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Giorgio Invernizzi <i>Editoriale</i>	pag. 547
Rosella Ferraris Franceschi La fondazione delle Scuole superiori di commercio: il rilevante contributo allo sviluppo delle conoscenze ed alla formazione dei giovani nell'area ragioneristica e commerciale	pag. 550
<u>Studi e Ricerche*</u>	
Marco Allegrini - Giulio Greco - Silvia Ferramosca Impairment dell'avviamento e corporate governance. Un'analisi empirica delle società quotate italiane	pag. 567
Alessandro Mechelli - Riccardo Cimini L'effetto dell'introduzione dei principi IAS/IFRS sull' <i>earnings management</i> nei Paesi dell'Unione Europea	pag. 582
Enzo Scannella I processi di standardizzazione della funzione creditizia degli intermediari bancari: aspetti istituzionali, organizzativi e finanziari	pag. 596
Maria Federica Izzo - Barbara Sveva Magnanelli Responsabilità Sociale d'Impresa e Rischio. La relazione tra Performance Sociale e Costo del Debito	pag. 608
<i>Contributi Internazionali</i>	
Pavel Malyzhenkov Spread of business ethics corporate practices in Russian enterprises	pag. 621
<i>Documentazione Professionale</i>	
Flavio Dezzani O.I.C. - Organismo Italiano di Contabilità. Applicazione IAS/IFRS n. 2 "Impairment test" sull'avviamento	pag. 632
<i>Lettera ai Professionisti</i>	
Stefania Vignini - Laretta Semprini Dalla crisi d'impresa alla ristrutturazione del debito	pag. 644
<u>Memorie storiche</u> - Francesco della Penna - A proposito di economia aziendale (Risposta alla <i>Memoria storica</i> pubblicata sul fascicolo 5/6 Rirea)	pag. 655
*In questa sezione tutti gli articoli sono stati sottoposti a doppio referaggio anonimo	

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Spread of best business ethics corporate practices in Russian enterprises^(*)

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ABSTRACT: The present article aims to analyze the degree of diffusion of modern international business ethics practices like corporate social responsibility and corporate governance in the enterprises of Russian Federation. The relevance of this argument stands, on the one hand, in the increasing level of economic, political and trade relations between Europe and Russia and, secondly, in the importance of recent entrance of Russia in the World Trade Organization which has for Russian economy not only the purely commercial impact, but also leads to the changes in the business philosophy and in the ways to do business. From this point of view, the adoption of the best international business practices can constitute the fertile soil for the nearing of Russia to the global business community. Thus, the research aims to verify whether and how the intensification of these relations has an impact on corporate culture in Russia according to modern business standards.

1. Introduction

The most important process observed in modern Russia is the strengthening of what is called the "power vertical" or the "vertical of power". The President has concentrated in its hands the ultimate power of the state. Pro-Kremlin majority in the Duma provides full support for legislative initiatives of the President. The analysts have pointed to the fact, that the judicial system, political parties, the media have less influence on the Russian government and the Kremlin's political line. But the most important reality in recent years is linked to the fact that President and his entourage have become political "managers" of the wealth and privileges that can be achieved in Russia in 21 Century.

Therefore, after realizing that the political and economic systems in Russia are not divided and public governance and decision making are very personalized, a greater number of foreign investors based organization of their business on building personal relationships with the increasingly powerful Russian bureaucracy. That is to say that personal relations, based on the financial interest guarantees currently more than those legal and commercial. The so-called "Kremlinology" is back: investors are following with great attention the changes of "frameworks" at the top of the Kremlin. It allows to predict the changes that may affect the investment climate in Russia ^(†).

^(*) Articolo ad invito.

^(†) After the Yukos case (the arrest of the CEO and main shareholder Mikhail Khodorkovsky 25 October 2003) a few investors dare to test the patience of the authority of Russia. In this context the case of William Browder, president of Hermitage, a leading global investment fund, who in 2006, on arrival at the international airport in Moscow,

The cordial relationship set by Washington in the nineties was based on the assumption that aid and economic assistance, as well as the association of Russia to Atlantic block, would not only facilitated its transition to a market economy and democracy, but also guaranteed his acquiescence to the expansion of NATO to the East and the erosion of its influence throughout the former Soviet space. In part, this approach has been encouraged by the submissive attitude of Russia. Beyond the need to raise funds and to avoid international isolation, Moscow considered the cooperation with the U.S. an essential condition for remaining in the club of major world powers ⁽²⁾. This explains the very important Russian-American initiative for the safety of former Soviet nuclear arsenal, which has led in the early nineties, to the transfer in Russia of warheads deployed in Belarus, Kazakhstan and Ukraine.

