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**On Culture, Ethics and Hierarchy: How Cultural Variations in Hierarchical Relations
Are Manifested in the Code of Ethics of British and Korean Organizations**

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Abstract

The present research examined if cultural differences in the extent to which hierarchical relations dictate individuals' behaviors are embedded in objective institutional regulations. Using quantitative and qualitative analysis, we examined codes of ethics of Korean and British organizations in relation to working relationships and corruptive behaviors. We found that, unlike British organizations, Korean organizations endorsed codes of ethics that place greater emphasis on hierarchical relations and contained prescriptions for individuals occupying senior or junior ranks. Ethical codes also appeared to be geared more towards preventing the abuse of power in Korean organizations compared with British organizations. Finally, unlike British organizations, Korean organizations often permitted top-down exchanges (not bottom-up exchanges), suggesting that in upper echelons benevolence may be more normative in Korean organizations than in British organizations.

Keywords: Code of Ethics, Culture, Organizational Culture, Hierarchy

On Culture, Ethics and Power: How Cultural Variations in Hierarchical Relations Are Manifested in the Code of Ethics of British and Korean Organizations

Unethical practices such as bribery, corruption, misconduct, or sexual harassment are widespread in organizations across cultures (e.g., Benavides, Dicke, & Maleckaite, 2012). To counter these trends, many organizations attempt to infuse ethical principles and practices into their organizational cultures through ethics or integrity programs and by issuing a code of ethics (Beerli, Dayan, Vigoda-Gadot, & Werner, 2013; Fombrun & Foss, 2004; Kolthoff, Macaulay, & Anechiarico, 2013). Codes of ethics reflect the values and standards adopted by an organization and provide guidelines that aim to prevent unethical practices by individuals across different ranks (Adams, Tashchian, & Shore, 2001; Kaptein & Schwartz, 2008; Malloy & Fennell, 1998; Schwartz, 2004). Previous studies have shown that adoption of corrupt and abusive behaviors varies as a function of power held by individuals (e.g., Kipnis, 1972; Lammer et al., 2001), while cultural context moderates individuals' subjective representations of hierarchy norms (e.g., Moon, Weick, & Uskul, in press; Shao, Rupp, Skarlicki, & Jones, 2013; Tyler, Lind, & Huo, 2000; Vogel et al., 2015). Based on these two sets of literature, in the present study, we set out to examine whether code of ethics adopted by (South) Korean (more hierarchial culture; large power distance; Confucian) organizations are more strongly governed by hierarchical relations, providing distinct sets of rules and guidelines for low- and high-ranking employees, when compared with codes of ethics adopted by British (more egalitarian culture; small power distance; non-Confucian) organizations.

The present study is based on the premise that national culture and organizational culture mutually shape each other (Dastmalchian, Lee, & Ng, 2000; Hewett, Money, & Sharma, 2006). According to this view, an organization, as a smaller unit of society, tends

to mirror cultural practices and values observed in the larger society (Dastmalchian et al., 2000; Kim, 2003). For example, in small power distance cultural contexts that emphasize looser and decentralized hierarchies and equal power distributions (e.g., Anglo societies), members of organizations have a desire to perceive themselves as equal to others and they seek equal social relations. In contrast, in large power distance cultural contexts that expect and accept hierarchical differences and unequal power distributions (e.g., Confucian Asian countries), members of organizations tend to compare and evaluate one another in terms of social status and regulate their interactions according to hierarchical expectations (Hofstede, Hofstede, & Minkov, 2010).

According to Kim (2003), the prevailing culture observed in Korean organizations follows Confucian values that regulate relationships in the larger society. Korea is considered to be a highly hierarchical society where people have great respect for authority, experience strong fear of displeasing their superiors and a substantial desire for explicit and stable relationships within hierarchies (Schwartz, 1999). This hierarchical culture of Korean society is in line with hierarchically structured organizations in Korea. For example, the majority of leading enterprise groups in Korea, or *chaebol* (defined as a large family-owned business conglomerate), are operated and controlled by founding family groups and organized through a central holding company that is structured hierarchically. These types of enterprise groups still serve as one of the main organizational frameworks in the Korean context (Gelfand, Nishii, & Raver, 2006).

In contrast, British organizations tend to be structured in different ways (flat hierarchy; see Gamble, 2003) where British managers work under a relatively high degree of decentralization of authority and influence (Dimitratos, Petrou, Plakoyiannaki, & Johnson, 2011) and subordinates expect to be consulted before decisions are made that affect their work, whilst accepting that managers have the right to make final decisions (Hofstede et al.,

2010). Furthermore, British organizations may be more effective at tasks demanding subordinate initiative, whilst Korean organizations may be more effective at tasks demanding discipline (Hofstede et al., 2010). Thus, differences between organizational cultures can reflect differences between national cultures. The present study seeks to address the question if and how the national culture is differently embedded in the official and objective documents of Korean and British organizations, focusing on the role of hierarchical relations.

In September 2016, South Korea started enforcing an anti-corruption law in (The Improper Solicitation and Graft Act 2016, article 8), which aims to curb widespread corruption (Ogura, 2016). This is an example of institutionalized efforts to shape individuals' expectations of and attitudes towards unethical practices. Formal rules and regulations may provide a means for institutions to curtail abuse or corruption amongst high ranking individuals that may otherwise go unchallenged. Codes of ethics provide these rules and regulations through "written, distinct, and formal documents [...] used to guide employee or corporate behavior" (Schwartz, 2004, p. 324). Given that objective regulations shape individuals' behavior and judgement (Morris, Hong, Chiu, & Liu, 2015), it is important to establish whether the codes of ethics of organizations bears signatures of the wider cultural background.

Present Study and Hypotheses

In the present study, we examined how hierarchies are manifested in objective institutional regulations in the form of codes of ethics adopted by (South) Korean and British organizations. We chose to examine codes of ethics because they echo organizational value and culture and provide prescriptions for employees setting out behaviors that are deemed appropriate or that necessitate sanctions (Adams et al., 2001; Malloy & Fennell, 1998; Montoya & Richard, 1994; Kaptein & Schwartz, 2008; Schwartz, 2004). We hypothesized that the code of ethics of British and Korean organizations would reflect the cultural ethos of

the broader British and Korean culture, respectively. Specifically, we predicted that relative to British organizations, Korean organizations would endorse codes of ethics that place greater emphasis on hierarchical relations consistent with prevalent cultural values and beliefs.

