

# ***E – Newsletter***

INTERNATIONAL CENTER FOR ENTREPRENEURIAL STUDIES  
UNIVERSITY OF BUCHAREST

**ICES**

**January 2003**

**“Business Associations Initiatives for a Private – Public Partnership in Fighting Corruption”**

***WORKING GROUP:***  
**ROMANIAN BUSINESS ASSOCIATIONS**

## **BUSINESS CONDUCT CODE** **Business Ethics General Principles**

*Business ethical principles are voluntary. Abiding by such principles would nevertheless have a significant impact on Romania's business environment: the certainty that, within a freely agreed framework we all play by the same rules.*

*Bucharest, January, 2003*

*The Code was drafted in partnership with Good Governance Program of the International Trade Administration, US Department of Commerce*

## **Principles for Personal and Professional Relationship**

- Build your business on moral principles;
- Base your business on trust. Trust is the base of entrepreneurship and is the key to success;
- Gain your reputation for integrity, competence and excellence;
- Do always business within the limits of your own available resources;
- Respect your partners and all participants to a joint business;
- Refrain from use of violence or threat of violence as ways to achieve business success;
- Do not use crime and corruption in business relationship. Do your best to bar crime and corruption.

## **Corporate Governance**

- Cultivate the trust as a base of relationship between the management and shareholders;
- Transparency in the vote rules in general meetings;
- Respect for the minority shareholders' rights;
- Open communication with shareholders by providing audit reports and information on the status of the corporation;
- An operational Board of Directors, consisting in a large number of independent directors, separated from the management, serving both the interests of the company and those of all its shareholders;
- A balanced relationship between the Board of Directors and the management of the company;
- Avoid the conflict of interests between the company and the Board of Directors' members' and managers' personal businesses.

## **Relationship with Employees**

- Permanent observance of the labour legislation;
- Apply employees' work safety and health rules at highest standards;
- Non-discrimination in employees' recruiting, payment and promotion;
- Observe employees' right to be involved in unions' activities;
- An effective system of consulting employees concerning working conditions and other problems they are faced with;
- Clear and transparent policies concerning wage pay, bonuses, promotions and other working conditions, stated in the collective and individual work contracts, in internal rules etc;

## **Relationship with other Companies**

- Respect for contracts;
- Availability to negotiate and to compromise in case of business conflicts;
- Observe the rules of law, court and arbitrage bodies' and other legal entities' decisions;
- Companies will commit to fair competition and stand against the unfair competition acts;
- Partnership relationship with suppliers and clients;

## **Relationship with Community**

- Observance of the consumers' rights. Companies will undertake to provide safe products and to comply with the requirements imposed by the laws.
- Companies should play a role in the issues and public policies and their status in the community.

- Communicate with the community and knowledge of its problems;
- Observance of all the laws and local rules concerning environment protection;
- Tolerance for cultural, racial, religion and national diversity.

### **Relationship with the Authorities**

- Pay all taxes and dues in time;
- Observe all laws and regulations concerning business;
- Secure all authorizations, licences and approvals required to run a business;
- Deal with government authorities on an arm's lengths basis. Avoid tentative to influence the government's decisions in an inappropriate way. The pressure on the authorities (lobby) should be transparent and should be done by business associations in the interest of all the business community, within a public – private dialogue;
- Transparent procedures for the business relations with all government entity officials or with any state-owned company;
- Include in transactions with state – owned entities, provisions relating to the observance of international and national anti-corruption codes;
- Firms will undertake to use all legal means in order to settle disputes with state authorities and to abide by all judicial awards in this respect.

### **Preventing Corruption**

- No business person or company should, directly or indirectly, offer or give a bribe;
- Companies should make sure that any payment should not represent more than the amount due for a legitimate supplied

service and that no part of that payment should be retained as bribe;

- All financial transactions should be correctly recorded in accounting documents ready available for inspection. Independent audit systems should be set up in order to check any transaction;
- Political parties can be sponsored only transparently and according to the law;
- The Boards of Directors should check if the above principles are observed and take attitude against managers and employees that do not comply.

### **Company Transparency**

A company must have a totally transparent policy concerning:

- Company's reports on strategic objectives (ways they were achieved in the past and future action);
- Prompt reports on events that could have a material impact on company;
- Prompt disclosure of all important relationship of company's legal representatives with other parties.

### **Development of a Culture Designed to Consolidate Solid Business Standards and Ethics Practices**

- Drafting and disseminating of a code of conduct for the employees;
- Continuous training for the employees;
- Encourage compliance with the code as well as control and sanctions for disregarding the code;
- Set up an ethics bureau in charge with training instructors and consultants in this field.

## **Recommendations to Companies for the Implementation of These Principles**

- Draft individual company Codes based on these principles and apply them according to specific of the respective business;
- Draft clear policies and directives, as well as training programs for the implementation of the Codes' provisions.