The long negotiation process about the participation of Russia in the World Trade Organization ⁽³⁾ lasted nearly 18 years and terminated with its recent (August, 2012) acceptance which now requires from Russian economy the adoption of international trade principles. The realization of policies, measures and instruments aimed to the promotion of internationally accepted methods of managerial, accounting and organizational practices by entire Russian business community turns to become its necessary condition.

Still, many improvements, especially in the industrial field, modestly represented by innovative SMEs should be realized. In fact, at the beginning of financial crisis which has had serious effects on the Russian economy ⁽⁴⁾ the attention was mostly paid to sustaining of major industrial groups, the main element of Russian economy: in 2007 the 10 major groups (6 belonged to the field of oil extraction, 2 steel, 1 to banking and other rail transport) have contributed to the

discovered that his entry visa to Russia had been canceled without explanation, is also very significant. According to different sources, Browder obtained the status of persona non grata after the harsh criticism of corporate governance in Russia which, according to Western investors, in Russia must be seriously improved. So, the investors who are morally ready to accept the further strengthening of the power of the Kremlin will have a good chance to increase profits from operations in the financial markets of the country.

⁽²⁾ After the September, 11 the cooperation in antiterrorism has also been intensified. Putin was among the first world leaders to express solidarity with the American people, and declared himself ready to boost joint efforts against international terrorism, accredited to the White House and President Bush as a leader and trusted partner (September 11 has also given to Putin the right to divert international attention from the atrocities of the conflict in Chechnya, as well as to present the fight against Chechen secessionists as one of the fronts of the fight against Islamic terrorism) Source: E. GRECO, R. ALCARO, V. FABBRI "Le relazioni della Russia con Europa e Stati Uniti: sviluppi recenti e scenari futuri", 2007, our translation.

⁽³⁾ The most serious obstacle for Russia's entry in the WTO was represented by the position of Georgia whose political relations with Russia passed a very tense period: an armed conflict on 7-16 August 2008 involved Georgia on one side and Russia and South Ossetia and Abkhazia separatist governments on the other. Such situation represented a worrying factor for the functioning of the economy in general and for the presence of foreign (in particular, Italian) companies. It is witnessed by the scandal that involved Benetton, when in May 2009, the Novo Group, Benetton's Turkish partner, announced the opening of a clothes shop in Sukhumi, the capital of Abkhazia, the pro-Russian republic which struggles for years against the Georgian central government. The result was the order from the Ministry of Commerce of Georgia to close (even if temporarily) all four Benetton shops in Tbilisi. Political tensions rose further after the demolition in December of 2009 of the memorial to the fallen of World War II in Kutaisi, Georgia's second city, where the Georgian President Mikhail Saakashvili wanted to transfer the parliament. This action has caused some controversy and protests not only by Moscow, but also by the Georgian war veterans. However, there are also positive signs of improving this situation, like that of March 1, 2010 reopening of land border between Russia and Georgia closed two years before ("Svobodnaya Gruzia", "The free Georgia", 5 May 2010).

⁽⁴⁾ It was estimated that from August till the end of October of 2008 the investors have withdrawn from Russia approximately 147 billion dollars. Further it led the capital to go out of the risky markets and in front of the difficulties of bank system, the Russian Government has launched a 200 billion dollars maxi-programme applying loans, tax benefits and different aids to credit institutions and enterprises «Rublo a picco, Mosca alza i tassi», Il Sole 24 ore, 12 novembre 2008, our elaboration.

formation of GDP to 28.2% ⁽⁵⁾. After the financial crisis, in December of 2008 the Government Committee on increasing the stability of development of the Russian economy, presided over by First Vicepremier Igor Shuvalov, published a list of 295 most important large companies for the Russian economy ⁽⁶⁾.