Method

Selection of Organizations

To select the Korean and British organizations to be examined in the present study, we first conducted a comprehensive online search to identify (South) Korean and British organizations. We categorized organizations as either Korean or British based on a) the founder's nationality and b) the location of the organization's headquarters.

To increase the representativeness and the diversity of the sample of organizations, we selected Korean and British organizations from a variety of areas (e.g., consumer goods, financial services) and matched them by Industry Classification Benchmark (ICB) sector — a taxonomy that is used globally to divide the market into specific categories. We then made sure that the selected organizations had codes of ethics available on their official website; those that did not were excluded from the list. This procedure resulted in a list of 20 Korean and 20 British organizations used for analyses (see Table 1 and also Appendix A)¹.

Procedure and Materials

Content analysis. We used content analysis to examine cultural differences in ethical guidelines adopted by Korean and British organizations. Content analysis is a method of text analysis (Titscher, Meyer, Wodak, & Vetter, 2000) frequently used in cultural psychological research to examine cultural differences and similarities in text such as interviews and magazine advertisements (e.g., Ji & McNeal, 2001; Khairullah & Khairullah, 2003; Markus et al., 2006; Uchida, Townsend, Markus, & Bergsieker, 2009). In the present study, we used

content analysis to both quantify features of the codes of ethics and to analyze the content qualitatively. The two approaches are frequently used to complement each other (Edmondson & McManus, 2007; Jick, 1979).

Qualitative content analysis. We first reviewed all material covered in the codes of ethics to explore how ethical rules and principles made reference to hierarchies and how this differed between Korean and British organizations. Specifically, we examined whether codes of ethics of Korean and British organizations were structured differently in relation to the employees' role and rank in the workplace. This qualitative review yielded two main domains that featured prominently in the organization's codes of ethics. The first domain, which we call '*working relationships*' is concerned with the way employees are expected to work with each other in the organization, alluding to concepts such fairness, harassment or intimidation. The second domain which we call '*corruptive behaviors*' is concerned with how employees are expected to respond to corruptive or unethical behaviors, including conflicts of interest and bribery. We compared the content within these domains across the selected Korean versus British organizations.

Quantitative Content Analysis. We conducted quantitative content analysis with three independent coders based on the two main domains identified through qualitative content analysis. Three coders who are not the authors of this paper, blind to the study hypotheses, evaluated the codes of ethics in each organization: a native-born British who completed higher education in the UK with an MSc, a native-born Korean who graduated from a university in South Korea with a B.A. and from a university in the UK with an MSc, and a bilingual coder fluent in both Korean and English with part of his higher education completed in South Korea with an M.A. and part in the UK with a Ph.D. The codes of ethics of Korean organizations (which were available only in Korean) were coded by the Korean

and the bilingual coder and the codes of ethics of the British organizations (which were available only in English) were coded by the British and the bilingual coder.

Coders were provided with codes of ethics of the organizations and received oral and written instructions on how to code the material. After reading the relevant passages that pertained to the two target domains (*working relationships* and *corruptive behaviors*), coders first identified words or expressions that *directly* indicated hierarchical roles or relationships in the organization (e.g., manager, subordinate, senior, junior). Next, they identified words or expressions that contained *indirect* references to hierarchical roles or relationships that did not involve a reference to a specific hierarchical role (e.g., position, authority, status, rank). Coders noted down if they were unable to identify any words or expressions that directly or indirectly indicated hierarchical roles or relationships and then moved on to the next stage (see Appendix B, for the coding form with instructions).

Next, coders responded to 10 items using a 7-point scale to indicate the extent to which they believed that the culture of the organization that they read about was structured hierarchically (e.g., '*Individuals working in this organization would be highly sensitive to hierarchical relationships*', '*The channels of communication between employees would be hierarchically structured in this organization*'; 1 = *not at all likely* to 7 = *extremely likely* and 8 = *cannot respond*; $\alpha_{\text{KOR}} = .94$, $\alpha_{\text{UK}} = .69$) (see Appendix B for the full list of items). The items in this measure were adopted from a power distance orientation scale (Earley & Erez, 1997) and an organizational structure scale (Khandwalla, 1976/77). The evaluation form was translated and back-translated into Korean for the Korean coder following guidelines by Brislin (1986). After the coders had completed all tasks concerning the first organization, they moved onto the next organization on the list and carried out the task following the same coding procedure until they evaluated all organizations. Finally, coders were thanked and debriefed after they completed all tasks.

Inter-rater Agreement

We treated the number of *direct* or *indirect* references to hierarchical roles or relationships as identified by the coders as the units of analysis. The average Cohen's kappa across all categories were .92 in Korean organizations and .85 in British organizations (agreement for individual categories ranged from .88 to 1.00, $SD = 0.06$ (Korean organizations); from .60 to 1.00, $SD = .19$ (British organizations)). The inter-coder reliability exceeded 0.80, indicating an acceptable level of agreement (Landis & Koch, 1977; Riffe, Lacy, & Fico, 1998). Disagreements between coders were resolved through discussion.

