

## **Chambers of Commerce: Combating Corruption and Improving Corporate Governance**

Business associations and chambers of commerce have a unique and important role to play in building democratic systems. They are the voice of business, advocating business needs and concerns and solutions to problems to the government, community leaders, the media, and the general public. No one knows better what is good for business than a business person, and ten business people together can be more effective in effecting change than one alone. This is the foundation upon which chambers of commerce are built.

Chambers of commerce are uniquely positioned to address some of the pressing needs of business communities. Issues of corruption and corporate governance remain at the top of the business agenda in countries across the globe because bad governance and widespread corruption reduce competitiveness, divert investments, limit productive potential of companies, and impose additional costs of doing business. While it is difficult for individual companies to systematically address these problems, which stem from weak institutional environments, chambers can be more effective in mobilizing the resources and knowledge to effect change.



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**Center for International Private Enterprise**

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This paper is based on the discussions at the workshop on the role of chambers in improving corporate governance and combating corruption at the 3rd World Chambers Congress (WCC) in Quebec City, Canada, and made available for the 4th WCC in Durban, South Africa. Held every two years, the WCC is the place where chamber and business leaders get to know their international peers and share experience and best practice on grassroots issues that have a direct impact on the chamber of commerce community.

The workshop discussion was led by CIPE Deputy Director Jean Rogers, with presentations by Dr. Mieczyslaw Bak, president and CEO of the Institute for Private Enterprise and Democracy and Mr. Soy Martua Pardede, vice president (coordinating trade affairs)/chairman of the Special Committee for Good Corporate Governance outlined as case studies in this paper.

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**The Center for International Private Enterprise** is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE has supported more than 800 local initiatives in over 90 developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE programs are also supported through the United States Agency for International Development.

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## Economic Growth, Democratic Governance, and the Role of Chambers

Chambers of commerce and other types of professional business associations play a pivotal role in building a foundation for sustainable economic development. That role stems from their ability to coalesce the business community around a set of common issues, identify key problems, develop solutions, advocate for change, and monitor implementation. Through such a process of private sector advocacy, chambers of commerce not only improve economic regulations, they also strengthen participatory democratic institutions. Highlighting this link between democratic and economic development is crucial in that it is impossible to build a functioning market economy in an environment where business is barred from participation in policy design and implementation.

Many countries increasingly recognize the role that the private sector plays in fulfilling national ambitions of sustained economic growth. During the past several decades, private capital flows have replaced government to government assistance as a major source of capital in emerging and developing markets, and today it can be safely said that the development models that rely on states as the sole providers of income, jobs, and investment are no longer valid. Instead, countries increasingly turn to the business community as the engine of sustained economic growth and prosperity. Even many of the closed nations recognize these trends and seek ways to attract private capital. The question no longer asks who will shape and define economic growth, but rather: how can one unleash the potential of the private sector, integrate it into development models, and capitalize on its resources? The answers to this question lie within the private sector-based theory of economic growth.

This theory has brought to the forefront many issues that have redefined the way governments, business, and civil society approach development. But the most important contribution, perhaps, has been the emphasis placed on the framework of government and business relationships. Emphasizing private sector advocacy, private sector economic development models have shown that a grassroots approach to reform must be implemented before ambitions of sustained economic growth are realized. In the same way, this economic theory is also giving rise to the concept of business leadership – the ability of the business community not only to work with government to address various development concerns but also to lead the reform initiatives.

The business-government relationship model has evolved dramatically over the past several decades, as many countries have struggled to define their own founding blocks of a prosperous market economy. Command-style economies,

where business simply responds to government reform initiatives and is barred from participating in policymaking, have proven to be ineffective in creating a viable private sector that can endure fair competition or participate in the global economy. This has been demonstrated by the fall of the Soviet Union and the state of disarray that rules the remaining command-style economies. Similarly, crony or relationship market economies, where only a few insider firms have unchecked access to policymakers and enjoy favorable rules and treatment, have also failed to bring sustained economic benefits to markets and countries, as evidenced by a string of financial crises that have exposed the dangers of relationship capitalism in the late 1990s. However, among the failures of some countries and economic success of others, one model has proven to be the most effective in generating economic growth: the model of a participatory economic system. In this model, business participates in the creation and implementation of economic policies and does not simply react to regulations produced behind closed doors or behave as a puppet in the hands of government officials.

