

RECOMMENDATIONS ON INTRODUCING BUSINESS CONDUCT ETHICS IN RUSSIA

The adoption of a business ethics code by the Russian business community is an urgent practical task. It is simply impossible to ignore it. The question is what is necessary to do in order to introduce the Principles into everyday practices so they would not remain a dead letter as it has all too often happened to other good intentions.

These recommendations are designed for those on whom the implementation of the Principles depends: for the state as represented by the government and the legislature; for the society as represented by mass media; for educational agencies as represented by business education institutions; and most importantly for businesspeople as represented by their associations, both social and professional.

1. Recommendations for Business Associations

Various business associations, unions, etc. play the key role in implementing the Ethic Principles, since exactly on this level of business activity individual and collective (group) interests are linked together.

Speaking of what professional and social business associations could do, the following steps are recommended:

- to discuss the problems of modern business culture in Russia and the importance of the Principles of Business Ethics for Russia;
- to create Committees (Commissions) on professional ethics at associations
- to give publicity to the most illustrative instances of the positive behaviour on the part of businesspeople on regular basis, to organise contests for the title of the most ethical association's member;
- to inform association's members on the most scandalous instances of unethical behaviour on the part of other entrepreneurs, even black-list them as unreliable partners;
- to conduct regularly workshops and courses for human resources officers who most often encounter ethical problems;
- to publish manuals and guidelines in order to develop employees' value orientation;
- to initiate and support the creation of corporate codes of conduct;
- to discuss the development of association's ethic norms at the CEO level;
- to promote the positive image of the association and its members in the eyes of the public;
- to discuss common problems of relations with the state, its agencies and officials together with other associations.

2. Recommendations for the State

Basing on materials of various conferences, round tables, discussions on the topic of relations between business and authorities conducted by legislative and governmental agencies, as well as on sociological, and social and political studies the following recommendations may be developed in order to facilitate the elimination of barriers hindering the implementation of sound business conduct principles in Russia:

- to create a simple, understandable, and unambiguous framework of laws and regulations, which would be interpreted by entrepreneurs and officials in the same way; it is most important for taxation rules and business registration procedures;
- to drive organised crime back into its traditional sphere of activity providing safety for honest businesspeople;
- to minimise the relative importance of the authorisation as compared to the registration principle;
- to minimise personal contacts between officials and entrepreneurs, except for joint collective discussions of common problems;
- to render inadmissible the so-called "presumption of guilt" of an entrepreneur, assuming any businessperson to be a potential criminal and a swindler;
- to promote the establishing in official and public activities of an opposite presumption, i.e. the "presumption of trust" according to which businesspeople are the mainstay of the economy, the source of budgetary revenues;
- to consider infringements upon the economic rights of entrepreneurs (unfounded attachment of accounts, seizure of documents) as a crime against the public security;
- to give guarantees (including those at the international level) of the inviolability of the private ownership principle;
- to promote the participation of entrepreneurs in legislative assemblies;
- to enhance the efficiency of the arbitration and the law enforcement systems, by allowing the participation of representatives from businesses at some levels;

It will take several decades until the aforementioned Principles, however trite they may seem to entrepreneurs from many countries, may become generally accepted in Russia. This will require changes not only in business culture, but in the environment in which it originates and functions, i.e. in the culture of the society at large.

3. Recommendations for mass media

As a special analysis of informational products reveals, mass media either pay no attention to business, or represent it in a negative way, i.e. in connection with crimes, sensational scandals, gang wars, etc.

At present it is important to stress that a positive image of an entrepreneur shall be promoted not only by specialised, business and professional publications, but by the mass media aimed at the general public as well, first of all by television. A business-related occupation is a good subject for journalists to create works of all genres portraying entrepreneurs not only as "money bags", or commonplace sponsors or donors, but as characters solving existential problems of the fight between good and evil, personifying such qualities as intellect, quick wit, energy, purposefulness, and many others necessary for any entrepreneur to reach a true success. Young people shall strive for becoming entrepreneurs not just to solve their money

problems and of course not to indulge in escapades and conspicuous consumption, but because of the fact that entrepreneurs are able to carry out their plans, to implement their ideas, to be masters of their fate.

There is also a special problem of overcoming the negative perception of Russian entrepreneurs in other countries. The negative stereotype of Russian businesspeople personified by caricature "new Russians" (the people of the type making less than one per cent of all entrepreneurs) has become a serious obstacle for Russian businesspeople operating on international markets. Foreign competitors often deliberately promote this slander.