Results

Working Relationships

Quantitative analysis. The first domain identified through our qualitative content analysis concerned with the way employees are expected to work with each other in the organization, alluding to concepts such fairness, harassment or intimidation. The quantitative analysis of this section revealed that Korean and British organizations differed in the frequency of references that indicated hierarchical roles or relationships *directly* (17 out of 20 Korean organization (85.0%); 11 out of 20 British organization (55.0%), $\chi^2 = 4.29, p = .038$) or *indirectly* (7 out of 20 Korean organization (35.0%); 1 out of 20 British organization (5.0%), $\chi^2 = 5.63, p = .018$). 1 out of 20 Korean organizations (5.0%) and 9 out of 20 British organizations (45.0%) did not include direct or indirect references to hierarchical roles or relationships, $\chi^2 = 8.53, p = .003$. Inspecting these data differently focusing on the number of references between Korean and British organizations showed that the total number of references indicating hierarchical roles or relationships *directly* tended to be greater in Korean organizations ($\Sigma = 50, SD = 2.12$) than in British organizations ($\Sigma = 27, SD = 1.63$), $t(38) = 1.93, p = .062, d = .63$. The total number of references indicating hierarchical roles or

relationships *indirectly* was also greater in Korean organizations ($\Sigma = 13$, $SD = 1.09$) than in British organizations ($\Sigma = 1$, $SD = .22$), $t(38) = 2.41$, $p = .021$, $d = .78$. These results demonstrate that the codes of ethics endorsed by Korean organizations focused more on hierarchical relationships compared with those endorsed by British organizations in relation to how unethical practices should be handled in the workplace.

Qualitative analysis. The codes of ethics of most Korean organizations contained formal rules and regulations that prescribed how to manage a fair and an impartial working environment, focusing on hierarchical roles or relationships in workplaces. Specifically, the ethical codes of Korean organizations were more focused on the actions of high-ranking individuals (e.g., superior, senior and manager) compared with those of low-ranking individuals (e.g., junior, subordinate). This became apparent in the analysis of the terms indicating hierarchical roles or relationships which, for example, made explicit that individuals in a higher status should not give inappropriate orders or should not abuse their power and status: “*Managers and employees shall neither put unfair works and personal matters on subordinates by abusing his/her positions, nor be involved in pecuniary transactions*” (Poongin Trading Company); “*Superiors should not force or ask their inferiors to work their individual business*” (GS Caltex). In contrast, in most cases, British organizations predominantly used terms that applied to all employees alike (e.g., colleague, others and individuals; ‘*You should demonstrate respect for your fellow colleagues. We don’t tolerate abuse or unacceptable behavior in the workplace in any form, whether towards other colleagues or anyone else*’)) or referred to the work environment as opposed to specific work relationships (e.g., ‘*We are committed to maintaining a work environment that is free from discrimination, harassment and retaliation*’). There were only a few references in the codes of ethics of British organizations that indicated hierarchy in working relationships (e.g., ITV, Tesco PLC). These differences suggest that compared to Korean organizations, British

organizations were less likely to focus on hierarchical roles to prescribe ethical behaviors and procedures. More examples from both Korean and British organizations can be found in Table 2.

Interestingly, some Korean organizations specifically highlighted that high-ranking individuals should recognize the effect that the power and status they hold might have on others by highlighting that behaviors and attitudes of low-ranking individuals can be influenced by interacting with those who occupy a higher status: “*Understand that your managerial position or seniority may affect others’ acceptance of your conduct. Always be cautious in what you say and do to people of more junior status*” (LG Electronics). Some Korean organizations also stressed the role of low-ranking individuals (e.g., junior, subordinate) to prescribe rules that individuals holding a lower status should abide by and follow the business instructions by those who hold a higher status: “*Superiors shall not unfairly instruct their subordinates and subordinates shall also conform to reasonable instruction from superiors*” (Incheon Port Authority, Korea Employment Information Service) (for more examples see Table 3).

Although not all Korean organizations used terms that denote hierarchical relationships directly referring to hierarchical roles (e.g., superior-inferior, manager-subordinate, senior-junior), some Korean organizations used terms indicating negative effects of power that referred to hierarchical relationships indirectly (e.g., positions/status and authority): “*Officers and employees shall not use abusive language or commit any act using position of power (authority) that can harm the relationship between colleagues*” (KT&G, SK Hynix) (for more examples see Table 4).

Interestingly, when codes of ethics of British organizations used terms referring to hierarchies, the aim was different when compared to Korean organizations, which focused mainly on what employees are expected to do (or not) depending on their roles in the

hierarchical ladder. In contrast, the aim of British codes of ethics was usually to provide guidance for how unethical and improper acts by individuals can be reported to authorities: *“If you believe that you have been the victim of discrimination, bullying or harassment or other unacceptable behavior or have any concerns relating to our equal opportunity policies, please contact your Manager, Personnel Manager or confidential Protector Line”* (Tesco); *“The unacceptable conduct must be reported to line managers or business unit heads”* (Swire Group).

Furthermore, instructions to report mistreatment to line managers were a rarity in the codes of ethics of most Korean organizations, where employees are instructed to report unethical acts to a dedicated department or Human Resources (head or a representative): *“If you believe that you or someone else has been retaliated against for these actions, immediately report the matter to the Human Resources Department”* (LG Electronics). This could potentially reflect the cultural imperative to preserve other people’s face by resolving conflicts through third parties (Gao & Ting-Toomey, 1998; Oetzel et al., 2001).

In sum, whilst codes of ethics of Korean organizations regularly used terms referring to potential pitfalls that can be caused by hierarchical relationships, such references were mostly absent in the codes of ethics of British organizations that overwhelmingly covered expectations that applied to all members of the workplace (i.e., not differentiating between senior and junior members of the organization) or referred to the work environment as opposed to work relationships. When the codes of ethics of British organizations used terms referring to hierarchies, they generally aimed to provide guidance on how unethical and improper acts by members of organizations can be reported to authorities (e.g., personal manager, line manager).