Industrial sector	Number of enterprises	Percentage, %
Transport	30	10,2
Energy	36	12,2
Oil and gas extraction	10	3,4
Coal mining	6	2,0
Communication and mass media	18	6,1
Steel and mining industry	32	10,8
Chemical and petrolchemical industry	17	5,8
Automobile industry	5	1,7
Armament industry	7	2,4
Aeronautics	3	1,0
Shipbuilding	13	4,4
Engine design	6	2,0
Construction of agricultural machinery	2	0,7
Engineering industry	5	1,7
Missile and space industry	19	6,4
Radioelectronics	7	2,4
Mechanical engineering for transportation	4	1,4
Machine tool construction	5	1,7
Building materials	7	2,4
Woodworking industry	5	1,7
Pharmaceuticals	11	3,7
Large retail chains	7	2,4
Food industry	34	11,5
Civil construction	6	2,0
Total	295	100%
<i>Source: Russian Federation Government, our elab.</i>		

Tabella - 1

The enterprises were chosen according to parameters like turnover, paid taxes, quantity of personnel (not less than 4 thousand of employees ⁽⁷⁾). Table 1 shows the division by sector of

⁽⁵⁾ Data from the Federal Statistics Service of the Russian Federation.

⁽⁶⁾ According to Conserva: "In case of today's Russia, there are no simple and direct measures for the development of competition and restriction of monopoly considering the specific historical heritage of the country. The reason of it stands in the historical delay of almost a century in dealing with such tasks due to the events of Russian history in the twentieth century, but also in the fact that the legislature in recent years has had to intervene in a situation in which, on the one hand, competition was almost nonexistent and, secondly, the monopoly held an almost complete role in the economy (about 80% of enterprises and other economic organizations were operating in their respective spheres of activity in the Soviet state as monopolists). Cfr. CONSERVA M. *Russia: commercio internazionale e investimenti esteri*, IPSOA, 2007 (our translation).

⁽⁷⁾ The greatest concern for the Government was that to see increasing unemployment, which in March of 2009

companies which benefited from this initiative ⁽⁸⁾.

So, Russian economy fronts a serious challenge – transition to an innovative way of development that means not simply growth of innovative activity, and qualitative changes in the majority of spheres of economy. Still the realization of these changes is impossible without the adoption of modern governance practices to internationally recognized standards, the object of present work.

2. Corporate governance practices in Russian business

The transformation of the economic system started from an extensive process of privatization which has assumed in some countries particular characteristics and, especially in strategic sectors, is not yet complete. As far as, in particular, Russia is concerned the process took the form of "mass privatization", in which the ownership of companies that had belonged to the State was transferred for free to the community by means of vouchers, mainly in the period 1992-1994 ⁽⁹⁾.

The principal features of the Russian model of privatization can be summarized as follows⁽¹⁰⁾:

- mass corporatization in the course of privatization (more than 30,000 open joint stock companies were created in Russia; there are more of these companies in Russia than in the rest of the countries of Eastern and Central Europe and the CIS combined);
- major special advantages for insider employees and managers, and their widespread participation in privatization (at the very outset of the privatization process 50–60 percent of shares were transferred to insiders for vouchers (or sold for cash));
- mass sale (or free distribution) of shares in privatized enterprises for vouchers, which were issued to all citizens for a symbolic charge;
- the freely transferable nature of the vouchers and their free circulation on the market,

reached 10%. The consequences of the crisis in Russia also urged the workers of the "strategic" sectors to become farmers: it's the case of Magnitogorsk Iron and Steel Works, the largest steel industry in the country (25 thousand employees), which has provided the workers with one thousand lots of land around the plant to grow potatoes, even offering them transportation on the field and a 24-hour security service a day. Source: «Dalle acciaierie ai campi di patate», *Il Sole 24 Ore*, 1° May, 2009.

⁽⁸⁾ Anyway, it should be recognized that the anticrisis measures taken in 2009 were generally aimed to limit the impact of the recession, without ensuring the modernization of the national productive system and to ensure the long-term growth objectives. It follows that the growth in the short term will be unstable and slower than expected, the economy continues to depend on international demand for raw materials and based on a model of subsidies that the government was planning to leave before the outbreak of the crisis. Instead, among the most important objectives set for 2011 the acceleration generated by the Russian administration in the process of modernization of the country with the identification of five priority objectives (energy efficiency, information technology and telecommunications, healthcare and pharmaceutical sector, space and nuclear) stands out.

