KEY FACTORS INFLUENCING THE IMPLEMENTATION OF D&I POLICIES IN USA MNCS OPERATING IN COLOMBIA
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Abstract

Colombia, a country that can be described as an Emerging Market due to its economic characteristics (Teso, Yumi; Kondo, Masaki; Dormido, 2018), has experienced a significant increase in Foreign Direct Investment (FDI) over the past decades. During these years, US Multinational Companies (MNCs) have operated in Colombia through subsidiaries.

Not only have MNCs had an impact on the local economy, they have experienced culture shocks and adaptations over the years. MNCs face different challenges for enforcing global policies in their subsidiaries, including differences in regulatory, economic, cultural and social factors among others. This research examines these four elements related to the Diversity and Inclusion (D&I) policies declared by US MNCs operating in Colombia.

This research takes a closer look at the D&I policies declared by four US MNCs with subsidiaries in Colombia. These companies are members of the Human Rights Campaign Foundation (HRC). The HRC has measured their Corporate Equality Index (CEI) performance for several years. This analysis focuses on the Lesbian, Gay, Bisexual, Transgender and Intersexual (LGBTI) community’s declared inclusion in US Multinational Corporation subsidiaries in Colombia.

This is an important consideration because MNCs need to make sure their employees’ rights are protected when assigned to their subsidiaries no matter their sexual preference or gender expression. Quintero, Yenni Viviana; Duque Orozco & Acevedo, argue that, “MNEs play a significant role given their influence and activities in both home and host countries. They play a double role: actors in the problem, but also actors in the solution.” (2012, p.2)

This paper aims to provide an improved understanding of cultural differences, social sensibilities and regulatory strains regarding D&I policy practices particularly related to inclusion of LGBTI groups.
**Keywords:** US MNCs, Colombian subsidiaries, Diversity and Inclusion policies, LGBTI, Sexual Orientation, Gender Expression, Gender Identity, Social Environment.
II. Introduction

In a global world, Multinational Corporations (MNCs) face several challenges related to their internationalization and the expansion of their business abroad, particularly when operating in countries with different levels of economic development, regulatory frameworks, and social and cultural environments.

This analysis also considers Diversity and Inclusion (D&I) policies publicly declared on the US MNC and their Colombian subsidiaries’ websites, particularly regarding the LGBTI community. This is an important consideration as D&I plays an important role in company success and is vital to its relationship with people from other cultures, their values and ways of life. Another implication is that when people feel valued and free to express themselves, they feel more productive. Consequently, a better workplace environment is created, attracting diverse talent, thus opening new opportunities and improved communication, which is imperative for business success.

The Williams Institute, a think tank at U.C.L.A. law school, analyzed the existing research and found that LGBTI-supportive policies and workplace climates are linked to greater job commitment, improved workplace relationships, increased job satisfaction, and improved health outcomes among LGBTI employees. (Socarides, 2015)

At times, D&I policies declared by the MNCs in their Sustainability Reports or their Corporate Citizenship Report may differ from their implementation in their overseas subsidiaries. Doz & Prahalad state that “National managers of an MNC’s Latin American subsidiary attempt to implement a multinational competitive strategy set by the parent company, but host governments insist that the subsidiary enter into joint venture arrangements with local companies.” (1980). As is clear in this statement, the balance between parent company control and local arrangements can be a factor when enforcing corporate policies in another country.

To look into these policies, the 2018 Corporate Equality Index1 was used as a frame of reference for this study. The Corporate Equality Index has been published for over a decade and rates major companies on pro-LGBTI policies (Socarides, 2015). However, this report (CEI) is based on the US company’s headquarters and does not consider their subsidiaries in other countries, such as Colombia.

The four key criteria used in the CEI rating methodology are: non-discriminatory policies across business entities, equitable benefits for LGBTI workers and their families, internal education and accountability metrics to promote LGBTI inclusion competency and public commitment to LGBTI equality.

A comparative analysis between US and Colombian economic, regulatory, social and cultural elements serves as a catalyst to shed light on the current situation regarding support for and relevance of the LGBTI community within the work environment, within International Business. Even though HQ policies advocate the protection of this distinctive group (LGBTI) within their organization, they have to ensure their employees’ rights are protected no matter their assignment, especially in places this group may face discrimination or simply where their protection is not a priority.

Multinational corporations that want to compete in a globalized economy need to be able to attract, develop and retain talented staff. They also need to be able to send their employees on international work assignments and keep them safe.2

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The scope of this analysis is limited to a select group of US Multinational Companies (MNCs) with subsidiaries in Colombia. These MNCs are selected based on the performance, size, economic impact and Corporate Equality Index score. They come from different sectors of the industry including financial services, oil and gas, computers and electronics, and pharmaceutical.

As MNCs have operations in diverse countries, human resources, employees’ benefit, and policies can be affected by different contributing factors including a country’s economy and regulations, and an individual’s society and culture. These factors are divided into different elements.

Figure 1. Factors contributing to D&I

This research is organized as follows. Introduction, Literature Review, Method, Context and Background, Findings and the final section contains Conclusions and Recommendations.

The first section, Context and Background, contains a series of basic term definitions. The second section consists of MNC selection criteria, which includes a review of subsidiary companies based on their impact on the local economy, number of employees, social impact, their commitment to the LGBTI community and their Corporate Equality Index (CEI) performance, and the third section contains a comparative analysis of the economic, regulatory, social, and cultural elements that affect D&I implementation.

Figure 2. Elements influencing D&I

1 Illustration by the author
2 Illustration by the author
III. Literature Review

To better understand LGBTI work force influence and participation, many documents were studied, including academic papers, articles, reports from many social organizations, corporate websites, and news. Performance Index, Corporate Social Commitment documents, Citizen Corporate Reports, Sustainability Reports, Countries Reports, Diversity and Inclusion, and Forbes rankings were also considered.

Topics were sorted into subthemes; Corporate information, Diversity and Inclusion articles, Reports, Social Rights and Governmental Corporate Policies and Regulations.