Corruptive behaviors

Quantitative analysis. The second target domain identified through our qualitative content analysis was concerned with how employees should respond to corruptive or unethical behaviors, including conflicts of interest and bribery. Chi-square tests confirmed that Korean and British organizations differed in the frequency of terms used to indicate hierarchical relationships *directly* (6 out of 20 Korean organizations (30.0%); 14 out of 20 British organizations (70.0%), $\chi^2 = 6.40, p = .011$) and *indirectly* (13 out of 20 Korean organizations (65.0%), 7 out of 20 British organizations (35.0%), $\chi^2 = 3.60, p = .058$). Three out of 20 Korean organizations (15.0%) and 5 out of 20 British organizations (25.0%) did not include direct or indirect references to hierarchical roles or relationships, $\chi^2 = .625, p = .429$. Inspecting these data differently focusing on the number of references between Korean and British organizations revealed that the number of references indicating hierarchical relationships *directly* in the codes of ethics of British organizations ($\Sigma = 69, SD = 4.25$) was greater than in the codes of ethics of Korean organizations ($\Sigma = 14, SD = 1.30$), $t(38) = -2.77, p = .009, d = .90$. Conversely, the frequency of terms indicating negative effects of power that referred to hierarchical relationships *indirectly* (e.g., positions/status and authority) showed that the codes of ethics of Korean organizations ($\Sigma = 31, SD = 1.64$) contained a greater number of terms compared with the codes of ethics of British organizations ($\Sigma = 10, SD = .76$), $t(78) = 2.60, p = .013, d = .84$, suggesting that compared with British organizations, Korean organizations were more likely to explicate the influence of high status and power on corruption and bribery in the Codes of Ethics.

Qualitative analysis. The quantitative analysis confirmed that British organizations used more terms that *directly* (not *indirectly*) referred to hierarchical relationships than did Korean organizations. However, the purpose of using these terms again seemed to differ, consistent with the results in the domain of working relationships. The code of ethics of British organizations generally aimed to provide guidance for whom to report corruptive or

unethical acts (e.g., conflicts of interest and bribery) by individuals in different ranks of the hierarchical ladder: “*You must be vigilant to anything you think may be a bribe and report this to your manager or supervisor immediately*” (ITV). In contrast, Korean organizations’ ethical codes focused on what employees should or should not do depending on their rank in social interactions: “*Superiors should not demand money and entertainment using their position of power to their subordinates*” (Hanwha E&C) (for more examples see Table 5). Once again, consistent with the results observed in the domain of working relationships, the finding revealed that Korean organizations appeared to emphasise more the effects of hierarchical relationships on corruptive behaviors in their codes of ethics when compared with British organizations.

Furthermore, although more indirect references to hierarchical relationships were observed in Korean organizations through the quantitative analysis, both Korean and British organizations were similarly inclined to stipulate regulations aimed at curbing the influence of high status and power on corruption and bribery: “*Members do not mix business with pleasure and shall not seek their own interests using position of power/authority*” (Asiana Airlines: Korean organization), “*Apart from the obvious difficulties of getting the work moved, you should never accept a bribe from anyone, no matter who they are or what position of power or influence they seem to hold*” (Network Rail: British organization) (for more examples see Table 6). Thus, the qualitative analysis confirmed that corruptive behaviors including conflicts of interest and bribery are prescribed as unacceptable in codes of ethics of both Korean and British organizations: “*No matter where in the world we conduct our business, do not offer or promise bribes or make solicitations for improper business advantages*” (LG Electronics: Korean organization); “*It is wholly unacceptable for Group companies, employees, or our business partners to be involved or implicated in any way in corrupt practices*” (British American Tobacco: British organization). Codes of ethics of both

Korean and British organizations stressed that all managers and employees must never offer or accept any form of bribe. These documents also discouraged the presentation of gifts and stipulate that cash or retail vouchers should never be accepted. Some Korean and British organizations, however, stipulated permissible gifts or benefits. For example, in some cases permission was given when the value of gifts and other benefits did not exceed approximately £15-£100, when the events are small (e.g., working lunch) or related to the business of the organization, when money or gift are paid or given for congratulation or condolence, or when money and other benefits are provided to help employees who face hardship (e.g., disease and natural disaster). In these cases, the offering of financial help and other benefits were described to be acceptable. It is interesting to note that, whilst mainly symbolic in nature, these gifts may have an important function in strengthen employee's affiliation with, and commitment to, the organization (e.g., Katz, Caplan, & Merz, 2010).

Interestingly, compared to British organizations, Korean organizations prescribed exemptible rules related to hierarchical relationships to permit gifts and entertainment. For example, money and gifts were permitted “*when superiors provide their subordinates with money and gifts for the purpose of boosting employee's morale (i.e., consolation, encouragement and award)*” (e.g., Hansol, SK Hynix, Hanwha Engineering & Construction (E&C), LOTTE Shopping/ LOTTE Mart, Incheon Port Authority, Korea Employment information Service, Korea social enterprise promotion Agency, Bank of Korea, National Pension Service), suggesting that the perceptions of behaviors such as giving money and gifts can be different depending on who is a provider (i.e., senior vs. junior). Thus, money and gifts directed upwards were not acceptable in both Korean and British organizations, but some Korean organizations entertained the possibility of money and gifts presented downwards.

Summary Rating of Organizational Culture

Finally, we also examined whether coders' overall evaluations of level of hierarchical differentiation that is present in the organizations based on their reading of the codes of ethics.² As expected, the culture of Korean organizations was deemed more hierarchical ($M = 4.95$, $SD = .63$) than the culture of the British organizations ($M = 3.68$, $SD = .28$), $t(38) = 8.18$, $p < .001$, $d = 2.65$. This assessment mirrors the cultural differences in power distance observed by other researchers (Daniels & Greguras, 2014; Hofstede, 1980, 2001; Taras, Steel, & Kirkman, 2010).

Discussion

Using quantitative and qualitative content analysis, we analysed codes of ethics of Korean and British organisations to examine the extent to which cultural variations that dictate individuals' behaviors are embedded in objective institutional regulations. As expected, the codes of ethics of Korean organizations reflected the hierarchical cultural values endorsed by the larger Korean societal cultures, putting an emphasis on hierarchical social order within the workplace. Conversely, the codes of ethics of British organizations reflected the cultural ethos of the UK, which emphasizes egalitarianism and differentiates less between low- and high-ranking individuals.

Specifically, in our quantitative analysis we found that compared with British organizations, Korean organizations made more references to hierarchical relationships explicitly mentioning regulations for individuals occupying different roles on the hierarchical ladder in the organization (e.g., senior, subordinate) or referring more indirectly to hierarchically structured relationships (e.g., positions/status and authority) to describe working relationships and corruptive behaviors. This finding was supported by our qualitative content analysis showing that Korean organizations' ethical codes laid out what employees should or should not do depending on their rank in the organizational hierarchy. In contrast,

the majority of British organizations mainly stipulated ethical codes using terms that applied to all employees alike (e.g., colleague, others and individuals) or referred to working environment as opposed to working relationships.