⁽⁹⁾ In connection with the state's hold on large blocks of shares in so-called strategic enterprises, by virtue of the size of these enterprises (this situation is typical of other countries as well, such as Hungary, the Czech Republic, Poland, and others), the structure of corporate ownership and, accordingly, the subsequent trajectory of development of corporate governance, differed sharply at enterprises in the petroleum and gas industry, the electric power industry, and telecommunications, where the state's stake was usually around 38–51 percent, and the insiders' stake was 20–30 percent, compared to the majority of enterprises in light industry, the food industry, and the production of building materials, in which the state's stake was nonexistent or was in the 10–15 percent range, and insiders played a dominant role.

⁽¹⁰⁾ Source: VASILIEV D., *Corporate Governance in Russia: Is There Any Chance of Improvement?*, Ernst&Young, 2000, Moscow.

which made it possible for processes involving the concentration of ownership to begin considerably sooner than the actual sale of shares (approximately 25–30% of citizens sold the vouchers they received, and one-third of these vouchers that were sold went into the hands of foreigners);

- the sale of shares under certificate-based privatization both directly and through intermediaries - certificate investment funds (some 25 million citizens became shareholders in 450 such funds). The certificate investment funds were the first collective investment institution in post-communist Russia.
- the open nature of joint-stock companies created in the course of privatization, which allowed the processes of redistribution of ownership through the free sale of shares to begin.

On average, in 1994 insiders accounted for 60–65% of shares held in privatized enterprises, outside shareholders accounted for 18–22%, and the state's ownership was as high as 17%.

Still, the gradual removal of the State from entrepreneurial functions was not sufficient to revive Russian economy. Some basic problems have continued to characterize the corporate governance: lack of transparency, especially in relation to compulsory financial communication, non-compliance with laws and poor enforcement of judicial decisions, the lack of trust between the operators of the economic system in a broad sense (entrepreneurs, workers, consumers, lenders) which is a serious legacy of the communist regime. It should also be added here the rapidity of implementation of the privatization process: in fact, companies have changed ownership and institutional aspects faster than the time of enactment of the rules necessary to face the new situation and emerging needs of consumers induced by the increased availability of wealth.

Even in presence of complete and coordinated law apparatus ⁽¹¹⁾, many Russian companies are still lacking in terms of principles, structures and processes of corporate governance, and it remains weak, with extreme concentration of capital and weight of authoritarianism and bureaucracy. In particular, the influence of political circles is still the most serious cause of the limited effectiveness of government bodies and control in various companies, the transparency is unsatisfactory, given that communication tends sometimes to hide the imbalance of government activities towards the personal goals of managers ⁽¹²⁾.

The efforts of public authorities has found a valuable complement in self-discipline with the publication of the Code of corporate conduct in 2002 that has been shared with foreign and supranational agencies ⁽¹³⁾. In 2002 the "White Paper on Corporate Governance in Rus-

⁽¹¹⁾ The State has tried to support the development of Russian business promoting important legislative reforms in relation to company law as a whole (1994), and limited liability companies (1995), the functioning of capital markets (1996), the protection of the legitimate interests of shareholders (1999), bankruptcy (2002). There are also numerous laws and regulations issued in 2007 for the banking and financial sector and for money laundering in force since January 15, 2008.

⁽¹²⁾ Nowadays Russia occupies the 124th position in the set of 144 countries for the degree of efficacy of corporate boards, highlighting also a small negative trend (the previous report has placed it on the 123th place in the sample of 142 countries) but maintaining general negative dynamics in comparison to last years. Its corresponding rating was lowered from 4.0 to 3.9. Source: *Report of World Economic Forum "The Global Competitiveness Report 2012-2013"*.

⁽¹³⁾ However, purely by way of example, McCarthy and Puffer explain that despite the introduction of this Code for companies with more than a thousand shareholders based on principles of agency theory, these are not applicable for the fact that the majority of enterprises in Russia are generally small to medium sized and characterized by a small shareholder base and a poor separation between ownership and control, and to the Communist influence that still persists in the way of doing business for Russian companies. Source: MCCARTHY D.J., PUFFER S.M., *Interpreting the*

sia", a result of collaboration between the OECD, the World Bank and the Russian Corporate Governance Roundtable was also published.

