

BUSINESS ETHICS IN RUSSIA

National Foundation “Russian Business Culture”

Entrepreneurial activities basing on private property and personal interests are an integral and a most important component of the modern economy.

The role of business determines its civic rights and responsibilities. No law or contract can provide for every contingency. Often businesspeople have to take decisions basing just on their common sense and conscience. With no conscience, moral principles and values to guide a businessperson, he or she will fail personally, at the same time dooming the economy to collapse and the society to ruin.

In the interconnected and interdependent world of today where international borders become more and more transparent, the international reputation may depend on the adherence to these principles.

Striving to revive and enhance the past glory of the Russian entrepreneurship in Russia and in the world at large, and to make next generations hold in remembrance a noble image of the Russian enterprise we call all Russian businesspeople to adhere to the following principles of business conscience basing on the historical experience of Russia and practices of the modern international business community.

The main guidelines for working out these Principles of Business Ethics were two documents: *Seven Principles of Business Ethics for Russia* (191 2) and *Business Principles* (Go Declaration). The former links this present document with the heritage of Russia, the latter with international business practices. An important feature of this document is that it centres on the businessperson in the entirety of his or her relations with the world.

PERSONAL PRINCIPLES

From the point of view of psychology terms “personality” and “principles” are inseparably linked together, since the principles are a major, basic, permanent factor determining the type of behaviour, while personality is a stable set of individual ethic values. The more consistent a human being is in his or her views, acts, and appraisals, the more developed his or her personality is.

I. Profit May Be Paramount, But Honour Is More Important Than Profit.

For centuries this principle has been adhered to in Russia no matter what.

Profit is an indicator of business success. There is no doubt that profit is the main goal of any business. The disagreement starts when it turns to the means to

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be used and the price to be paid in order to achieve this goal. Since the central problem of ethics is the problem of the balance between the goal and the means, this principle means that a moral compromise is too high a price to pay for even large profits.

On the other hand, the adherence to high moral principles guarantees profits, since it ensures high quality of goods and services, the mastery of modern business contact technologies, the reputation of a reliable, competent and decent partner. In the end it turns out that “there is more profit in being honest.’

These principles are directly related to the very essence of entrepreneurship - the establishing and successfully operating a business at a profit. These principles set forth some guidelines for taking professional decisions, which may entail certain consequences of moral nature.

IV. Always Run A Business Within Available Means.

This recommendation concerns an important, although not always acknowledged, aspect of business, namely, the ability to calculate risks, not to act recklessly, even if there can be no true enterprise without ardour.

Today, at the time various “pyramid” schemes set out both at the governmental level and privately abound, this principle is called upon to caution against being trapped or getting into debt up to the neck entailing eventual collapse of the business.

V. Justify Partners’ Confidence. It Is The Basis Of Business And A Key To Success. Strive To Achieve The Reputation Of An Honest, Competent, And Reliable Partner. Be Like The Best Partner You Would Wish For Yourself.

Mutual trust is an important, maybe even the most important psychological component of successful social interaction. No legal system, however developed, can substitute for it. Otherwise, with trust and confidence no legal regulation is required. From time immemorial partners who trusted each other carried out their obligations without any legal documents, took partners word. Moreover, the highest expression of appreciation in the business world is that this or that person “may be taken at his or her word.” In the modern world with its developed legal system regulating business relations the role of confidence not diminishes, but increases.

VI. Compete In Appropriate Manner. Settle Business Disputes In Amicable Way. The Most Reliable Partner Is That Who Gets His Or Her Fair Share Of Benefits From A Transaction.

The modern business world more and more lives according to the strategy of mutual gains, not so much because of the higher moral standards as because of the practical evaluation of co-operation benefits as compared with losses from confrontation.

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A majority of recommendations as to how build up trust come to the same thing: those wishing to gain others’ confidence shall start with self-improvement, display initiative, demonstrate openness, etc.

ETHIC PRINCIPLES OF A RUSSIAN CITIZEN

Russian entrepreneurs have been always distinguished by their feeling of social responsibility towards the country, towards the society. The current philosophical paradigm does not take this tradition into account. Therefore the following group of principles regards to relations of the Russian entrepreneur with the society and the state.