Furthermore, when codes of ethics of British organizations used terms referring to hierarchies, they generally aimed to refer to provide guidance for how unethical and improper acts by individuals in different ranks can be reported to the authorities. However, guidelines for reporting mistreatment and corruptive behaviors exhibited by senior colleagues to line managers directly was not common in the majority of code of ethics of Korean organizations, which instead instructed unethical acts to be reported to a dedicated department (e.g., Ethics Commission) or the head of Human Resource (or a representative). That is, Korean organizations encouraged employees to report unethical acts exhibited by senior colleagues through confidential routes. This might be to help avoid hierarchical pressure and preserving relational concerns in the workplace, and likely reflects the cultural imperative in Korea to preserve other people's face by not directly challenging individuals but resolving conflict through third parties (Gao & Ting-Toomey, 1998; Oetzel et al., 2001).

In relation to ethical codes about bribery, both Korean and British organizations agreed that exchanging money or gifts between colleagues should be restricted, but they also had exemptible rules to permit certain selected behaviors. Both Korean and British organizations allowed exchanges within the boundaries of social custom or courtesy. Interestingly, exemptible rules in Korean and British organizations were regulated differently in relation to hierarchical roles. Findings showed that the provider's status affected the type of behaviors that were defined as bribes and deemed (un)acceptable in Korean organizations. For example, top-down exchanges were sometimes perceived as benevolent behaviors (e.g., boosting employees' morale). Thus, although bribery was approached as a negative consequence of abusing power and status in codes of ethics of both cultural groups, the

definition of bribery varied across the two groups as a function of whether the exchange was a top-down or a bottom-up exchange.

Finally, as expected, the overall culture of the Korean organizations was evaluated by coders as being more hierarchical than the overall culture of British organizations based on the information communicated through codes of ethics. This may not come as a surprise: the code of ethics endorsed by Korean organizations focused more explicitly on hierarchical relationships in workplaces than those endorsed by British organizations. This finding is consistent with cross-cultural studies on power distance that some cultures have stronger hierarchical values than other cultures (Daniels & Greguras, 2014; Hofstede, 1980, 2001; Taras et al., 2010) and indicates that these cross-cultural differences are mirrored in the code of ethics.

Theoretical Contributions

The present research contributes to a growing body of evidence showing that organizational cultures are affected by the larger national culture (Dastmalchian et al., 2000; Kim, 2003). Existing evidence derives from studies primarily focusing on cross-cultural variation in subjective expectation that affect individuals' judgements and behaviors (Morris et al., 2015). Here we adopt a different approach that demonstrates cross-cultural variations in how hierarchies are embedded in objective organizational prescriptions in Korea and the UK. One additional contribution of this study is the investigation of an understudied cross-cultural comparison using one western, small power distance cultural group (UK) and one East Asian large power distance cultural group (Korea).

The present findings showed that compared with British organizations, Korean organizations paid more attention to influences of hierarchy in behavioral prescriptions and stipulated ethical rules considering the role of hierarchy. This is in line with the findings that individuals' subjective mental representations of norms associated with hierarchy vary across

cultures. For example, members of high (vs. low) power distance cultures are less likely to question and challenge powerholder's mistreatments (Moon et al., in press; Shao, Rupp, Skarlicki, & Jones, 2013; Tyler, Lind, & Huo, 2000; Vogel et al., 2015) due to normative pressures that low-ranking individuals are expected to obey and respect high-ranking individuals (Hofstede, 1980, 2001). Thus, the current findings extend our understanding of cultural differences in normative standards by examining the objective normative standards that have the potential to shape subjective normative standards (i.e., descriptive and injunctive norms) (Morris et al., 2015).

Practical Implications

In the present research, our analysis of organizational prescriptions for working relations and corruptive behaviors indicated that 'outside of the head' spaces in the form of observable regulations may provide a means of countering misbehavior by senior colleagues. Consistent with this idea, a recent study found that those in high-power positions were less likely to engage in unethical behaviors (e.g., cheat) compared with those in low-power positions when people focus on injunctive (versus descriptive) norms (i.e., behaviors that are acceptable for powerful or powerless individuals to engage in) associated with power (Hu, Rucker, & Galinsky, 2016). Thus, organizations and societies might benefit from reinforcing injunctive norms objectively (i.e., having explicit references to the abuse of power-holders embedded in their code of ethics) that can help prevent unethical behaviors and provide clear disciplinary guidelines for employees. The importance of the later function of codes of ethics has been shown by past research that examined the effect of codes of ethics on ethical attitudes, perceptions and behaviors in organizational contexts (e.g., Adams et al., 2001; Valentine & Barnett, 2002; Valentine & Johnson, 2005; Wotruba, Chonko, & Loe, 2001; see also Kaptein & Schwartz, 2008).

It is important for practitioners, ethics committee members, and business owners to understand cultural differences in normative expectations and how these might play out in organizational contexts. Sharing organizational spaces and responsibilities with individuals who hold different normative expectations is becoming increasingly common practice in our globalizing world, increasing the chances of cross-cultural misunderstandings that can have negative consequences including lower work engagement and job satisfaction (e.g., Tsui, Nifadkar, & Ou, 2007). For example, the present study showed that receiving gifts and money from those who are in a higher (vs. lower) position in an organization might not always be perceived unethical in a Korean organization. Individuals from a low power distance culture such as the UK might have very different perceptions of such exchanges regardless of the hierarchical position of the giver. This also suggests that companies that operate across national borders would need to take account these differing normative expectations and perceptions when working with individuals of different cultural backgrounds.

Limitations and Future Research

There are several limitations of the current research that offer opportunities for future research. First, although this work extends our understanding of the relationship between culture and normative standards associated with hierarchies, the current study did not examine how ethical codes that specified hierarchical roles affect the reinforcement of the organization's ethical circumstances. Future research is needed to examine how codes of ethics shape subjective normative standards and as well as individuals' attitudes and behaviors.