In 2004 a further contribution to the improvement of corporate governance in Russian companies came from a pool of experts established under the initiative of the International Financial Corporation, a member of the World Bank and governments of the United States, Netherlands and Switzerland, which led the preparation of a set of recommendations coordinated with the Russian Code of Conduct. All documents contain recommendations on: the principles for sound governance, the composition and functioning of institutional bodies, relations with shareholders, transparency and communication to stakeholders. In particular, emphasis was given to the issue of disclosure, confirming the need for accuracy and clarity of disseminated messages, that need to be adjusted to meet the expected knowledge of the social partners.

The mechanisms of corporate governance are required to ensure responsibility of the board of directors towards shareholders, managers - towards the board of directors, majority shareholders - towards those of the minority, enterprise - towards workers and society in general. Corporate governance should ensure that all these groups and institutions perform in the best way their functions maintaining the balance of interests.

In compliance with the variety and great number of classes of stakeholders interested in the correct corporate governance, the complex regulatory environment on the Russian company provides more severe rules on increasing the number of shareholders of the company, which is generally associated with the size and business the presence of minority shareholders. These rules relate in particular to the organs and functions of control (internal and external) and how to vote at the meeting. In fact, the existence of different classes of shareholders and a multitude of expectations (not only economic) requires compliance with specific rules designed to ensure equal treatment to curb the discretion of insiders (in particular, administrators and managers) and prevent transactions that could transfer wealth to them with an improper distribution of value produced by the management.

The system of corporate governance that Russian joint-stock companies may use depends, first, on the number of shareholders, on which the following factors depend:

- the right or the obligation to establish a supervisory board as an intermediate body between the general meeting of shareholders and top management: the requirement is established in companies with 50 shareholders. Once the 50 shareholders are exceeded it becomes also mandatory the legal form of open company, in order that there can not be restrictions on the movement of shares on the market (for example, the consent of other shareholders);
- the number of supervisory board members with minimum of 5, 7 or 9 components per society with at least 50, 1.000 or 10.000 shareholders ⁽¹⁴⁾.

So, in large companies the vertical two-tier system is provided, whose adoption is voluntary for smaller firms, where the small number of shareholders makes easier the direct control of the management executed by the property.

The vertical two-tier system tends to characterize the fractional ownership companies,

ethicality of corporate governance decisions in Russia: utilizing integrative social contracts theory to evaluate the relevance of agency theory norms, Academy of Management Review, vol. 33, n. 1, 2008, pp. 11-31.

⁽¹⁴⁾ Source: SALVIONI D., *Corporate governance, controllo e trasparenza*, Franco Angeli, 2009.

while in the presence of high concentration of ownership it is possible to adopt the one-tier system of corporate governance. The latter should be less expensive, providing a single organ with both management and monitoring skills, or even a single general manager controlled by the assembly. If one-tier system is adopted, the law imposes a strict separation between the positions of president and chief executive officer. However, it is not uncommon to circumvent this prohibition, confirming that the Russian system still suffers from severe shortcomings in terms of fairness and legality.

The Russian legislation is quite permissive as companies can also choose a hybrid corporate governance system, a semi-dualistic one, where members of the supervisory board - up to one quarter of the total - may also take positions in the executive board of management. A further variant is the implementation of a horizontal two-tier system (if Statute permits) where the shareholders' meeting appoints both the supervisory board and the management board, which are separated.

In companies with more than 50 shareholders, the main system is still that vertical two-tier. In particular, it consists of the following bodies set and regulated by law: the shareholders' meeting, the supervisory board, the general director, possibly assisted by the board of management, the external auditor.

The shareholders' meeting appoints the supervisory board and the external auditor, approves the budget and the distribution of profits, decides on extraordinary operations.

The shareholders' meeting is often dominated by a shareholder or a group that holds a large proportion of securities and granted voting rights, with the risk that minorities are not adequately protected. However, Russian law gives to them the power to act effectively with regard to transactions with related parties which are represented, in various circumstances, by the majority. The legal system is characterized, therefore, by the so-called "paradox of minority shareholders", such that minority shareholders can not influence the choices of current management, while they have the power to authorize or block transactions beneficial to the majority which has established collusive relationships with management.

The supervisory board plays a central role in corporate governance of Russian companies, taking on responsibilities in relation to:

- the formulation of general direction of corporate governance and strategies;
- the appointment, the guidance and supervision of the General Director and, where applicable, the management board. More precisely, the monitoring on executive bodies results to be the obligation imposed on them to submit the atypical and unusual transactions to the approval of the supervisory board, which prepares the general guidelines for the operations in question and may put its motivated veto ⁽¹⁵⁾.