Some of documents used for this article were: Corporate Equality Index Report 2014-2018, Companies’ Sustainability and Annual reports, Corporate websites, World Survey Values data base, Equaldex Website, Sustainable Society Index, Hofstede Cultural Dimensions, Companies Diversity and Inclusion reports.

The research focused on employer policies, LGBTI rights in the labor force and the social environment in Colombia.

Table 1. Corporate Literature and Reports

<table>
<thead>
<tr>
<th>Corporate level</th>
<th>Citigroup</th>
<th>ExxonMobil</th>
<th>HPE</th>
<th>P&amp;G</th>
</tr>
</thead>
<tbody>
<tr>
<td>D&amp;I documentation</td>
<td>Talent and Diversity Report 2017</td>
<td>Global Diversity booklet (nda)</td>
<td>Nondiscrimination Policy (nda)</td>
<td></td>
</tr>
<tr>
<td>Community engagement</td>
<td>Community Relations (nda)</td>
<td>Cultural heritage and diversity focus (nda)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Website</td>
<td></td>
<td></td>
<td>Global Diversity and Inclusion (nda)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>What and Why D&amp;I Matters (nda)</td>
<td></td>
</tr>
</tbody>
</table>

| Subsidiary level (Colombia) | | | | |
|-----------------------------|-----------------|--------|--------|
| D&I Colombia D&I webpage | Informe de Sostenibilidad Social Colombia 2012 | Community engagement in South Africa and Colombia (nda) | Hispanic Corporate Brochure (nda) |
| Community Relationship Informe de Apoyo a la Comunidad 2017 | | | |

1 Table 1 by the author, corporate website information, documents and reports
IV. Method

This analysis uses a Qualitative approach to present evidence collected from secondary sources. The case study method will be implemented by presenting multiple cases. Since, as stated by Baxter & Jack (2008), the Multiple Case Method allows studying complex phenomena within their context and facilitates the exploration of a phenomenon (D&I) within its context (Policies) using a variety of data sources (Companies). “In a multiple case study, we are examining several cases to understand the similarities and differences between the cases”. (p.550).

This research focuses on the cultural, social, economic and regulations affecting subsidiaries in Colombia compared to those in the USA. It intends to provide evidence on the issue of LGBTI community regulatory policies within MNCs by comparing their declared Diversity and Inclusion policies between MNC headquarters and their subsidiaries in Colombia.

One of the information sources this study is the Corporate Equality Index (2018) as a frame of reference for the D&I policies declared by MNCs and comparing them to their subsidiaries in Colombia. The CEI report is published every year by the Human Rights Campaign and has more than 3 million members and supporters nationwide. It is the largest national LGBTI civil rights organization.

Publicly shared secondary data from MNC headquarters and their subsidiaries in Colombia was scrutinized together with data collected from the web regarding Diversity and Inclusion (D&I) policies and social engagements including their Global Citizen Report, Sustainability Reports, Corporate Code of Conduct, Global Diversity Booklet and Corporate Citizen Report and Corporate Equality Index Report for the last 5 years. This list is not limited to nor inclusive for all selected companies as they submit different formats and conventions.

The scope of this research is limited to selected US Multinational Companies (MNC) with Subsidiaries in Colombia. With the aim of minimizing bias and expanding the sample of the study, MNCs were chosen from within different industry sectors including Financial Services, Oil and Gas, Computers and Electronics, and Pharmaceutical.

Most company information was gathered from their corporate websites as these provide good and reliable sources, are easy to maintain and are often scrutinized by government officials, regulatory agencies, and the general public not just in their countries of origin, but from all over the world. Hunter & Bansal agree that country specific subsidiary websites provide country level information and are used to share information with their stakeholders in their host country (2007).

Some attributes of importance for company selection companies include their historical CEI ranking, Forbes Largest Public companies, Fortune 500, social commitment, and strong participation and support for D&I. These companies consist of the major industries currently operating in Colombia with a huge economical contribution to the country and great impact to society due to the large number of hired employees. They are in the top 60 Public companies and top 200 Global companies and have between 70,000 and 300,000 employees globally.
V. Study Context and Background

A. Definitions

The following list is neither comprehensive nor exhaustive, but it attempts to provide the reader with familiarity as to the terms and definitions used in this research. Some of these definitions may vary slightly in different sources, however this list provides a more suitable interpretation for our purpose.

- **Culture** – is defined by the Oxford dictionary as “the ideas, customs, and social behavior of a particular people or society.”
- **Gender Expression** - an individual’s external gender-related appearance (including clothing) and behavior (including interests and mannerisms). A person’s appearance or behavior may have masculine, feminine or androgynous aspects.
- **Gender Identity** - a person’s internal sense of their own gender, whether male, female, non-binary, or something else.
- **LGBTI** - the acronym for lesbian, gay, bisexual, transsexual and intersexual.
- **Sexual Orientation** - a person’s emotional, romantic and/or sexual attraction to another person.
- **Society** - is defined by the Oxford dictionary as “The community of people living in a particular country or region and having shared customs, laws, and organizations.”

B. Multinational Corporation Selection

For this article, four US MNCs with subsidiaries in Colombia were carefully selected from different industries including the Financial, Pharmaceutical, Oil and Gas, and Technology sectors, with the aim of minimizing bias and expanding the sample. They all had high scores on the Corporate Equality Index (CEI) in 2008. The selected companies are listed below with basic information relevant to our study.

1. **Citigroup (CEI 100)**

Citigroup is a banking and financial corporation with headquarters in New York, New York. They rank no.32 on the 2018 Fortune 500® list, have 209,000 employees and is 374th on the World Largest Public Companies (Global 2000) list according to Forbes magazine. They have estimated sales of $90.47B and a $185.8B market cap.

Citigroup opened its first subsidiary in Colombia in 1916. They offer services to government, institutions and corporations. They do business in 23 Latin American countries and over 160 territories around the world.