Second, we demonstrated that the culture of Korean organizations is more hierarchical compared with the culture of British organization. This observation was based on the evaluation of code of ethics by three coders. Future research could look into establishing this

through more reliable methods. Third, the present research focused on the dynamics of working relationships among employees within an organization. However, working relationships in an organization involve not only employees but also relationships with outside partners such as shareholders, customers, clients and business partners. Future research could focus on cross-cultural variation in how organizations approach and regulate those relationships. Additionally, codes of ethics may show further variation depending on the size and structure of organizations (national, international, family-centered organizations) or characteristics of industries (e.g., consumer goods, financial services). The present study was not able to address these further variations due to the relatively small number of different types of organizations included in our analysis. Future research is needed to shed light on these additional boundary conditions.

Finally, in the present work, we examined codes of ethics as an outlet for the manifestation of cultural differences in objective normative standards. Whilst this approach was valuable to discern objective prescriptions for organizations, future studies should also examine other outlets such as relevant laws and textbooks.

Concluding remarks

In an era of globalization, employees are increasingly exposed to different cultures, and lacking the necessary insights to appreciate that cultural variations can create challenges for employees and their organizations. The current research presents a step towards a greater understanding of how hierarchies are differently embedded in objective organizational prescriptions (codes of ethics) across cultures (large vs. small power distance; Confucian vs. non-Confucian). The present results suggest that organizational cultures are significantly influenced by the larger national cultures. Our hope is that the present study will inspire further research on the relationship between culture, norms, and organizational behaviors.

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Endnotes

¹ Our sample (20 Korean and 20 British organizations) met success of data saturation on the basis of that two domains were yielded using qualitative reviews (Fusch & Ness, 2015).

² We acknowledge that the number of evaluators was small ($N = 3$), but the evaluators' assessment reflected a high degree of familiarity with the codes and inter-rater agreement was high (the average Cohen's kappa across all the categories were .92 in Korean organizations and .85 in British organizations).

Table 1

The list of selected Korean and British Organizations

Category	Korean	British
Industrial Goods & Services	IPA(Incheon Port Authority)	Network Rail
	Korea Employment Information Service	Wolseley
	Korea Social Enterprise Promotion Agency	PwC(PricewaterhouseCoopers)
	Poongin Trading Co., LTD.	Wates
	Hanwha Engineering & Construction (E&C)	Swire Pacific Offshore
	Hanjin Shipping	Laing O'Rourke
Consumer Services	Asiana Airlines	British Airways
	LOTTE Shopping/ LOTTE Mart	Debenhams
	Hansol	ITV
		EY (Ernst & Young)
		Primark UK
		Tesco
Consumer Goods	Hyundai Motor Company	Brakes group
		Jaguar Land Rover
Financials	Bank of Korea	Bank of London
	National Pension Service (NPS)	Parmenion
	Dongbu Life	
Telecommunications	SK Telecom	Vodafone
Health Care	KT&G	British American Tobacco
Oil & Gas	GS Caltex	BP plc
Technology	LG Electronics	
	Samsung Electronics	
	SK Hynix	
Others (e.g., government)	National code of conduct for government employees	National code of conduct for local government employees

Table 2

Comparing Korean and British organizations in the way of using words to indicate hierarchical relationships directly (working relationships)

<p>Korean organization (Difference)</p>	<ul style="list-style-type: none"> • <i>Superiors</i> shall not unjustly instruct their <i>inferiors</i> to fulfil irrelevant works which are violated company's rules and process and inferiors shall not involuntarily perform work which is psychologically and physically forced by their <i>superiors</i>. (Samsung) • <i>Superiors</i> cannot instruct works which are not in accordance with regulations and rules of the company and employees can reject to perform the instructed works, which are not in accordance with regulations and rules of the company from their <i>superiors</i>. (Korea social enterprise promotion Agency, Bank of Korea, National Pension Service, GS Caltex, Hansol)
<p>British organization (Difference)</p>	<ul style="list-style-type: none"> • All <i>colleagues</i> should always be treated fairly and with dignity and respect. All colleagues will have equal opportunities in their employment. People will be recruited for their aptitude, skills, experience and ability. Discrimination on grounds of race, national origin, gender, gender reassignment, age, disability, marital status, sexual orientation, pregnancy, maternity, religion or belief is not permitted and will not be tolerated. All <i>colleagues</i> are responsible for promoting and implementing equal opportunities in the workplace. (ITV) • Harassment and bullying are not tolerated. We are committed to ensuring that dignity at work and mutual respect are part of the way that we work and behave towards <i>each other</i>. (British Airways) • We treat everyone with fairness, respect and dignity. We expect those we work with to act in a way that is consistent with our sense of fairness and equal opportunity. (BP plc) • We are committed to maintaining a work environment that is free from discrimination, harassment and retaliation. We try to balance work and private life, and help others to do the same. (BP plc, PWC)
<p>British organization (Similarity)</p>	<ul style="list-style-type: none"> • You are entitled to expect fair and reasonable treatment from your colleagues, <i>managers</i> and from Councillors. If you feel that you have been

	<p>unfairly treated, or have been discriminated against, you are entitled to make use of the appropriate Council procedures. (National code of conduct for local government employees)</p> <ul style="list-style-type: none">• We do not tolerate abusive behaviors of any form in the workplace, for example <i>abuse of position</i> such as to cause distress to subordinates. (ITV)• Question: My <i>line manager</i> can be very intimidating and often abusive to the colleagues in our team. We know he is a perfectionist, but it makes our work unenjoyable and difficult. I worry that if I speak up, he might become worse. What should I do? Answer: Abusive or bullying behavior is never acceptable <i>no matter who is doing it</i>. Our culture is one of respect and inclusion and any such actions should be reported immediately via our confidential Protector Line. You will always be supported in raising any legitimate concerns. (Tesco PLC)
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Table 3

Highlighting the role of low-ranking individuals in codes of ethics in Korean organizations

