressured into participating in corruptive behavior in the future.

Possible Implications of Implementing an Anti-Corruption Policy

There is a fear of higher powers, such as the mafia, that linger over businesses making the move to carry out anti-corruption policies and frameworks (Linarello, 2021). Untangling itself from the grips of the mafia may increase the risk for violent retaliation against businesses, and legal and political figures (Baraldi, Papagni, & Stimolo, 2024). However, avoiding violence in the past is what has led to acts of bribery, threats and blackmail (Baraldi, Papagni, & Stimolo, 2024; Vannucci, 2020). In the past, fear of the mafia and acts of violence upended businesses, causing the rich to continue getting richer and leaving the rest to struggle. This has impacted Italy's overall economic growth and social development (Baraldi, Papagni, & Stimolo, 2024; Borgonovi & Esposito, 2017; Linarello, 2021). If businesses continue implementing an anti-corruption policy, there is a risk that threats and acts of violence may occur. However, with new laws in place, these approaches to suppress anti-corruption policies have been created to protect businesses, and those who are working to implement and follow the law.

Legal and Ethical Considerations of Implementing an Anti-Corruption Policy

Displaying ethical behavior requires developing and strengthening both technical skills and negotiating skills, communicating appropriately with others, and implementing policies regardless of popular opinion (Borgonovi & Esposito, 2017). This includes having the ability to overcome the resistance to change from others by presenting models and policies directed

towards implementing win-win strategies for all. However, ethics cannot be implemented simply because it is the right and moral thing to do (Linarello, 2021). Ethics must also be implemented as a means to support the greater good and prevent the sickness from continuing to spread across the culture. In this case, the sickness is corruption carried out by people in powerful positions. It is up to the leaders of each organization to support their employees and the overall framework aimed at stopping corruption.

Corruption has impacted both public and private sectors across Italy. When corruption is present, it generates hidden costs tied to government relations and lack of integrity (Borgonovi & Esposito, 2017). From there it is a domino effect, including providing private profits and benefits to government officials at the expense of the public, as well as competition distortions that hinder economic growth. These actions solidify corruption as a systemic failure of the legal economy. From a legal standpoint, accountability is key for ensuring public officials are working in the best interest of the community. This means holding public meetings pertaining to procurement, recruiting procedures, easy accessibility to public documents, disclosure of accounting and much more. When government officials are held accountable, businesses and other private sectors are better supported with implementing policies and upholding the law.

Conclusion

Leaders of Italian businesses must focus on developing a framework that encourages its culture to move away from corruption and in turn, work towards strengthening social and economic development (Baraldi, Papagni, & Stimolo, 2024; Linarello, 2021). In an effort to ensure recent anti-corruption laws and policies are upheld, it is up to the leaders to promote and model ethical behavior (Borgonovi & Esposito, 2017). They must have the courage to reject

policies and proposals that are immoral and hinder growth. Collaboration with others across the organization is key when implementing and reviewing anti-corruption policies (Vannucci, 2020). This approach will create trust between leadership and other members of the organization. By providing clear directives that support an anti-corruption policy, the organization will be able to create a cultural shift.

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