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2. **ExxonMobil (CEI 95%)**
   ExxonMobil operates in the Oil and Gas industry with headquarters in Irving, Texas. It ranks no.2 on the Fortune 500® list, has 71,200 employees and is ranked 13th on the World’s Largest Public Companies (Global 2000) list according to Forbes magazine. They have estimated sales of $230.06B and a $344.1B market cap. They are no.79 on the list of the Best Employers for Women.2

   They have operated in Colombia for over 100 years. They have a local employee resource group, People for Respect, Inclusion and Diversity of Employees (PRIDE). They rank no.153 on the Best Employers for Diversity.3

3. **Hewlett Packard (CEI 100%)**
   HP operates in the Computer and Hardware industry and is headquartered in Palo Alto, California. It ranks no.58 on the Fortune 500® list, has 302,000 employees and is 96th on the 2015 World’s Largest Public Companies (Global 2000) list according to Forbes magazine. They have estimated sales of $109.76B and a $57.9B market cap. They are members of the Business Coalition for the Equality Act. (Strauss, San Francisco, Macy, & Cincinnati, 2018)

   Founded in 1995 and based in Bogota, Colombia. Hewlett Packard Colombia Ltda. operates as a subsidiary of the Hewlett Packard Enterprise Company.4

4. **Procter and Gamble (CEI 100%)**
   P&G operates in the Pharmaceutical industry with headquarters in Cincinnati, Ohio. It ranks no. 42 on the Fortune 500® list, it has 95,000 employees and is 55th on the World’s Largest Public Companies (Global 2000) list according to Forbes magazines. They have estimated sales of $66.41B and a $184.5B market cap.

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C. Comparative analysis of economic, regulatory, cultural and social elements

Some cultural elements for this comparative analysis have been taken from the Hofstede country comparison website1 for the USA and Colombia. It is possible to identify aspects on which Colombia and USA are similar and other aspects where there are significant differences. Three main factors of influence are Country, Company and People.

Figure 3. Factors and Elements influencing D&I

1. Economic

According to the Country Economy website,3 the United States is the number one economy in the world with an Annual GDP of $19,485,400M, GDP (per capita) $59,792, Debt of $19,959,114 and Debt per Capita of $61,769. Colombia on the other hand is a developing country with an Annual GDP of $309,191M, GDP (per capita) of $6,273, Debt of $141,866 and Debt per Capita of $2,910.4

On the other hand, Economic well-being, as defined by the Council on Social Work Educations as the ability to make economic choices and feel a sense of security, satisfaction, and personal fulfillment with one’s personal finances and employment pursuits. The Economic wellbeing graph below depicts US and Colombian trends from the past 10 years.

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1 Hofstede country comparison, https://www.hofstede-insights.com/country-comparison/columbia/the-usa/
2 Figure by the author
5 CSWE, Economic-Well-Being https://www.cswe.org/Centers-Initiatives/Initiatives/Clearinghouse-for-Economic-Well-Being/Working-Definition-of-
6 CSWE, Economic-Well-Being https://www.cswe.org/Centers-Initiatives/Initiatives/Clearinghouse-for-Economic-Well-Being/Working-Definition-of-
The economic element is essential for the investment, development and implementation of D&I policies. As stated by the Harvard Business Review, host governments often intervene in MNC autonomous processes and freedom of economic resources to maintain control of their economy (Doz & Prahalad, 1980). These limitations could adversely affect the program implementation by restricting funding and commitment to programs such as LGBTI community outreach in some cases.

2. Regulatory

When doing business abroad, MNCs often face a different set of local challenges including differences in the laws and regulations that govern the country they do business in. This is an important consideration when enforcing D&I policies.

Multinational corporations, with their global reach and direct impact on the lives of workers, are well positioned to help move the needle on LGBT rights. Companies that understand the needs of their employees will often put policies in place before governments codify them.  

In the USA laws and regulations are expected to be followed and enforced. However, there is still some incongruency when it comes to the protection of the LGBTI community at a state level, making the standardization of rights much harder. In fact, according to a USA TODAY article, for the first time in four years American acceptance of LGBTI people has dropped from 53% to 49%. (Miller, 2018)

“A country's laws can affect how a company recruits and selects employees, the pay and benefits offered, and even the dismissal of employees” (Gomez & Sanchez, 2005, p.4).  

---

Table 2. Political and Regulatory Environment

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>Colombia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rank</td>
<td>Score</td>
</tr>
<tr>
<td>Overall</td>
<td>13</td>
<td>87.69</td>
</tr>
<tr>
<td>Political environment</td>
<td>21</td>
<td>78.90</td>
</tr>
<tr>
<td>- Political stability and absence of violence/terrorism</td>
<td>45</td>
<td>72.82</td>
</tr>
<tr>
<td>- Government effectiveness</td>
<td>17</td>
<td>81.94</td>
</tr>
<tr>
<td>Regulatory environment</td>
<td>12</td>
<td>93.03</td>
</tr>
<tr>
<td>- Regulatory quality</td>
<td>17</td>
<td>82.48</td>
</tr>
<tr>
<td>- Rule of Law</td>
<td>14</td>
<td>89.65</td>
</tr>
</tbody>
</table>

*Data from Global Innovation Index

There are remarkable differences between the US and Colombian political and regulatory environment. With a rank of 21(USA) against 82(Co), the US has a more favorable Political environment than Colombia. The same is also true of the regulatory environment were the US ranks 12 against Colombia which is ranked significantly lower at 66.

Daya says that “Employment equity is seen as a legislative compliance issue for many organizations who demonstrate little interest in transformation or in research in this area because they do not regard diversity and inclusion as valuable to their organization” (2014, p.13).

a) Provisions in Law in the US vs Colombia

Although regulations in the US and Colombia have similar provisions under the United Nations (UN), there are some differences such as; employment discrimination based on sexual orientation, prohibitions on incitement to hatred based on sexual orientation and partnership for same-sex couples.