## Building Effective Chambers

Although the section above illustrates the role of chambers within the national and global economic framework and in democratic decision-making, there is another aspect of chambers' role that we must consider. In addition to being the drivers of economic change and instruments of democratic process, chambers also need to fulfill their organizational role by serving the interests of their members in an effective manner.

Mistakenly, many view these challenges as two separate issues, but the two are part of the same equation. They both focus on creating effective chambers of commerce that build a better environment for doing business – an environment where business (chamber members) is not overburdened by opaque regulations; where it has access to policymakers; where there are opportunities to grow, engage in productive activities, and attract investment; and where it can effectively voice its concerns and offers suggestions.

How do chambers of commerce fulfill their role? There are several issues on which they need to focus:

- Internal capacity – Before chambers attempt to fulfill their role, they have to build internal capacity. The first step of this process for the chambers is to understand their mission and objectives. Further, in order to address the needs of their members and advocate effectively on their behalf and contribute to an overall policy process in their countries, chambers have to be functional organizations, which means that they must have knowledgeable staff, implement good governance

mechanisms, commit to transparent financial practices, and create a strategic plan with key priorities to address.

- Access to information – In order to be effective, chambers have to become a source of information for their members, policymakers, and the rest of the society. Entrenched interests benefit from tight control over information, yet markets cannot function and regulations cannot effectively address the real needs of the business community when economic information is unavailable or distorted. Chambers often have a unique opportunity to become sources of economic information because they frequently have direct access to it through their members – businesspeople – who keep markets running day-to-day and experience firsthand the inefficiencies and disorganization of the system.
- Communication strategy – Chambers must have a good communications strategy if they want to attract members, effect economic change, and improve democratic process because there is little benefit in doing work if nobody knows about it. A communications strategy includes not only the development of communication tools such as newsletters, publications, websites, and policy briefs but also identification of the key target audience for each of those tools.
- Coalition-building across regions and economic sectors – Chambers of commerce, as the voice of business, draw their strength and effectiveness from the fact that ten businesspeople are more effective than one. Similarly, in addressing certain issues, such as building a political will to create avenues for business participation in democratic decision-making, coalitions of several chambers can be more effective than one chamber. More importantly, such coalitions have successfully been built across different competing economic sectors to address a set of common issues.

Building an effective chamber of commerce is as much about process as it is about achieving results. Even the best chambers in the world continue to improve to become even better at what they do. Tools to build better chambers as member-based organizations should not be viewed as an end result, but rather as a stepping stone for further success. Competition and innovation lie not only at the heart of markets, but also at the core of chamber development.

## Private Sector Advocacy Tool: National Business Agenda

Perhaps the most widely used and most successful advocacy tool produced by CIPE is the National Business Agenda Guidebook. The National Business Agenda (NBA) approach outlines a step-by-step process by which private sector leaders from business associations, professional organizations, and other interested parties can come together, discuss issues of concern, identify common interests, and develop proposed solutions.

The NBA model became a vital tool for business communities in many transitioning countries to encourage investment and stimulate business activity and economic growth. But its value extends beyond the effect on public policy. The process of collaboration forges identity among independent actors and strengthens the private sector's capacity to act as a balance to unchecked government authority and a watchdog for the public good.

The development of consensus agreements, which requires compromise and trade-offs, mirrors the fundamentals of participatory government. In order to rally support among the general public and key opinion leaders, the private sector must hone its communication skills. By using the National Business Agenda model, businesses, think tanks, and community leaders internalize through practice the key skills necessary for building democratic societies.

The NBA approach helps identify laws and regulations that hinder business activity and offers concrete recommendations to remove these barriers and improve the economic climate. Developing a national business agenda also educates the private sector on public policies that affect them and allows them to present the concerns of the business community to government officials in a unified voice, increasing the likelihood that their agenda will be adopted. The advocacy component of the NBA program comes in the final stage – working with government officials to implement proposed solutions to private sector concerns – but it builds on all the earlier stages. The NBA guidebook was modeled after the U.S. Chamber of Commerce's business agenda development program, and CIPE partners in countries as diverse as Ukraine, Romania, Russia, Egypt, Malawi, Nigeria, Paraguay, and Peru have implemented its principles.