## **REFERENCES:**

1. Contributions in the Working Group of the following Romanian business organizations are acknowledged:

# International Center for Entrepreneurial Studies;

# STRATEGIC ALLIANCE OF BUSINESS ASSOCIATIONS:

- Romanian Chamber of Commerce and Industry,
- Romanian Association of Shareholders,
- Romanian Association for Electronics and Software;
- Chamber of Commerce, Industry, Shipping and Agriculture, Constanta;

# NATIONAL ASSOCIATION OF ROMANIAN EXPORTERS AND IMPORTERS.

2. Review and approval from organizations that are members of both the Strategic Alliance of Business Associations and the Alliance for the Economic Development in Romania are acknowledged;

3. US Department of Commerce, “Business Ethics Program” – Basic Guidelines for CODES OF BUSINESS CONDUCT, 2001;

4. Center for International Private Enterprise’s Conference on THE ROLE OF CORPORATIONS IN TODAY’S SOCIETY, Bucharest, 1998;

5. Dr. John Sullivan, “Anti-Corruption Initiatives from a Business View Point”, CIPE, US Chamber of Commerce, *Sixth Annual Harvard International Development Conference “Development as a two-way street: merging social progress with financial profit”*, April 8, 2000;

6. CORPORATE GOVERNANCE VOLUNTARY CODE, ICES/SABA/CIPE Project, Bucharest, 2000;
7. OECD Report on “Corporate Governance in Romania”, 2001;
8. OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions;
9. Dr. Ion Anton, Discussion Paper on “*The Role of the Board of Directors in the Corporate Governance in Romania*”, A SABA/CIPE Project on Corporate Governance, 2002.



## **STRATEGIC ALLIANCE OF BUSINESS ASSOCIATIONS**

- 1. CONSULTING AGENCY, ASSISTANCE, SERVICES, TRANSFER OF TECHNOLOGY FOR LOCAL ECONOMY**
- 2. ROMANIAN ASSOCIATIONS OF SHAREHOLDERS**
- 3. ASSOCIATION FOR WOMEN ENTREPRENEURSHIP DEVELOPMENT**
- 4. BACAU COUNTY EXPORTERS AND IMPORTERS ASSOCIATION**
- 5. BACAU COUNTY MANUFACTURES ASSOCIATION**
- 6. ASSOCIATION OF MILLERS AND BAKERS WITH PRIVATE CAPITAL**
- 7. BACAU COUNTY MILLERS AND BAKERS ASSOCIATION ( ASMOPAN )**
- 8. BUSINESS OPPORTUNITIES FOR WOMEN ( BOW )**
- 9. EMPLOYERS ASSOCIATION CLUJ**
- 10. EMPLOYERS ASSOCIATION MEDIAS**
- 11. ENTREPRENEURIAL UNION OF PRODUCERS AND USERS FOR INDUSTRIAL EQUIPMENT FOR ENVIRONMENT PROTECTION**
- 12. ASSOCIATION OF EMPLOYERS AND CRAFTSMEN CLUJ**
- 13. ROMANIAN ASSOCIATION FOR ELECTRONICS AND SOFTWARE**
- 14. BACAU COUNTY TRANSPORT ASSOCIATION**
- 15. CHAMBER OF COMMERCE AND INDUSTRY ARGES**
- 16. CHAMBER OF COMMERCE AND INDUSTRY CLUJ**
- 17. CHAMBER OF COMMERCE AND INDUSTRY COVASNA**
- 18. CHAMBER OF COMMERCE AND INDUSTRY HUNEDOARA**
- 19. CHAMBER OF COMMERCE AND INDUSTRY IASI**
- 20. CHAMBER OF COMMERCE AND INDUSTRY „OLTENIA” – DOLJ**
- 21. CHAMBER OF COMMERCE AND INDUSTRY PIATRA NEAMT**
- 22. CHAMBER OF COMMERCE AND INDUSTRY OF ROMANIA**
- 23. CHAMBER OF COMMERCE AND INDUSTRY VALCEA**
- 24. CHAMBER OF COMMERCE, INDUSTRY AND AGRICULTURE BACAU**
- 25. CHAMBER OF COMMERCE, INDUSTRY AND AGRICULTURE TIMIS**
- 26. CHAMBER OF COMMERCE, INDUSTRY, SHIPING AND AGRICULTURE CONSTANTA**
- 27. CHAMBER OF COMMERCE OF PRIVATE ENTREPRENEURS**
- 28. BUSINESS CENTER TRANSILVANIA – SALAJ SUBSIDIARY**
- 29. CONSULTING CENTER FOR SME TULCEA**
- 30. MANAGEMENT AND BUSINESS CONSULTING CENTER CONSTANTA – „OVIDIUS” UNIVERSITY**
- 31. STUDY AND ANALYSES CENTER SUCEAVA**
- 32. PRIVATE ENTREPRENEURS FEDERATION TIMIS**
- 33. NATIONAL FEDERATION OF ROMANIAN EMPLOYERS**
- 34. NATIONAL FEDERATION VITAL**
- 35. NATIONAL COUNCIL OF SME IN ROMANIA**
- 36. EMPLOYERS FEDERATION BIHOR**
- 37. REGIONAL FEDERATION OF SME REGION V WEST**
- 38. BUSINESS FOUNDATION CONSTANTA**
- 39. FOUNDATION FOR SME PROMOTION BRASOV**
- 40. INTER-PROFESIONAL EMPLOYERS’ GROUP NEAMT**

- 41. ROMANIAN NATIONAL EMPLOYERS' ASSOCIATION – MURES SUBSIDIARY
- 42. GENERAL UNION OF ROMANIAN INDUSTRIALISTS ( UGIR 1903 )
- 43. NATIONAL UNION OF PRIVAT CAPITAL EMPLOYERS OF ROMANIA
- 44. NATIONAL UNION OF AGRICULTURAL PRODUCERS OF ROMANIA

*International Center for Entrepreneurial Studies is a Think Tank for the Strategic Alliance of Business Associations*

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