Table 3. Provisions in Law USA vs Colombia

<table>
<thead>
<tr>
<th>Provisions in Law</th>
<th>USA</th>
<th>COLOMBIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prohibition of Discrimination in Employment Based on Sexual Orientation (37% of UN States)</td>
<td>N/A</td>
<td>Article 134A of the Penal Code (introduced by Law 1,482 of 30 November 2011) criminalizes acts of discrimination based on sexual orientation (among other grounds).</td>
</tr>
<tr>
<td>Incitement to Hatred Based on Sexual Orientation Prohibited (21% Of UN States)</td>
<td>N/A</td>
<td>2011 Article 134B of the Penal Code (as amended by Law 1,482 of 30 November 2011) criminalizes any incitement to acts of harassment aimed at causing harm based on a person’s (or a group of persons’) sexual orientation.</td>
</tr>
<tr>
<td>Partnership for Same-Sex Couples (15% Of UN States)</td>
<td>N/A</td>
<td>2007-2011 Several decisions issued by the Constitutional Court of Colombia have granted rights to same sex couples since 2007. P.70</td>
</tr>
</tbody>
</table>

*Data from ILGA May 2017 Report

b) LGBTI Rights in the United States Vs Colombia

According to the Equaldex Report 1 in the table below, at this time the US Federal government has made no laws preventing LGBTI employment discrimination on a national level for all employers, but the Equal Employment Opportunity Commission (EEOC) does prevent it in Federal government jobs.

1 Global Innovation Index, accessed on 2018-09-13, https://www.globalinnovationindex.org/analysis-comparison
Since the federal government has no laws protecting public and private sector employees, it is marked as no protections as this designation is more in line with how this classification is used in other regions. However, the US does have states and cities where discrimination is illegal for all employers. Below is a table comparing LGBT rights between the US and Colombia according to the Equaldex report.

**Table 4. LGBTI Rights in the United States vs Colombia**

<table>
<thead>
<tr>
<th>Rights</th>
<th>USA</th>
<th>Colombia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same-sex adoption</td>
<td>Varies by Region</td>
<td>Legal</td>
</tr>
<tr>
<td>LGBT discrimination</td>
<td>Illegal in some contexts</td>
<td>Illegal</td>
</tr>
<tr>
<td>LGBT employment discrimination</td>
<td>No protections</td>
<td>Sexual orientation only</td>
</tr>
<tr>
<td>LGBT housing discrimination</td>
<td>Varies by Region</td>
<td>Sexual orientation only</td>
</tr>
<tr>
<td>Equal age of consent</td>
<td>Varies by Region</td>
<td>Equal</td>
</tr>
<tr>
<td>Conversion therapy</td>
<td>Varies by Region</td>
<td>Not banned</td>
</tr>
</tbody>
</table>

*Data from ILGA May 2017 Report*

3. Cultural

a) **Hofstede Cultural Dimensions**

Cultural dimensions are a significant factor when conducting International Business. Cultural Dimensions were presented by Professor Geert Hofstede (Hofstede, 2012). Although this study was conducted more than 30 years ago, current conditions have not changed drastically. This comparison provides a basic framework regarding the major differences between US MNCs and their Subsidiaries in Colombia.

As mention by the SHRM Foundation, “studies show that each culture exhibits unique behavior that must be considered when it comes to organizational leadership and employee development. Also, as Pankaj Ghemawat & Sebastian Reiche say that “Cultural differences, while difficult to observe and measure, are obviously very important. Failure to appreciate and account for them can lead to embarrassing blunders, strain relationships, and drag down business performance” (2011p.1).

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As per the illustration in Figure 2. Elements influencing D&I on page 6, some of the most relevant and greatest differences between both cultures (USA and Colombia) are in Power Distance (40 vs 67), Individualism (91 vs 13) and Uncertainty Avoidance (80 vs 46). These cultural dimensions have been selected to be examined in more detail due to their remarkable differences.

1) **Power Distance**

As depicted in Figure 2. Elements influencing D&I on page 6, Colombia has a high-Power Distance (67) score compared to the US (40). Colombians understand differences in rank, positions and seniority with a great sense of distance and respect. In the US, Power Distance is low (40), meaning that policies are followed more strictly as equal rights are more explicit in all areas of American society and the government. US society is more objective, and communication with superiors tends to be more direct and participative and treatment is more equal. Information is shared more transparently and frequently (open door policies).

2) **Collectivism/ Individualism**

Been a very collectivist culture, in Colombia, people’s opinions and keeping face is very important. The sense of belonging to a social group is considered very important. Classes are well differentiated, and group loyalty is vital to climbing the social ladder. Colombians are less confrontational and try to avoid conflict. They are very likely to not stand up for their rights if this would jeopardize their job.

However, as Hofstede proposed (2012), relationships are more important than attending to the task at hand, which creates a conflict of interest between the workplace leader’s authority and loyalty to the peer relationship. Employment is often relationship based. First, they get to know you and then you might get the job. A recommendation is an imperative for getting a job in most instances. Gomez & Sanchez (2005) state that, “Research has shown that many management practices and theories are affected by cultural values. For example, research has shown that collectivists and individualists may have different reward allocation norms when working in teams”.

The United States, on the contrary, is very *Individualistic* culture. Employment, promotion and decisions are based on merit or evidence of what one has done or can do. Therefore, “loyalty” or special favor from the hiring authority is not expected. Policies are expected to be followed and the job at hand is the priority over relationships. Relationships are expected to be kept outside the work environment. (Podrug & Sc, 1992)

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1 Data from https://www.hofstede-insights.com/product/compare-countries/, accessed on 2018-07-30
2 Hofstede Country Comparison, https://www.hofstede-insights.com/country-comparison/colombia,the-usa/
(3) **Uncertainty Avoidance**

With a high degree of Uncertainty Avoidance (80), Colombians tend to avoid ambiguity. Emotions are openly expressed, and rules are followed based on group opinion, religion is highly respected, and people are culturally conservative.

