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C O M M E N T

WTO Entry Bodes Well For Curbing Corruption

By Brook Horowitz

On Friday, Russia was accepted into the World Trade Organization and beyond that to the OECD. Joining these international institutions brings with it obligations and responsibilities, which the government sooner or later will have to translate into new domestic legislation, and which, when implemented, will have an impact on how companies operate. This offers an important opportunity to decrease corruption in the country.

The real difficulty is for Russian companies dependent on the state for their "right to operate." Even here there are encouraging signs. Several Russian companies, especially those with an international footprint, are trying to clean up their act. They may or may not be motivated by a set of ethical beliefs, but underlying it is a strong business motive: These companies believe — or have calculated — that the cost of engaging in corrupt activities may actually outweigh the cost of business lost by refusing to pay up. They have understood that a strong commitment to corporate governance and responsible business practices not only helps them run their companies more efficiently, but also makes them more attractive to international purchasers and suppliers, lenders and investors.

The leading companies that are already committed to doing business

honestly already contribute to a cultural change, which is poised to infiltrate the market. Contractual arrangements with local companies obliging them to adhere to the best international standards, compliance-training programs for suppliers, distributors and agents, and terminating contracts when standards simply don't match up, can all bring the culture of compliance to a wider range of companies.

More can be done. Senior executives of multinational companies and their Russian counterparts can and do informally exchange ideas on how to raise business standards and manage corruption challenges, for example at Moscow-based workshops and round tables of the various business associations. Top executives visiting Russia can find time to speak to MBA students and young managers about ethical dilemmas that they may have confronted in their professional careers. With the help of these role models, and a concerted effort at this crucial time of change, the business leaders of Russia will come to their own conclusions: Corruption is more costly than it is worth, there is a place for values and leadership in business and "corruption" and "Russia" do not forever have to be synonymous.

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