For more information of specific NBA programs please visit [www.cipe.org](http://www.cipe.org)

## Key Issues to Address

Once chambers create an internal capacity to become voluntary membership organizations and advocate successfully on the behalf of their members, they begin to address key issues such as dealing with member concerns as well as improving the country's overall economic policy environment. Looking at both issues as two sides of the same coin, it is easy to identify key economic reforms that effective chambers in developing countries seek to initiate:

- Support entrepreneurship – By addressing the needs of their members, chambers seek to create a better environment for doing business. The majority of chamber membership is often small- and medium-sized enterprises that experience the inefficiencies of the economic systems firsthand. The work Hernando de Soto began more than two decades ago illustrates well the barriers to entrepreneurship that exist in developing countries. What de Soto has discovered in Peru in the 1980s is that business has to deal with numerous regulations that take away time and resources from productive activities, and the absence of key market institutions taken for granted in developed countries, such as property rights, further undermines the ability of small business to become engines of economic growth and instead bars it from entry into the formal economy. Twenty years later, entrepreneurs across the world continue to struggle with the same issues that de Soto saw as the primary barriers to economic development in Peru. Chambers of commerce can become a source of hope and change for small entrepreneurs by working to eliminate inefficient regulations that hurt entrepreneurs and creating a strong private sector as a source of jobs, wealth, and sustainable economic growth.
- Promote foreign direct investment (FDI) – As noted above, government assistance no longer constitutes the largest share of capital flows to developing countries – private capital flows do. But as the competition for FDI is intensifying across different regions of the world, the business community finds itself confronted with the fact that simply desiring foreign capital and welcoming it is not nearly enough. To attract investment business communities must create a strong institutional environment where financial practices are transparent, corporate governance mechanisms are in place, property rights are protected, business regulations are clear and fair, and corruption is under control.

Moreover, it is not just the business communities that seek foreign investment as a source of capital for development and growth; policymakers too increasingly

voice their interest in attracting foreign investment. Chambers of commerce are the nexus of this process, being in a position to bring together policymakers and firms and help them build a proper environment for attracting investment. As investors are interested in the stability and predictability of their investments, not just returns on capital, chambers can help build business environments that ensure just that – stability and predictability.

- Reduce the size of the informal sector – Informality is one of the key problems for the business community and governments in many countries because it is not uncommon for the size of the informal sector to exceed 50% of the GDP. For firms locked out of the formal economic system the costs are numerous – they do not have access to many of the available sources of capital, they do not have the protection of the legal system, they are an easy target for government officials and inspectors to extort bribes, and they cannot effectively enforce contracts and thus are forced to operate in small “social network” type markets. However, despite the costs of operating in the informal sector, it is often less costly than complying with numerous regulations imposed on business – there are no incentives for entrepreneurs to try and join the formal economy.
- Yet, economic costs are not the only burden informal entrepreneurs face. Locked out of the formal economic system, they also have no avenues for participation in democratic policy design because there is often a large information gap between policymakers and informal entrepreneurs. One of the recent trends in the chamber movement in developing countries is representing the interests of the informal sector, which gives those entrepreneurs access to policymakers and helps design and implement regulations that allow them to become a part of the formal economy.
- Build private-public partnerships – From an overall policy perspective, chambers help build private-public partnerships to address a set of common economic and social issues. By doing so, chambers not only help develop private solutions to public problems, they also strengthen the democratic process by working together with government officials, not simply responding to their instructions.

## Combating Corruption and Strengthening Corporate Governance

Corruption and corporate governance are two of the several key issues that business communities face across the world, regardless of industry, size, and location. Both issues relate directly to the discussion above because they are at the core of creating a strong private sector as a source of economic growth and a crucial element of a participatory democratic system.

Corruption undermines the ability of business to function by reducing competitiveness, wasting resources, imposing additional costs on doing business, and diverting both foreign and domestic investments. Corruption affecting the political environment further limits the potential of the private sector because it promotes favoritism in economic regulations, weakens contract enforcement, and creates uncertainty. However, it is hard for individual firms to address corruption – one firm alone standing up to corrupt government officials and declaring a crusade against corruption, both public and private, is unlikely to succeed. Rather, that business is likely to fail because its competitors gain an advantage by engaging in corrupt practices.