Americans on the other hand have an Uncertainty Avoidance score of 46. As a culture they express acceptance for new ideas, innovative products and a willingness to try something new or different. They do not require a lot of rules to do what is expected and are less emotionally expressive than higher-scoring cultures.

b) **Language**

Another important aspect of culture to be considered is Language. Language is an integral part of people’s identity. It is the way in which people communicate and is essential for conducting business. Michael Agar defines language as, “Language carries with it patterns of seeing, knowing, talking, and acting patterns that mark the easier trails for thought and perception and action.” (Ghemawat & Reiche, 2011, p.6)

As argued by West and Graham, “Whether the relationship between values dimensions and language is correlative or causal, the second major finding suggests that linguistic distance provides a valuable measure of cultural distance.” (2004).

c) **Religion**

Almost 60% of Colombians consider religion a very important part of their lives, as seen in the table below from the World Values Survey. Religious belief systems have a great effect within society and how it perceives social behavior as “good or bad”.

As reported in an article from the University of California, Santa Barbara, USA, religion and sexual orientation have clashed historically. For centuries, “the religious condemnation of homosexual acts, and even homosexual persons, was unquestioned.” (Baldwin, Janice; Baldwin, 2012, p.1)

**Figure 6. Importance of Religion - USA vs Colombia**

The table above shows that religion is a very important part of Colombian culture. Ghemawat & Reiche (2011) agree that religion and language serve as observable markers of cultural differences and are useful for grouping countries.

As per the comparative analysis in the table above, the US and Colombia have significant cultural differences. For practical and illustrative purposes, high scores in the comparative analysis were assigned a value of 1, medium values 0 and low scores a value of -1.
In general, Colombians are a Spanish-speaking, risk averse, religious, collectivist culture with a high-power distance.

**Figure 7. US vs Colombia Cultural factors trends**

4. Social

Culture is embedded in the fabric of society, and each is dependent of and coexistent with other. Several factors shape society, including our sexuality, freedom of expression, and institutional framework. This section considers homosexuality, activism and corruption as markers of this social phenomena. Social Intelligence is vital for social interaction and business success. Therefore, any company that wishes to be successful must have social intelligence.

Quintero, Yenni Viviana; Duque Orozco & Acevedo (2012) agree that “Commitment to ethical responsibilities, promotion of greater economic and social inclusion should be goals for MNEs in developing countries”. (p.58).

a) Justification of Homosexuality

Homosexuality has been a controversial topic for religion as well as in some countries in the Middle East and India. Homosexuality has been progressively accepted in certain countries and can be used as an index for D&I progress. As documented by an online analysis on the World Value Survey website, justification of homosexuality is significantly different between Colombia and the US. In the US, justification of homosexuality (21.5) is considerably higher than in Colombia (5.5), whereas Colombia (44.3) never finds homosexuality justifiable compared to the USA (24).

1 Illustration by the author
Figure 8. Justification of Homosexuality

b) Activism

Even though Colombia has social leaders and activists that advocate for people’s rights, these are often threatened and even killed by guerrillas or other opposing special interest groups. This year alone, The Colombia Report (2018) reported that over 80 activists have been killed, and authorities have been unable or unwilling to prevent it.

In the United States on the other hand, “The United States has a long history of activists seeking social, political, economic, and other changes to America—along with a history of other activists trying to prevent such changes. American activism covers a wide range of causes and uses many different forms of activism. Activist groups in the US are protected by law and encouraged.”

c) Corruption

One of the biggest factors influencing the enforcement of policies and regulations that protect minority groups is a country’s levels of corruption. A country’s Corruption Perception Index is directly related to country progress and social advancement. Sarmiento stated that “Developing countries are characterized, in most cases, by corruption, economic inequality, weak institutions, lack of market regulation, etc.” as quoted by (Quintero, Yenni Viviana; Duque Orozco & Acevedo, 2012, p. 61)).

According to Transparency International’s 2017 Corruption Perception Index (where 0 means highly corrupt and 100 very clean), the global average is 43. The USA ranks 16 on this index, while Colombia ranks 96 out of 180.

Both petty and grand forms of corruption are prevalent in the country. An overview of corruption and anti-corruption measures in Colombia is described by Transparency International in 2013. In addition, the public procurement system in Colombia is non-transparent and many cases of abuse of office in the awarding of public contracts have surfaced recently. (Jansen, Hilke; Veeneman, 2016, p.18)

Illustration by the author
5. Overview

The table below is an overview of Economic, Cultural, Social and Regulatory elements.

**Table 5. Comparative analysis**

<table>
<thead>
<tr>
<th>Main Factors</th>
<th>USA</th>
<th>Colombia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development</td>
<td>High (Developed Country)</td>
<td>Low (Developing Country)</td>
</tr>
<tr>
<td>Annual GDP</td>
<td>19,485,400M</td>
<td>309,191M</td>
</tr>
<tr>
<td>GDP (per capita)</td>
<td>59,792</td>
<td>6,273</td>
</tr>
<tr>
<td>Debt</td>
<td>19,959,114</td>
<td>141,866</td>
</tr>
<tr>
<td>Debt per Capita</td>
<td>61,769</td>
<td>2,910</td>
</tr>
<tr>
<td><strong>Regulatory</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political environment</td>
<td>High (82)</td>
<td>Low (21)</td>
</tr>
<tr>
<td>Regulatory environment</td>
<td>High (66)</td>
<td>Low (12)</td>
</tr>
<tr>
<td>Provision in law</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>LGBTI rights</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Cultural</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
<td>Low (40)</td>
<td>High (67)</td>
</tr>
<tr>
<td>Individualism</td>
<td>High (91)</td>
<td>Low (13) Collectivistic</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>Low (46)</td>
<td>High (80)</td>
</tr>
<tr>
<td>Religion (importance)</td>
<td>Medium (40.4)</td>
<td>High 58.9</td>
</tr>
<tr>
<td>Language</td>
<td>Low (32 Power dist.)</td>
<td>High (69 Power dist.)</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homosexuality (Justification)</td>
<td>High 21</td>
<td>Low 5.5</td>
</tr>
<tr>
<td>Activism (Protection)</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Corruption (rank)</td>
<td>Lower 16/180</td>
<td>High 96/180</td>
</tr>
</tbody>
</table>

---

1 Table by the author, compilation of data for their corresponding sections in this document
VI. Findings

The follow findings are based on the contributing factors mentioned in Figure 1. Contributing factors to D&I on page 6, Country (Economic, Regulatory), Individual (Social, Cultural), and finally Company (MNC, Subsidiary) factors.