Korean organization	<ul style="list-style-type: none"> • Superiors shall not unfairly instruct their inferiors and <i>inferiors</i> (<i>subordinates</i>) shall conform to reasonable instructions from superiors, but they shall also reject unreasonable instruction from superiors. (Incheon Port Authority, Korea Employment information Service, National code of conduct for government employees) • Members should not make derogatory comments or do indiscreet words or actions to their <i>superiors</i>, peers and <i>subordinates</i> (<i>inferiors</i>). (KT&G, LOTTE Shopping/ LOTTE Mart) • The Company has zero tolerance for any type of behavior that may offend or cause unpleasantness to other employees (e.g., <i>superiors</i>, <i>peers and inferiors</i>). Such behavior includes, but is not limited to sexual harassment, as well as all other forms of harassment, physical assault, or any personal request or conduct that conflicts with national, state or local law, or the Company's policies and procedures. (Samsung, SK telecom) • Members must do their best to fulfil the business instructions provided by their <i>superiors</i>, as long as they are not clearly unreasonable or illegal. (SK Hynix) • Employees should do their best to fulfil the business instructions provided by their <i>superiors</i>. However, they should reject the instructions when they are obviously illegal and unjust. (Dongbu Life) • Superiors should provide advice and quittances for their inferiors, considering inferiors' aptitudes and talents. <i>Inferiors</i> should develop their abilities to proceed their duty and work for themselves. (LOTTE Shopping/ LOTTE Mart)
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Table 4

Korean organizations in the way of using words to indicate hierarchical relationships indirectly (working relationships)

Korean organization	<ul style="list-style-type: none"> • Officers and employees shall not use abusive language or commit any act <i>using the position of power (authority)</i> that can harm the relationship between colleagues. This includes physical, verbal, visual language and acts which might be interpreted as sexual harassment by any person. (KT&G, SK Hynix) • Officers and employees shall draw a distinct line between public and private matters and they shall not pursue individual interests using their <i>position of power (authority)</i> in conducting business. (Asiana Airline) • Officers and employees should honestly perform their duties and should not pursue individual interests <i>using their position of power (authority)</i>. (Poongin Trading Company) • Officers and employees shall resolutely reject improper requests and solicitations from other officers and employees <i>using their authority</i>. (Hyundai motor company)
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Table 5

Comparing Korean and British organizations in the way of using words to indicate hierarchical relationships directly (corruptive behaviors)

Korean organization	<ul style="list-style-type: none"> Those who are in a higher position such as <i>executive, team leader and manager</i> should make the right decision in conflicts of interests and reject all unfair demands and solicitation for promotion (SK Hynix, Korea Employment information Service).
British organization	<ul style="list-style-type: none"> You should never accept a bribe from anyone, no matter who they are or what position of power or influence they seem to hold. It is illegal and you could be guilty of a criminal offence. Report this to your <i>line manager</i> or use the Speak Out line (Network Rail). As soon as you become aware of a potential conflict discuss it with <i>your manager</i> and declare it at giftreg.web (Laing O'Rourke). You must tell <i>your manager</i> and HR (Vodafone). Disclose situations to <i>your line manager</i> that might create a conflict, or even the appearance of a conflict (BP plc). As soon as it arises, we must inform <i>our line manager</i> of any situation that is, or may be seen as, an actual or potential conflict of interest and seek their authorization (British American Tobacco).

Table 6

Comparing Korean and British organizations in using words to imply hierarchical relationships indirectly (corruptive behaviors)

Korean organization	<ul style="list-style-type: none"> • Officers and employees should honestly perform their duties and should not pursue individual interests using their <i>position of power (authority)</i> (Asian Airline, Poongin Trading Company, Hanwha E&C, Dongbu Life, Hanjin Shipping). • Officers and employees shall resolutely reject improper requests and solicitations from other officers and employees using their <i>authority</i> (Hyundai motor company). • Ban of requesting special consideration for a job position (promotion): a) do not request anything related to employment, promotion and transference, which may unjustly affect a decision on personal, to the human resources manager b) do not intervene unjustly in other employee's employment, promotion and transference using <i>authority and status</i> (Bank of Korea)
British organization	<ul style="list-style-type: none"> • You must not use <i>your position</i> to further your own interests or the interests of others who do not have a right to benefit under your Council's policies (National code of conduct for local government employees) • Apart from the obvious difficulties of getting the work moved, you should never accept a bribe from anyone, no matter who they are or what <i>position of power or influence they seem to hold</i> (Network Rail). • We do not use <i>our position</i> in Tesco Ireland for our own gain or the gain of any person related to us (Tesco)

Appendix A

The list of website address to access the codes of ethics (Korean organizations)

Korean organizations	Website Address
Asiana Airlines	http://flyasiana.com/CW/ko/common/pageContent.do?pageId=PC_00002312
Hyundai Motor Company	http://audit.hyundai.com/ethicsRule001.do
IPA(Incheon Port Authority)	https://www.icpa.or.kr/content/view.do?menuKey=496&contentKey=28
Korea Employment Information Service	http://www.keis.or.kr/main/subIndex/799.do
Korea Social Enterprise Promotion Agency	http://www.socialenterprise.or.kr/about/members_moral.do
Bank of Korea	http://www.bok.or.kr/broadcast.action?menuNavId=2531
KT&G	http://www.ktng.com/ethicsMng
LG Electronics	https://www.lge.co.kr/lgekr/company/about/level_management/information2_2.jsp
National Pension Service (NPS)	http://www.nps.or.kr/jsppage/intro/ethics/introduction/introduction_03_01.jsp
Poongin Trading Co., LTD.	http://www.poongin.co.kr/index.php/ko/ethical?view=selectRule
National code of conduct for government employees	http://www.law.go.kr/lsInfoP.do?lsiSeq=108626#0000
Samsung Electronics	http://www.samsung.com/sec/aboutsamsung/ir/governance/ethics/ethics.html
SK Hynix	http://ethics.skhynix.com/jsp/eos/ethicsMission.jsp
SK Telecom	http://www.sktelecom.com/social/list_persist_biz.do
Hanwha Engineering & Construction (E&C)	http://www.hwenc.co.kr/Hckor/korService/ethics01.jsp
LOTTE Shopping/ LOTTE Mart	http://www.lotteshoppingir.com/company/company_02_2.jsp
Hanjin Shipping	http://ethics.hanjin.com/kr/ethics/ethicmanagement/ethics_5.jsp
GS Caltex	http://ethics.gscaltex.com/standard/rule.aspx
Dongbu Life	https://www.dongbulife.com/Private/About_Corp/Ethic_Staff.jsp
Hansol	http://ethics.hansol.com/ethicRule.do?cmd=ruleGuideline