In accordance to best international practices, the supervisory board should establish internal committees to delegate specific tasks, while retaining full responsibility for taking decisions. The Russian Corporate Governance Code recommends in particular the establish-

⁽¹⁵⁾ A survey conducted in 2003 shows that the approval of unusual transactions is the most often assigned function to the supervisory board (79% of cases), after the appointment and dismissal of its chairman (71%). In this regard it is stated that this position must be attributed to a body member different from CEO who may be part of the supervisory board if the company uses the semi-dualistic system of governing. The research shows, however, that some Russian supervisory boards also perform functions of the shareholders' meeting, as the external auditor (25%) and the appointment and dismissal of the supervisory board of the same (18%). Source: International Financial Corporation, *Regional Survey on Corporate Governance Practices*, August, 2003.

ment of committees composed entirely of independent members, such as the audit committee, the nomination and remuneration committee, the Committee for corporate governance and resolving conflicts between shareholders and society. The supervisory board should also appoint the Strategic Committee and the Ethics Committee.

With reference to the executive bodies, the Russian law requires the appointment of the General Director, responsible for current management in front of the supervisory board and the shareholders' meeting.

The General Director can operate individually or be part of a management board; although this is a voluntary body, the code of practice recommends that each company is established and is chaired by the General Director ⁽¹⁶⁾.

Finally, the verification and inspection powers are assigned to independent parties, internal or external to the company. In this sense, the Code of Conduct emphasizes the importance of internal auditing service, which reports directly to the supervisory board or audit committee, while the law makes it mandatory to appoint an external auditor, appointed by the Assembly to which he must report on the adequacy of the accounting system and regularity of financial communication.

3. Corporate Social Responsibility spread within Russian enterprises

After the introduction of sustainable development term (with this term the Report of the UN Brundtland Commission has defined in 1987 the development that guarantees the satisfaction of the needs of modern generations without compromising the ability of future generations to meet theirs) and publication in 1997 of the famous essay by John Elkington ⁽¹⁷⁾ the concept of corporate social responsibility began to diffuse. It formalized the idea of the impossibility of separation of the economic effects of business management from those environmental and social. This approach has found many practical applications and the number of companies that prepare their sustainability reports according to this scheme continues to grow.

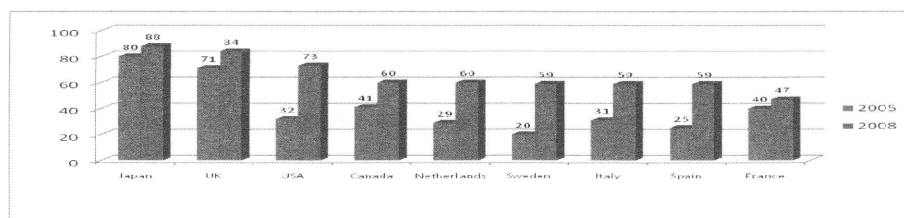


Fig. 1: Dynamics of sustainability reports elaboration in different countries (%).

Source: KPMG International Survey of Corporate Responsibility Reporting 2008, our elab.

⁽¹⁶⁾ The shareholders' meeting may delegate the powers of the Director General to an outside manager (individual or company) and this situation is typical of the states of crisis and turnaround, when an external entity is most qualified to perform analysis on the conditions in which concerns the company, to seek solutions and implement them with objectivity and independence.

⁽¹⁷⁾ It is the book "Cannibals With Forks: the Triple Bottom Line of 21st Century", which introduces the term "triple bottom line" which is currently the most widely used theoretical basis of models of social accountability, particularly in the European scenario. It orients and determines corporate sustainability performance in the evaluation process by incorporating the results achieved by the enterprise in the economic, social and environmental spheres.

The Fig. 1 shows the by-country percentage distribution of the enterprises which elaborate reports on sustainability ⁽¹⁸⁾. As one can see, just three years ago Russia didn't belong to significant samples of CSR-nations. Nowadays more than half of Russian companies currently report on CR which – given that the country is a relative newcomer to CR – is a promising signal for future developments. Indeed, all signs point to a continued increase in Chinese and Russian reporting that should soon bring them to levels currently achieved by Sweden, Spain and the Netherlands.