A. Element-Related Findings

1. Economic

The United States is a developed country and the number one economy in the world while Colombia is a considered developing country.

Economic and regulatory factors scored higher in the US than in Colombia. These are easier to appreciate due to the qualitative nature of the data, whereas the Social and Cultural aspects are harder to determine due to their subjective nature. On the contrary, economic wellbeing in Colombia was higher than in the USA from 2006-2009.

As illustrated in Figure 4. Economic wellbeing on page 12, Colombia’s economic wellbeing has stagnated over the last 10 years. Although the US Economy has always been higher than Colombia’s, between 2006 and 2009 Colombia had better economic wellbeing than the US.

2. Regulatory

As illustrated in Table 2., Political and Regulatory environment scores are significantly higher in the US compared to Colombia. This is an important factor when enforcing policies and regulations protecting human rights, as government intervention is required to enforce laws and regulations, particularly policies protecting LGBT communities. Unlike the USA, provisions in law in Colombia have protections against employment discrimination based on sexual orientation, hatred based on sexual orientation and partnership for same-sex couples. Based on legal provisions, Colombia has more protections for LGBTI groups than the US.

3. Culture

Culturally speaking, Colombians have a high-power distance culture, are very religious and have conservative values overall. It is considered a very collectivist culture that avoids uncertainty. This is an important consideration as Ghemawat & Reiche argue that, “Companies from low power distance cultures such as USA, can run into trouble by sending a junior negotiator (who might be better versed in the content) or by trying to save money by limiting the size of the negotiating team” (2011, p.9).

Colombians accept inequalities between people as a fact of life and as normal in all layers of society. Corporate leaders are seen as having greater authority and at more distance than in the US. Since corporate leader are seen has having so much authority, they have a large amount of influence within organizations when it comes to enforcing the rules. However, being a collectivist culture, Colombians embrace personal relationships and often side with the collective group opinion.

“As mentioned earlier, in high power distance cultures employees may not feel comfortable communicating openly with their supervisors. Thus training, such as role playing that specifically deals with patters inherent in high power distance cultures, may be as beneficial as training on more technical skills needed on the job.” (Gomez & Sanchez, 2005, p.8)

Power Distance is also related to linguistic differences between countries. Spanish speaking countries score much higher in this dimension (69) versus English speaking countries (32) (Ghemawat & Reiche, 2011). English speaking cultures such as the US are considered more individualistic (they score 84 in this dimension) whereas Spanish speaking cultures such as Colombia, are deemed more collectivist with a score of 22 (Ghemawat & Reiche, 2011).
“Similarly, the cultures of Latin America, also highly collectivist, have been characterized by their emphasis on relationships. The collectivist orientation in Latin America may make the process of building social capital easier if the MNC understands how to funnel the collectivist mentality towards the organization” (Gomez & Sanchez, 2005, p.7).

That is why special consideration must be given to cultural dimensions to avoid conflict when dealing with people and doing business. Understanding these dimensions also shows respect for the culture and improved social intelligence.

4. Society

With other issues of greater importance such as corruption, paramilitary groups and peace talks, LGBTI issues have not been a priority. However, the country is making progress on this topic, and people are open about it. As a culture with a high-power distance and high religious beliefs, these are not voiced much by people individually, unless an issue is collectivist by nature. People are often afraid of retaliation from others with a higher authority.

Corruption - Socially speaking, Colombia has higher corruption at all levels compared to the US and provides little protection to activists. In Colombia, trans people’s rights are still discriminated against, and they face legal and administrative barriers to employment. Social stigma and negative social attitudes make it very difficult for a transgender person to get a job in Colombia.

As Transparency International’s webpage reported in the “Corruption and Inequality” article, a possibility is a country’s level of development, as richer countries might be able to “afford” to spend more money on social services and the redistribution of wealth while also addressing corruption.

Di Salvo, M, claims that, “Colombia’s social leaders are being killed with impunity while the country’s government seems powerless to prevent the murders.” (2018).

This is another example of how corruption continues to infiltrate the “system” even when the government claims a commitment to protecting civil and social rights.

Religion

Colombian religious leaders, mainly Catholics, are still debating the acceptance of LGBTI groups as reported in The New York Times article, “A coalition of opposition politicians and leaders of the Catholic Church mobilized with extraordinary speed, accusing the government of President Juan Manuel Santos of promoting same-sex unions and gender fluidity” (Londoño, 2016).

As noted in the quote below, discrimination against gay people in Colombia is a fact of life based on religious beliefs.

According to BTI 2018, Colombia Country Report,” The powerful Attorney General (Procurador General) Alejandro Ordóñez was known for openly manifesting his conservative religious beliefs and letting them influence his decisions as attorney general, most notably in his opposition to gay rights. He was eventually replaced by Fernando Carrillo, the former Colombian ambassador to the Vatican, who, even if he shares some of the same religious beliefs as Ordóñez is not believed to have the intent of forcing his religious beliefs onto his political decisions”. (“BTI 2018 : Colombia Country Report,” 2018)
**Homosexuality**

Homosexuals (LGBTI) are apparently viewed more favorable in the US apparently, although they are better protected in Colombia based on the “Law”. This could be due to religious beliefs and social characteristics.

**B. Corporate analysis**

Multinational Companies have a great impact on countries’ economies, environment and society. They employ thousands of people and help improve people’s lives. They have great influence on government and in society. Corporate policies are the means by which employee benefits are protected and enforced. They are essential for any global company wishing to operate effectively and looking to improve employee standards of living.

