

“Ethics hotlines” in transnational companies: a comparative study

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Abstract-

This empirical study explores the characteristics and degree of implementation of so-called ethics hotlines in transnational companies (TNCs), which allow employees to present allegations of wrongdoing and ethical dilemmas, as well as to report concerns. Ethics hotlines have not received much attention in literature; therefore, this paper aims to fill that gap. Through the analysis of conduct/ethics codes and the compliance programs of the top 150 transnational companies ranked by the United Nations Conference on Trade and Development (UNCTAD) (2007), we carry out a descriptive and taxonomic study of these companies’s ethics hotlines. We analyze: (1) the basic characteristics of the mechanism, (2) the degree of exigency and the provision of safeguards, (3) the matters reported and the systems for reporting, and (4) the relationships between hotlines and economic characteristics of the firm. Our study compares financial and nonfinancial TNCs as well as North American and European TNCs. Our results show that many firms (especially from North America) have established these procedures. We also find some disparities between European and North American ethics hotlines that suggest differences in the orientation of the procedures.

Index Terms- codes of ethics/conduct, compliance, ethics hotlines, transnational companies value-based approach

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