While in the short term corruption may benefit some firms, in the long term it hurts everyone. Chambers of commerce, as representatives of the business community, can lead the effort to control widespread corruption. Although it is hard to imagine that one firm standing up to corruption would be successful, it is a perfectly viable solution if the whole industry or an economic sector stands up to corruption and begins to offer solutions on reforming the system and reducing the opportunities for corruption, both in government and the private sector.

Similarly, weak corporate governance practices hurt entire industries and economies, not just individual firms. The absence of good governance in the private sector, for example, limits access to capital. In the absence of good governance, banks and capital market institutions have a difficult time identifying responsible companies, and foreign investors cannot make investment decisions based on economic figures alone – they need corporate governance mechanisms as an assurance that their investment will not be channeled into unproductive activities. One does not have to go far to see the negative impact of bad corporate governance – corporate governance scandals in the U.S. and financial crises in Asia, Russia, and Brazil in the 1990s illustrate well the costs of bad governance for firms and societies as a whole.

Further, a direct link exists between improving corporate governance and combating corruption. Simply, good corporate governance makes corruption harder to sustain because it creates a structure where corrupt payments are harder to conceal and decision-making is not left in the hands of one person. Corporate governance creates transparent,

responsible, and accountable firms for which the costs of corrupt behavior are much higher.

Issues to focus on in anti-corruption reform:

- Tackle the sources of corruption – Anti-corruption initiatives must tackle the sources of corruption, not its symptoms. These sources include complicated tax codes, burdensome licensing procedures, inefficient judicial systems, and the like. Chambers of commerce are in a unique position to identify the root sources of corruption and develop working solutions because their members suffer high costs of corruption on an everyday basis.
- Build a wide consensus for reform – The business community is often aware of the high costs of corruption. However, other groups often underestimate the problem or consider it a businesses' problem, not their own. In order to be successful in anti-corruption reforms, chambers need to involve other civil society groups and the media in raising awareness and educating others on the costs of corruption for society. By involving other groups, chambers gain more resources, develop strategic partnerships, and achieve greater results.
- Follow through – The reality in many developing countries is that simply passing a law is not enough – mechanisms for enforcement must exist. Chambers should not view the passage of a new law or a regulation as an end result. Rather, they should make sure that the business community is informed of changes and that the new laws are properly enforced. Otherwise, laws are just pieces of paper sitting on a shelf.

Issues to focus on in corporate governance reform:

- Carrot and Stick – In corporate governance reform, chambers must focus on “carrot and stick” approach. On the one hand, chambers should work with government officials to develop corporate governance mechanisms, such as clear accounting practices, that set forth the basic corporate governance guidelines. Chambers should also make sure that policymakers do not simply impose regulations on the business community without a two-way dialogue because inefficient corporate governance rules will only hurt companies. There are real benefits to corporate governance reform, and chambers need to create business “buy-in,” educating firms about the dangers of having a weak corporate governance environment. In some developing countries, voluntary codes of corporate governance have been successful in addressing key governance priorities while showcasing the real business commitment to reform without a “stick.”

- Implementation – Chambers should make sure that the business community actually implements corporate governance guidelines. Here again a voluntary approach can be successful. Initiatives such as certification programs and corporate governance awards can raise the profile of the best firms and create industry leaders that others will follow.
- Lead by example – Chambers themselves should have good governance rules in place. Members will welcome good governance rules within chambers because they have the same desire as investors: they want to be sure that their investments – membership dues and other resources – are not wasted. Similarly, chambers can deny membership to firms with bad governance practices because bad members can ultimately create a negative image for the chamber and other members' companies.

## Case Studies

### Indonesian Chamber of Commerce and Industry (KADIN): Promoting Good Corporate Governance: Indonesia After the Crisis of 1997

Governance is commonly viewed as the exercise of discretionary power. It stems from the asymmetric information that characterizes the relationship between managers and owners in modern corporations. This is especially evident in companies where the perceived insignificance of individual shareholding does not provide a strong incentive to exercise monitoring right among dispersed shareholders. This information asymmetry is unlikely to go away completely in spite of the progress in management information systems. Architecture and implementation of good corporate governance will, therefore, continue to be of utmost importance to all organizations and societies that aspire to progress further. The core elements of good governance – transparency, accountability, responsibility, and fairness to shareholders and stakeholders – may have been said in one way or another by many, but transferring these concepts from words into reality has proven to be a very difficult task to accomplish, especially in places where equity markets have developed the farthest. Opportunism is not likely to go away and will remain a recurring feature of business. Success in curbing opportunistic business practices will constitute the difference between champions and laggards.