The MNCs studied in developing countries often do not publish Corporate Social Responsibility report information, such as in Colombia, as is done by their parent companies (HQ). “By forging an internal culture of inclusion that transcends national policies yet is aware of them, companies have a tremendous opportunity to leverage their global influence to shape socio-economic progress.” (Zappulla, 2017)

Quintero, Yenni Viviana; Duque Orozco & Acevedo argue that, in the case of subsidiary countries, information is often shorter and does not include the level of detail advertised on their main corporate site (2012).

A good example is the general information on D&I. In fact, sometimes the definition itself of “Diversity” may vary to only include women or other minorities or protected groups, and not necessarily a focus on LGBT inclusion within the D&I policies. Subsidiaries focus on other local issues at hand, such as the peace deal with the FARC, corruption, internally displaced persons, and women’s and minority rights.

MNCs not only have to follow regulations wherever they go, they also have to be socially responsible. As Bennett (2002, p.1) says, “Multinational corporations have both the power and the responsibility to foster good will among the people of the nations where they operate”.

Historical CEI data makes an important contribution this study and it shows a trend of company commitment to policy implementation and progress in certain cases. See Table 6. Comparative Equality Index trends on page 24.
Table 6. Historical Corporate Equality Index

<table>
<thead>
<tr>
<th>Company</th>
<th>CEI 2014</th>
<th>CEI 2015</th>
<th>CEI 2016</th>
<th>CEI 2017</th>
<th>CEI 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citigroup</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Exxon Mobil</td>
<td>-25</td>
<td>-25</td>
<td>40</td>
<td>85</td>
<td>95</td>
</tr>
<tr>
<td>HPE</td>
<td>100</td>
<td>100</td>
<td>Nd</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>P &amp; G</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

1. CITI has had a perfect score since 2014 and have a local employee resource group, People for Respect, Inclusion and Diversity of Employees (PRIDE). This organization advocates for LGBTI civil rights across the globe, bringing awareness for LGBTI colleagues, clients and communities. This group celebrates Pride month online and participates in local Pride marches.

2. EXXON -As reported by the Human Right Organization over the last 5 years, all the selected companies except ExxonMobil had a perfect score. According to an article published by the Dallas Voice on November 9, 2017, employee benefits were taken away when Exxon merged with Mobil in 1999. Also, after Exxon’s former CEO, Rex Tillerson, retired from the company, their score shot up from -25 to 95. (Taffet, 2017). This negatively affected the company’s image and its CEI ranking. However, they are currently an active member of the PRIDE group and rank no.153 on Best Employers for Diversity.

3. HEWLETT PACKARD are a member of the Business Coalition for Equality Act. (Strauss et al., 2018), and, except for 2016, have received a perfect score of 100 from 2014 to 2018.

4. P&G has also had a perfect score from 2014 to 2018 and are members of the Business Coalition for Equality Act. (Strauss et al., 2018). They rank no.27 on the Best Employers for Diversity.

For this analysis, specific search terms were used to examine D&I policy documents and/or websites, specifically related to LGBT employees in Colombia, to compare what their headquarters reported versus what was posted by their subsidiaries. Documents supporting D&I policies can be found in Table 7. Corporate Literature and Reports Findings on page 25.

Search terms used were LGBT, sexual orientation, sexual preference, gender identification, gender expression.

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Table 7. Corporate documents and initiatives supporting D&I Findings

<table>
<thead>
<tr>
<th>Citigroup</th>
<th>ExxonMobil</th>
<th>HPE</th>
<th>P&amp;G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headquarter Level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D&amp;I initiative includes People for Respect, Inclusion and Diversity of Employees “PRIDE2”.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subsidiary level</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colombia Citi webpage, Informe de Sostenibilidad Social Colombia, Informe de Apoyo a la Comunidad 2017.</td>
<td>Community engagement in South Africa and Colombia, Cultural heritage and diversity focus, Community Relations webpage.</td>
<td>N/A</td>
<td>Hispanic Community report, Diversidad Empresarial webpage.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finding</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No mention of LGBT, sexual orientation, sexual preference, gender identification, gender expression</td>
<td>No mention of LGBT, sexual orientation, sexual preference, gender identification, gender expression</td>
<td>No information about D&amp;I policies in their subsidiaries or Colombia was found at the time of the research.</td>
<td>No mention of LGBT, sexual orientation, sexual preference, gender identification, gender expression</td>
</tr>
</tbody>
</table>

Subsidiary websites and documents make no mention of LGBTI in their D&I policies. Their D&I programs have focused on women, child labor, and others, but not necessarily on LGBT groups.

Ultimately, it is senior management that must push for a proactive mechanism to deliver and measure D&I policy enforcement. Implementation goes beyond a paragraph in the Annual Corporate Report. As mention by Forbes Insights, “When it comes to the strategy and implementation of a diversity program, responsibility for the success of company’s diversity/inclusion efforts lies with senior management. Seven out of ten companies reported that the buck stops at the C-level and their board of directors. In fact, 35% feel ultimate accountability lies directly with the CEO” (Forbes & Diversity, 2011, p.15).

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1 Table created by the author
2 PRIDE - This organization advocates for LGBTI civil rights across the globe, bringing awareness for LGBTI colleagues, clients and communities.
VII. Conclusions

Diversity and Inclusion policies in MNCs can differ from their declaration and implementation between headquarters and subsidiaries creating a gap. There are many factors influencing the development of this gap. We analyze factors such as the political, the economic, the regulatory and the socio-cultural in a comparative manner USA-Colombia. As shown previously, a lot has been done and several organizations such as Colombia Diversa are committed to promoting the advancement of Human Rights and D+I policies in work environments, nevertheless the existence of this gap shows the fact that MNCs are largely operating with a different set of values when it comes to D+I policies declaration. All the evidence collected and presented in this research shows how these factors influence the diverse environments in which subsidiaries operate.

While D+I policies should concern all human beings, there are certain aspects preventing progress in its enforcement to the level of the workplace. In the case of Colombia, even though regulations are favorable in some instances, cultural and social elements are not as favorable as in the USA. Therefore, the previously mentioned factors play a significant role in decision making for USA MNCs when entering Colombia.