However, not all developing and emerging markets have made gains with a number of important markets still seeing very low levels of reporting. Only 20 percent of Indian companies report on CR, 37 percent in Taiwan and 18 percent in Israel. Singapore, often a leader in adopting leading business practices, also saw comparatively low reporting rates of 43 percent.

Russian economic system, which passed a difficult period of transition from plan to market economics and the formation of civil society is acquiring, thanks in part to the contributions of foreign companies operating in Russia, the approaches and Western companies' own management methods. Among these, the Corporate Social Responsibility is a new phenomenon in the business environment, that this part of work is going to analyze. In fact, this issue presents significant interest because, while the researches relating to social responsibility in the West are quite numerous, few are those dedicated to CSR in developing countries, particularly in Russia, where it is spreading as a corporate practice only for few years.

Public discussion on CSR regards only functioning of business. This is understandable: the representatives of the business world in Russia do not undergo unique attitudes (and often even negative) from different social groups ⁽¹⁹⁾ and the State is unable to invest effectively in the activities aimed at reducing the social needs, while Russian companies have not yet reached a level that could create social wealth in sufficient volumes to meet those needs.

In general, the discussion of CSR reflects the situation in which the business acts as a "scapegoat" in the debates about the fairness of the mechanisms of creation of social goods and, what is even more important, the fairness of their distribution. However, today Russia's economic society has become aware of the fact that the social activities of enterprises can have positive economic effects on the business. Entrepreneurs have recognized in the CSR an effective tool for non-financial risks management and do not consider more investments in social responsibility as philanthropy or as expenses for Public Relations.

The definition adopted by the Association of Managers of Russia affirms: "Social responsibility is the philosophy of behavior and the concept of business activities conduct, aimed to:

- realization of high quality products and services to consumers;
- creation of attractive jobs, paying fair wages to the realization of investment in human potential development;
- comply with tax, ecological, labour ecc. laws;
- creation of relationships marked by clarity and transparency with all stakeholders;
- value creation both for the company and for stakeholders and the growth of the wel-

⁽¹⁸⁾ The sample consisted of 2200 companies (over 1600 of the previous research conducted by KPMG in 2005): 100 largest companies of the 22 countries of the world. In addition to those shown on the figure it also included Brazil, Portugal, South Korea, Australia, Finland, Switzerland, South Africa, Hungary, Norway, Romania, Denmark, Mexico and Czech Republic.

⁽¹⁹⁾ The reasons for such attitude have their roots in economic reforms realized by Boris El'tsin government that led to a sharp increase in social inequalities and the poverty rate in Russia, made worse during the next financial crisis of 1998.

fare of shareholders;

- to consider the expectations of society and ethical standards in business practice;
- contribute to the formation of civil society by means of the implementation of local society development projects” (20).

Russia, as well as other countries, carries out the standards in social responsibility and sustainable development. The first attempt to standardize the reporting of the forms of social responsibility has been realized only at the end of 2005 when at the Federal Agency on Technical Regulations and Metrology (21) the Technical Committee of Standardization "Social Responsibility" was created. Its objective is that to develop the national standards in the field of CSR, standardize terminology and principles and regulatory information exchange. It can be said that the current standardization system has inherited many features of the Russian Soviet experience, whose authority in this field was very high throughout the world (22).

The above Technical Committee joined representatives of state structures and social organizations of excellence, as well as companies that have already gained work experience in this field. The leaders of the Committee pointed out that according to the Federal Law "On Technical Regulation" all national standards came into force after 1 July 2003, including those on social responsibility, are purely voluntary.

At this time the very active discussion about the forms of non-financial reporting is continuing. The Chamber of Commerce and Industry of the Russian Federation (23) has introduced the standard "The social accountability of companies and organizations registered in the Russian Federation. Methodological advices". This standard, designed taking into account the basic principles and standards AA1000 and GRI, says that "the most important element of the preparation of the thematic sections of the budget is the organization of social dialogue with all stakeholders of the company".

The document proposes seven thematic sections: 1. "Quality and competitiveness of products and services"; 2. "Honesty and transparency in the conduct of business"; 3. "Strategic, tactical and ethical behaviors of entrepreneurs"; 4. "Health and well-being of its employees"; 5. "Safety in the workplace and organization of sporting events and tourist";

(20) "Doklad o sotsial'nykh investitsiyakh v Rossii", "Report on social investments in Russia", 2004, our transl.