Indonesians in business, government, academia, and the rest of the civil society have drawn important lessons from the severe financial crisis of 1997. They now recognize that unchecked violation of the principles and rules of good corporate governance, particularly when they coincide with widespread corruption, will ultimately lead to a financial

collapse. Equally clear to all Indonesians are the enormous costs of such crises. Six years after the eruption of the crisis, Indonesia's per capita GNP is still substantially lower than it was in 1997, notwithstanding the decline of population growth to 1.36 percent. According to some estimates, as much as 30 percent of the Indonesian labor force was unemployed in 2002, and opportunities are still scarce for new entrants into the job market. The quality of public services has deteriorated. Competition for resources is getting fiercer. Poverty remains high in spite of diverse alleviation measures taken by the government following the financial crisis. And further, the crisis has left the government with a huge domestic debt, which is bound to handicap fiscal policy for years to come.

Indonesians have also learned that the cycle preceding a severe crisis and the one following it are not necessarily symmetric. It takes much longer to crawl out of a trough than it does to fall therein. Without investments, equipment in Indonesian companies has aged and as a result, international competitiveness of Indonesian firms has weakened. The costs of doing business seem to have risen in proportion to total costs, partly because new barriers to inter-province movement of goods, services, capital, and people have been erected in the wake of decentralization euphoria. Corruption is still widespread.

Progress in good corporate governance is only of the changes needed to allow Indonesia to return to a high shared and sustainable growth. In fact, Indonesia seems to be in need of a major architectural change. Nevertheless, good corporate governance cannot be overemphasized. However modest the progress has been thus far, it is moving Indonesia in the right direction. People in business, government, academia, and the rest of the civil society have clearly become much more receptive to good corporate governance than they were before the crisis. In addition, a wide range of laws and regulations has been amended in favor of good corporate governance. A code of good corporate governance has been adopted.

Further, in the interest of good corporate governance, publicly listed companies have been closely monitored by the government, notably the Capital Market Supervisory Agency. Requirements for public offering have been tightened. The two boards (the Board of Commissioners and the Board of Directors) have been made more formal. Their members are now liable for detrimental acts of opportunism. Appointing independent directors has been made compulsory and so have audit committees, as changes of ownership have taken place in a large number of companies.

Finally, a plethora of institutions has been established to push progress forward in good corporate governance. They include KADIN's Corporate Governance Committee, the National Committee on Good Corporate Governance, the Indonesian Institute of Independent Directors and

Commissioners, the Indonesian Institute of Independent Commissioners, the Indonesian Institute for Good Corporate Governance, and the Indonesian Institute for Corporate Directorship. Supporters of these institutions encompass almost all spheres of life. To avoid excessive duplication, cooperation among the institutions is clearly needed.

Needless to say, proliferation of institutions does not necessarily mean unqualified progress. Properly managed, they can form a formidable coalition for change. Of the priority items in the reform agenda, the following are of utmost importance:

1. First, ensuring that competition prevails in business is a necessity. Compliance with the principles of good corporate governance is unlikely to endure difficult tests in the absence of tough competition.
2. Second, a clean and competent government is a prerequisite for a durable progress in achieving good corporate governance. This is particularly true for Indonesia because of the overwhelming presence of state-owned enterprises in financial services, infrastructure, mining, forestry, mid-stream petrochemical, education and health services, transportation, and other services.
3. Third, deconglomeration will have to be pushed forward. Pressure from the market alone is not sufficient. Considering the fact that banks will continue to play a dominant role in the financial services industry, ownership of banks by single investors should be limited. The same investor may be allowed to have shares in other banks, but he or she should not be allowed to enjoy a controlling majority in a single bank.
4. Finally, corporate organizations should be encouraged to make good corporate governance an integral part of their strategic intents. Publicly listed companies, state-owned enterprises, and private companies, which make generous use of financing from banks, should in fact be required to adopt a company-specific version of the Code on Good Corporate Governance.