The list of website address to access the codes of ethics (British organizations)

British organizations	Website Address
Bank of London	http://www.bankofengland.co.uk/about/Documents/humanresources/ourcode.pdf
BP plc	http://www.bp.com/content/dam/bp/pdf/about-bp/code-of-conduct/bp-code-of-conduct-english.pdf
British Airways	http://responsibleflying.ba.com/being-a-responsible-business-and-employer/ https://www.britishairways.com/cms/global/pdfs/corporate_responsibility_report_2006/Basi17V1.pdf http://suppliergateway.baplc.com/PandP_PDFs/statement_business_principles.pdf
British American Tobacco	http://www.bat.com/group/sites/uk__9d9kcy.nsf/vwPagesWebLive/DO9EAMHQ/\$FILE/mcdMD9NNJRF.pdf?openelement
Debenhams	http://m.debenhams.com/content/company-information/corporate-social-responsibility/supplier-code-of-conduct
EY (Ernst & Young)	http://www.ey.com/UK/en/home/Global-Code-of-Conduct
Jaguar Land Rover	http://www.jaguarlandrover.com/media/2605/JLR_Code_of_Conduct_Handbook.pdf
National code of conduct for local government employees	https://www.saa.gov.uk/resources/278618/National_code_of_conduct_for_employees.pdf
Network Rail	file:///C:/Users/User/Downloads/Code%20of%20Business%20Ethics.pdf
ITV	http://www.itvplc.com/itvplc/sites/itvplc/files/Code%20of%20Conduct%20April%202016.pdf
Primark UK	http://www.primark.com/~/_media/ourethics/code%20of%20conduct/new-pdfs/english-primark-code-of-conduct.ashx
Vodafone	https://www.vodafone.com/content/dam/sustainability/pdfs/vodafone_code_of_conduct_2012.pdf
Parmenion	http://www.parmenion.co.uk/legal/the-bribery-act-code-of-business-standards-and-ethics-policy/
Wolseley	http://www.wolseley.co.uk/how-we-work/code-of-conduct.aspx

Tesco	https://www.tescopl.com/media/1143/code_of_business_conduct_2015.pdf https://www.ourtesco.com/your-conduct/code-of-business-conduct/
PwC(PricewaterhouseCoopers)	http://www.pwc.co.uk/who-we-are/code-of-conduct.html
Wates	http://www.wates.co.uk/sites/all/modules/file_manager/files/Gov-300_Code_of_Conduct.pdf
Swire Pacific Offshore	http://www.swire.com.sg/getattachment/Sustainability/Policies-Codes-Guidelines/Code_of_Conduct_Eng.pdf.aspx
Brakes group	http://www.brakesgroup.com/_assets/code_of_conduct[1].pdf
Laing O'Rourke	http://www.laingorourke.com/who-we-are/governance/code-of-conduct.aspx

Appendix B

[Evaluation form for coders]

Organization name: _____

In the workplace, members of staff establish and manage relationships with their colleagues such as managers, subordinates and peers. In this task, you will respond to questions about interpersonal relationships within the organizations that are described in these organizations' code of ethics.

There are two parts (Part A and B) in this coding form. You should complete Part A based on the factual evidence in the provided documents. You should complete Part B based on your personal evaluation of the content in the same documents you will read in part A.

Part A

You will be provided with two different documents that describe this organization's code of ethics that all employees are expected to follow. You should read these documents carefully and complete the following two tasks on the basis of the facts given in these documents.

Document 1 & 2

Please highlight the corresponding words or sentences in the given documents with reference to this company's code of ethics. You should complete task 1 using a blue color highlighter. You should complete task 2 using a pink color highlighter. If there is no reference to highlight, you can move on to the next task after marking "*cannot respond*" in the coding form.

		Cannot respond
Task 1	Highlight using blue highlighter if there are any words or sentences that indicate hierarchical relationships (e.g., superior-inferior, manager-subordinate, senior-junior)	
Task 2	Highlight using pink highlighter if there are any words or sentences that imply hierarchical differentiation (e.g., position of power, authority, status, rank)	

Part B:

Using the same documents you read in Part A, you should answer the following questions on the basis of ***your own evaluation*** after re-reading both documents carefully.

Please answer the following questions with reference to this company's cultural style, which you can infer from **both documents**, by marking the corresponding choice from "1 *not at all likely*" to "7 *extremely likely*", "8 *cannot respond*".

In your view,

		Not at all likely						Extremely likely	Cannot respond
1	Individuals working in this organization would be highly sensitive to hierarchical relationships.	1	2	3	4	5	6	7	(8)
2	Subordinates would be expected to follow their managers' direction in this organization.	1	2	3	4	5	6	7	(8)
3	Rank order would be important in this organization.	1	2	3	4	5	6	7	(8)
4	The channels of communication between employees would be hierarchically structured in this organization.	1	2	3	4	5	6	7	(8)
5	Managers' decision making would be strongly emphasized in this organization.	1	2	3	4	5	6	7	(8)
6	In work-related matters, most managers tend to expect obedience from their subordinates in this organization.	1	2	3	4	5	6	7	(8)
7	It would be important that subordinates should follow their manager's decision in this organization.	1	2	3	4	5	6	7	(8)
8	In most situations, managers would make decisions without consulting their subordinates in this organization.	1	2	3	4	5	6	7	(8)
9	Abuse of authority would be common in this organization.	1	2	3	4	5	6	7	(8)
10	Higher status would be more expected to be associated with corruption (e.g., gifts and entertain) in this organization.	1	2	3	4	5	6	7	(8)