Regarding the economic factor “stagnating” economic wellbeing could adversely affect program implementation by restricting funds for and commitment to social programs including LGBTI support and D+I enforcement. Colombia has not shown a significant increase in economic wellbeing over the last 10 years. This element alone affects the implementation of new programs at MNC subsidiaries. Again, the economic factor weighs heavily on resource priorities, including for programs like D&I.

Regarding the regulatory factor the USA has a more favorable Regulatory and Political environment than Colombia according to the comparative analysis shown in Table 2. Political and Regulatory Environment on page 13. However, LGBTI Rights and Laws are more favorable in Colombia as seen in Table 4. LGBTI Rights in United States Vs Colombia on page 14. Enforcement of the laws and rights along with declarations of D&I policies are not as prevalent in Colombia as they are in the USA at State level. However, the USA’s EEOC does protect LGBTI rights in federal employment. Whereas in Colombia regulations, laws and rights are more favorable toward this community but they are not enforced rigorously.

As for the cultural factor, Colombia has a predominately high-Power Distance, according to Hofstede’s cultural dimensions. This is also a tendency amongst Spanish speakers and highly religious cultures. Countries with a high-power distance give great importance to social stratification. Culturally speaking, the average person in Colombia is tolerant, but some people may be influenced by their religious beliefs, making it difficult for them to accept the LGBTI community. Religious beliefs and collectivism are important traits to consider as they play an important role in Colombian group opinion, as shown in the comparative analysis. This is also reflected within the USA MNCs analyzed in this paper.

The social factor, as summarized in Table 5. Comparative analysis on page 20, the USA (21) shows more tolerance and acceptance of homosexuality than Colombia (5.5). This could also be due to the cultural influences (religious beliefs and collectivist) in its society. Colombia has higher Corruption index perception at all levels compared to the US and provides little protection to activists. Several out of the law groups, such as drug traffickers, FARC guerrilla dissidents as well as military and para-military groups are some of the perpetrators of these activities. After decades of violence due the civil armed conflict Colombia
is still fighting corruption and still has constant corruption levels from those years. The groups involved in the conflict have influenced government institutions and even private companies in some areas, complicating even more the defense of LGTBI community rights.

Transgender people’s rights still face discrimination, legal and administrative barriers to employment in Colombia. MNCs in developing countries like Colombia often do not publish Corporate Social Responsibility report information as the parent companies (HQ) do. In fact, no evidence of LGBTI specific D+I policies can be found on their local, public-facing websites. Subsidiaries in Colombia have focused on a few other areas including minority groups, the peace deal with the FARC, corruption, internally displaced groups, and women rights. LGBTI social groups have brought awareness to the topic of Diversity and Inclusion and this has benefited the public at large as they deal with a different set of challenges that most of the population is “immune” to. This raises awareness both locally and globally. MNCs together with government officials play a central role for implementing Diversity and Inclusion policies in the workplace and in society. Ultimately, promoting respect and defense for the LGBTI community is a collective effort and every individual needs to examine who they are and what role they play in a progressive society and a global business world with different cultures, belief systems and gender identities.

People’s interactions and relationships are developed according to the power they hold and how they view those in positions of authority, which varies depending on a country’s perceptions and cultural dimensions. Again, understanding these differences increases levels of trust from managers and organization. This is of vital importance in the business world, especially in International Business, as employee delivery styles are directly affected by these traits. Good communication practices between employees and managers are necessary at every level of business activity.

Finally, it is possible to conclude, after all the evidence shown that the gap between D+I policies declaration in the four analyzed USA MNCs operating in Colombia needs to be understood as a complex interaction of factors. Each of these factors, as revised in this paper contribute to realize the task for MNCs operating in different contexts of assessing not only financial or economic factors when going international. It brings light into the issue of a more comprehensive assessment strategy by MNCs in order to harmonize headquarter and subsidiaries policies regarding HHRR and LGBTI rights protection.
VIII. Recommendations

Gomez and Sanchez, from the Department of Management and International Business at Florida International University argue that a balance between local and global is critical for human resources management. The balance between localization and globalization is critical in many respects because it affects strategic decisions regarding products, operations, marketing, organization/structure and human resource management. Indeed, the extent to which the MNC chooses globalization and/or localization dictates a different kind of relationship between the MNC and its subsidiaries (Gomez & Sanchez, 2005). This quotation fits the framework of the present analysis by highlighting the relevance of assessing what the authors call the balance between global and local. While some D+I policies, such as the protection of LGBTI community rights can be declared and implemented in MNCs headquarters, they need to be carefully assessed in the subsidiaries. This is especially important in regions or countries with special conditions such as Colombia.

Before an MNC sends their employees overseas or opens subsidiaries in another country, there are considerations to be made, including cultural awareness and expatriates who better understand the country they are entering. As Thompson states, “The most successful companies who conduct expatriation exercises break the process down into three key areas. Pre-assignment focuses on identifying the right people for the assignment. Secondly, reciprocal communication between the expats home country and the assignee is maintained. Finally, one must consider the repatriation mechanism” (2010).

Considering the findings and the diverse factors and elements affecting the corporate environment, companies must determine whether the country aligns with their business goals, mission and social commitment. Sometimes the “one size fits all” mentality does not apply and is simply not even legal in certain countries. In Colombia’s case, due to the progress made with LGBTI rights and similarities to the USA, MNCs do not face the same challenges they would in other more conservative or religious countries, like some in the Middle East or India, for example.

But the journey to D+I policies declaration and implementation does not happen overnight, and companies requires guidance. Where to begin, especially when operating in countries where human life aspects such as same-sex relationships are illegal or culturally rejected? The answer is to think and act glocally: underscoring the business benefits of diversity locally, and adopting global policies that make the workplace safe, fair and accepting for all, as stated by Zappulla in 2017.
 IX. Reference


Quintero, Yenni Viviana; Duque Orozco, D. O., & Acevedo, M. C. (2012). Examples of Socially Responsible Practices of Multinational Enterprises from Developed and Developing Countries in