### **Polish Chamber of Commerce: Promoting Corporate Governance and Business Ethics through “Fair Play” Awards**

“Business Fair Play” award, established by the Institute for Private Enterprise and Democracy (IPED) of the Polish Chamber of Commerce, aims to recognize exemplary entrepreneurs. This award has its roots in a competition for the “Business Fair Play Award” established in 1992 by the Polish Chamber of Commerce for its members. Its completely new regulations, introduced by IPED in 1998,

accepted a formula open to all enterprise sectors, as the competition for the award became a certification program.

The purpose of the program is to promote ethics in business activities, which is understood as a set of standards of behavior in the relationships between entrepreneurs and business partners, customers, employees, and shareholders, as well as the local community, local government, and state authorities. It also supports the development of companies by promoting reliable and fair businesses that operate in accordance with the law and ethical principles.

The “Business Fair Play” program was implemented under the auspices of the Ministry of Economy. The idea of the program is supported by the president of the Republic of Poland and the prime minister, who each year send congratulatory letters to the winners and to the organizers of the program. Regional authorities also widely support the initiative.

To summarize the objectives, IPED created the awards program to:

- Promote good corporate governance and business ethics;
- Support and recognize companies that act in accordance with high ethical standards and uphold the rule of law;
- Develop the notion of business social responsibility;
- Build a positive image of Polish enterprises;
- Encourage the Polish business community to act in accordance with high ethical standards;
- Introduce improvements in labor regulations; and
- Train companies on business ethics

The certification of a business that can participate in the awards program takes into account such parameters as the ability to solve problems, adherence to deadlines for the performance of liabilities, method of providing services to customers and of cooperating with suppliers, recommendations of business partners, working conditions and human relations, care for the natural environment, charitable activities, and the like. The certificate is awarded to those firms that have proved that they maintain appropriate relationships and reliability in their contacts with customers, suppliers and other business partners, employees, competitors, state offices, and local community.

The program is implemented in two stages. During the first stage, companies apply for participation and receive a questionnaire (companies that obtained a certificate in the previous edition receive a simplified questionnaire) to fill out. The responses are awarded points, and supporting documents are verified by Regional Commissions, which are composed of representatives of voivodship offices, Marshals’ offices, banks, employers’ organizations, labor inspectors,

labor offices, tax offices, and the Social Insurance Institution (ZUS). The work of individual commissions is coordinated by Regional Administrators. The Regional Commissions prepare proposals of nominations for the second stage, which are eventually approved by the National Commission. An enterprise that is awarded at least 70 points out of a possible 100 progresses to the second stage.

During the second stage, organizers of the program conduct company visits to verify compliance of the information provided by the company. The visits to all companies participating in the second stage are conducted in cooperation with the regional administrators and representatives of the institutions mentioned above. Additionally, the participants' recommendations attached to the documentation are verified. A company may be disqualified from participation in the program on the basis of a justified protest from a competitor, a customer, or an employee of the company. After each visit, a report for the Awarding Committee is prepared. The members of the Awarding Committee make final decisions on the awarding of certificates, distinctions, and special awards. The Awarding Committee is composed of outstanding representatives of the Parliament, the state administration, government agencies, enterprises, and non-governmental organizations.

The official announcement of the results takes place during a formal gala (usually in December). Firms that have met the required conditions receive the "Business Fair Play" certificates. The best of them receive higher awards in the form of statues presented by one of the members of the Awarding Committee, often by the Deputy Prime Minister. Those firms that successfully completed the verification procedure in three subsequent years of the program are awarded a so-called Gold Certificate and receive the right to use the title of "Business Fair Play" for 2 subsequent years.

In regard to the interpretation of provisions and requirements contained in the rules and regulations, decisions are made by the National Commission, which also reserves the right to withdraw or suspend the entitlement to use the "Business Fair Play" title if a company behaves in a manner unworthy of a reliable entrepreneur.

Since the introduction of the program in 1998, it has enjoyed tremendous success. The number of participating companies grew from only 80 in 1998 to nearly 646 in 2002. Similarly, the number of certified companies also increased from only 49% in 1998 to 83% in 2002, signaling improved business performance and adherence to the key business principles outlined above.

There are a number of reasons that participation in the program has been growing steadily. Firms join the competition because it:

- Helps them build a positive image;
- Helps them conduct independent evaluations of company operations;
- Leads to an increased confidence on the side of customers and contractors;
- Facilitates trade negotiations;
- Positively promotes companies in the media;
- Helps provide recommendations to local and regional authorities; and
- Serves as an instrument of team-building