(21) Ex-Goskomstat, the State Committee of Russian Federation for Standardization, Metrology and Certification. It was founded on the 15 of Settembre 1925, its headquarter is at Moscow.

(22) Just remember that in 1976, at the height of the Cold War, the Head of Gosstandart Vasily Boitsov was unanimously elected in Geneva President of the International Standardization Organization (ISO), the leading global organization for the establishment of industry and commercial standards. MALYZHENKOV P. *La standardizzazione nelle aziende russe nel periodo di transizione: problemi e prospettive*, Proceedings of 10° Convegno nazionale di AIDEA Giovani "I processi di standardizzazione in azienda: aspetti istituzionali, organizzativi, manageriali, finanziari e contabili", F. Angeli, Milano, 2006.

(23) The system of Chambers of Commerce and Industry of the Russian Federation is the country's largest business community, including 83 Chambers of subjects of the federation and 90 chambers of the local authorities. In all, the Chamber of Commerce and Industry of the Russian Federation includes over 36,500 organizations with different legal status and individual entrepreneurs. It also includes 192 business associations active at the federal level, and over 200 regional organizations. It was founded by the Decree of the Temporary Government of 19 (6) October 1917 "On the Foundation of the Chambers of Commerce and Industry", was ratified in 1932 the Statute of the Union of Chambers of Commerce and in March 1972 and was renamed the Chamber of Commerce and Industry of the USSR. Since 1993, following the adoption of the Law "On Chambers of Commerce and Industry in the Russian Federation", the Chamber of Commerce and Industry of the Russian Federation holds the status of non-government non-profit organization. Chamber members can be individual and legal persons active in the commercial sector. Currently, it is member of the International Chamber of Commerce, which has consultative status at the United Nations and the World Federation of Chambers of Commerce, Eurochambres (Association of European Chambers of Commerce) and the Confederation of Chambers of Commerce of the countries' East Asia and the Pacific.

6. "The participation in the development of intellectual and spiritual potential of society";
7. "Respect for the environment and eco-compatibility". Each of these sections is provided with the instructions on the topics to be developed ⁽²⁴⁾.

4. Conclusions

The situation created after the global financial crisis makes it possible for the Russian economy to move towards a new national economic reality. The crisis was a catalyst for a new way of thinking that has allowed to review all the traditional approaches to the economic system of Russia, adopting those new and more advanced. Particular attention will be given to maintain jobs through, for example, the development of specific programs for the rehabilitation and vocational training for workers in sectors at risk of dismissal.

The crisis is not a reason to give up long-term projects for the modernization of the country: in fact, this process will be intensified and accelerated. The main objective, especially after the entrance to WTO, is to change the current model of economic growth, based almost exclusively on energy resources, and to adopt a new one based on the last achievements of international business community. It also provides incentives to increase energy efficiency, investments in human capital (education and public health) and the realization of the necessary infrastructure. In this new situation, the main drivers of growth must be represented by a creative economy, an economy based on modern thought, the experience gained from more developed countries of the world and advanced business practices, which spread among the Russian companies has been analyzed in this work.

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⁽²⁴⁾ It may be noted that setting this standard is very similar to the French model of social accountability in business practices introduced in this country with the Law N° 77-769 of 12 July 1977. According to this law companies with more than three hundred employees were subject to an annual social report. However, the application of this legislation has been progressive in the sense that it has entered into force for companies with more than 750 employees since 1979 and since 1982 for those with more than three hundred. Article 438-3 defined the social report as a single document which will bring together key figures that help the company assess the situation in the social field, taking note of the achievements and to measure changes in the course of the year and the previous two years. Just as the Russian analogue of the French social report also contains seven chapters on "Employment", "Wages and fringe benefits", "Conditions of hygiene and safety", "Other conditions of work", "Training", "Industrial Relations", "Other conditions of life caused by the firm", which should be further developed according to a set of indicators. DE SANTIS G., VENTRELLA A.M. *"Il bilancio sociale dell'impresa"*, Franco Angeli, 1980; BAGNOLI L., *Quale responsabilità sociale per l'impresa?*, Franco Angeli, 2004; HINNA L. *"Il bilancio sociale"*, Il Sole 24 Ore, 2002; RUSCONI G., DORIGATTI M. *"Teoria generale del bilancio sociale e applicazioni pratiche"*, Franco Angeli, 2004.