To create a positive image of modern Russian entrepreneurs is a key factor in promoting honest business. Only mass media are able to make a major contribution in the gradual elimination of prejudices against business. To solve this problem it is necessary:

- to work out a common action program for all mass media recognising the importance of the task;
- to work out a number of sub-programs aimed at key social groups: children, young people, middle-aged and older people, etc. basing on the common action program;
- to portray a wide range of successful and honest businesspeople;
- to show the continuity of pre-Revolutionary positive Russian traditions in the modern life, especially of the charity and the patronage of arts;
- to report on sore points of Russian entrepreneurs, their complicated relations with the authorities and the bureaucracy;
- to demonstrate the success Russian businesspeople have achieved abroad and in partnership with foreign entrepreneurs;
- to tell about entrepreneurs' contribution to the preservation of the environment, of their participation in solving ecological problems;
- to establish a magazine (to be both printed and televised) dedicated to business ethics (there are several such magazines in the USA);
- it is of the paramount importance to avoid any "frontal" promotion of the Ethic Principles as a usual far-fetched catechism; it is better to stress the results the adherence to the ethical norms may bring about.

Obviously this list could be made much longer; however, if "only" the aforesaid points could be implemented in a few next years, it would be enough to shift the society's attitude to entrepreneurs.

4. Recommendations for Business Education Institutions

The concrete organisational steps to be taken in this sphere shall be aimed at the integration of ethical problems into the process of business education. In order to accomplish this task it is necessary:

- to seek the mandatory integration of courses on business ethics into business education programs at all levels;
- to integrate lectures on respective ethic aspects in the most important individual courses (management, marketing, etc.);
- basing on the Russian experience to work out text-books on business ethics, which

would be at the level of best standards existing in the modern business education, and which would facilitate the active participation of students;

- to work out in co-operation with the Russian Association 'of Business Education a program and refresher courses on business culture and ethics for the educators working in this field;
- to organise regional courses on business culture and ethics in Russia;
- to arrange the international exchange of programs and experts with leading foreign centres on business ethics and business colleges on a regular basis
- to work out a range of manuals for distant learning involving modern communication technologies (audio and video recordings of lectures by best experts, business games analysis, etc.);
- to proceed from the systems principle and to regard the Ethic Principles not as an isolated document, but as a part of the business culture, which in its turn is a part of the Russian and the world culture;

An important means to maintain sound tendencies in business is the *system of various rewards* for those entrepreneurs and companies, who give the lead in this regard. Obviously, the best reward for an entrepreneur is his or her reputation of a reliable, decent, and competent partner. However measures of public encouragement shall not be underestimated. These measures enhance an entrepreneur's prestige among the colleagues; their effect bases on the common social and psychological need of social comparison, i.e. of collating oneself with others working in the same field.

The best entrepreneurs may be commended in each of the aforementioned spheres of support for business ethics.

Business organisations and associations may do the following:

- establish the title of "Entrepreneur (firm) of the year" awarded depending on results of respective contests;
- guarantee soft credits to ten best entrepreneurs;
- make an entrepreneur a member or an expert of an ethics committee in recognition of his or her moral authority;
- include a businessperson in the "Golden List of Russian Entrepreneurs" in recognition of the established impeccable reputation.

The state could do the following:

- establish a state prize and the decoration "In Commemoration of Services for the Fatherland" annually awarded to entrepreneurs on the precondition of compliance with ethical norms;
- give priority to the best entrepreneurs when approving applications for participation in national economic projects;
- provide the political backing in international business activities.

Mass media (taking into account their role in the shaping of public opinion) could do the

following.

- report on activities of leading entrepreneurs on the base of their merits, not because the coverage was paid for;
- conduct national, regional, local contests for the best business reputation as evaluated by consumers, partners, employees;
- provide support for entrepreneurs at the international level.

The institutions of business education could do the following:

- invite the best entrepreneurs to speak at business colleges during conferences on business theory and practice;
- promote publication and distribution of books on life and work of leading Russian entrepreneurs, including those written by them; include these books into lists of compulsory readings;
- promote the publication of works on the theory and practice of business culture and ethics written in collaboration with leading entrepreneurs, with the aim of awarding to them academic degrees allowing them to lecture in business colleges.

Obviously, this list of recommendations is bound to be expanded and elaborated on by all parties these recommendations are addressed to, first of all entrepreneurs themselves. The implementation of these recommendations depends on how urgent the objective need for transition to civilised business methods will be and how consistently the general principles of implementation of progressive ideas will be observed.