VII. Observe The Laws In Force, Abide By The Lawful Authorities.

Relations with authorities are an important and vexed issue for the Russian entrepreneurs. The roots of this problem are deep in the past, the heart of the matter being the fact that businesspeople have been always oppressed by the authorities.

Feeling that it is beyond their power to defend their positions, businesspeople in Russia usually tried either to win authorities’ favour, or to bribe them; however, most often businesspeople try to get round the authorities altogether. Therefore businesspeople have always found themselves in the state of dependence and of vulnerability.

The recommendation to observe the laws and to abide by the authorities does not mean to obey blindly. The following principle is applicable if laws are unfair and hinder reasonable business conduct.

VIII. To Lawfully Influence Policy- And Law-Making Join The People Who Share Your Ideas And These Principles.

This principle directs businesses towards using only lawful means when dealing with authorities and to abide by the law.

Today industrialists and entrepreneurs are starting to become a political force and are ready to defend their interests by lawful, civilised means in legislative assemblies, not in governmental officials’ offices. Three pre-requisites are necessary to do this effectively: to become aware of common interests, to unite, and to organise for action.

IX. Do Good Deeds For People, Not For Gratification Of Your Self-Interest And Vanity. Do Not Demand Social Recognition For This.

Today, when mass media are enormously influential and when the role of advertising and public relations agencies becomes ever greater, it is sometimes difficult to distinguish between good deeds done for the people’s sake and those done just for the sake of appearances.

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First of all, to do good deeds is necessary for entrepreneurs themselves in order to maintain and develop their own core values and to take right business; decisions.

ETHIC PRINCIPLES OF AN EARTH'S CITIZEN

Internationalisation and globalisation of business are an integral feature of the modern world.

The ecological crisis, the use of natural resources, crime rates, and corruption are on the scale unimaginable at the beginning of the century. All these realities of the modern world have the same feature in common: their global character. Respectively, business attitude shall be scaled up to the challenge. The decision-making process in the modern business practices often involves the analysis of what global consequences this or that decision may entail.

X. Creating And Running A Business At Least Do Not Harm Nature.

The time of reckless use of natural resources has gone forever. It is felt even in Russia with its huge resources.

The industrial activity of mankind has become a global geographical factor. In a majority of countries the ecological crisis aggravates. The world community is starting to manage the consumption of natural resources and to regulate the treatment of nature. All countries adopt legislative acts denying market access to goods, production of which involves ecological crimes. In this way the enforcement of business ethics by imposing respective sanctions for infringement upon environmental regulations is used alongside with recommendations on their implementation.

XI. Find Courage To Resist Crime And Corruption. Contribute to Making These Phenomena Socially Unacceptable.

A number of factors has contributed to the present situation: faulty legislation, financial instability, governmental agencies' infringement upon entrepreneurs' rights, extortion on the part of criminal structures, etc. However, a major factor is the attitude towards these problems businesspeople have assumed, their inability to act as a united front, to organise resistance. As a rule, each entrepreneur prefers to solve the problems on his or her own, accepting “protection”, giving bribes. However, sooner or later a moment will come when it becomes necessary to stand up to rapacity, but then it will be much more difficult. The history of business in the USA is exemplary in this aspect; there criminal business practices are now considered to be among so called human vices, like gambling, prostitution, drug abuse. It is significant that many people who became rich operating in this sphere dream about laundering their dirty money and becoming respectable businesspeople, to be respected by the normal society.

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There is no other way to solve this problem except by uniting honest entrepreneurs.

XII. Be Tolerant Towards People Of Other Cultures, Religions and Countries. They Are Not Better Or Worse Than Us. They just Are Different.

To perceive people of other nations from the point of view of one’s own culture is an integral part of a human being. Sometimes this attitude becomes extreme: it develops either into a superiority complex (nationalism), or into an inferiority complex. Due to the enhancing internationalisation of the economy the ability to take a rational and neutral stand without going to one of these extremes becomes an important moral and psychological problem.

It would be naive to expect that just by publishing these Principles they can be made the guidelines for action, especially in the present economic, social, and political situation in Russia. There are many obstacles to this, which are hard to overcome due to various reasons.

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