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BUSINESS

ETHICS

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The training manual systematically outlines the main topics, problems, approaches, concepts of business ethics. It highlights topical ethical issues of business and management, including ethics and social responsibility, corporate culture, relations between government agencies and business environment, issues of preparing and conducting business meetings, ways to achieve mutual understanding.

Based on the classical works, the theoretical and practical material is adapted and varied to modern conditions of industrial and commercial activity. The manual is designed for representatives of the business world, specialists and managers of organizations and institutions, employees of ministries, departments, corporations and individual enterprises, teachers and students of higher education institutions.

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Introduction

Modern life is full of rapid transformations caused by progressive changes in our society. It needs people who are comprehensively and thoroughly educated, with a deep sense of responsibility and national dignity. Moral and ethical culture with its values, rules related to behavior, activity and relations between people constitutes positive moral experience of generations.

Considerations about what ethics, morality and human relations should be in contemporary reality are to some extent reflected in various textbooks, manuals and works on the problem. The practice of corruption and bribery, fraud, dishonest advertising and unscrupulous lobbying for commercial groups, pollution and destruction of the environment for the sake of super-profits, etc. are quite often condemned in the mass media.

The reaction of people to unethical behavior accusations of entrepreneurs can be very different. Some believe that violators should be strictly punished in accordance with existing laws. Others believe that humanity has already come to terms with violations, impurities and immoral acts. Some assert that entrepreneurs and their managers stop being honest and decent people only for the time when they are busy doing their business, because as if they become participants in a special game, they follow their own specific rules and laws, and then again become exemplary citizens. The one who does not accept the rules of the game, cannot successfully work in business.

Nowadays, there is a need to train managers, executives of high professional level able to develop business relations both on the international arena and at the level of their own companies on a civilized basis, largely determined by the degree of moral and ethical culture.

Business ethics defines a system of moral values, criteria and parameters in relations between producers and consumers, between organizations, enterprises and the state, as well as in relations between managers and employees and in the company as a whole. That is why the rules and requirements of business ethics are developed and put into practice, which should be learned by the future manager, the executive both in the process of training and in practical work.

Therefore, it is effective to study ethical and moral-and-psychological foundations of business relations in one discipline – business ethics.

The training manual demonstrates the main system of ethical attitudes and rules that has already been developed, accumulates the experience of learning the humanities, in particular, the science of business ethics. The practical importance of the results obtained by scientists and practitioners in the formation of the methodology of moral support of business activity has a significant potential and consists in the possibility of applying scientific provisions, justifications and conclusions in the practice of companies, in return providing the process of forming business ethics managed character, ensuring the interaction of ethical, political and legal regulators of daily professional activities of employees and teams of companies. The developed training manual is an attempt to systematize and integrate the knowledge presented in various disciplines on the basis of the developed program of the "Business Ethics" course.

Chapter 1. Theoretical foundations of ethics

1.1. THE ESSENCE AND CORRELATION OF THE CONCEPTS OF ETHICS, MORALITY AND BUSINESS

In the current conditions of globalization and integration of countries, formation of a common world economic space, and international cooperation, the problem of business ethics becomes extremely topical, because without application of ethical principles in the work it is impossible to ensure sustainable development of an individual subject and minimize internal and external risks. Business ethics is one of the main components of the image of the company's top management and its employees.

The concept of "ethics" is of Greek origin and literally translated as "habit", "character", "temper".

The direct link between business ethics and life practice is well traced in the field of professional activity, which is a system of moral requirements to company managers and staff. The main components of the categorical apparatus of this category are given in table 1.1.

Table 1.1. Basic concepts of business ethics

The concept	The essence
Ethics	it is a system of norms of moral behavior of people, their duties in relation to each other and society as a whole, it is an idea of right or wrong behavior in achieving a specific goal.
Moral	it is a form of consciousness, a social institution that regulates human behavior.
Business	it is a set of business relations that take place to meet the needs of the company, or it is an entrepreneurial, commercial or any other activity that is not contrary to law and is aimed at generating profit
Corporate culture	it is a system of rules and norms of activity, customs and traditions, rituals, ceremonies which are kept in the enterprise for a long time, peculiarities of behavior of employees of a given enterprise, skill of communication, style of chief management, communication relations within enterprise and in interrelation with other business structures.
Business ethics	it is a system of norms and rules of relations between different participants of the communication process, as well as social responsibility to the company's internal and external environment. Business ethics is the most important tool for effective conduct of business, creating a reliable reputation and building a respectable image of the company or individual, private entrepreneur.

As for today, scientists have not come to a common opinion on the definition of business ethics. Some authors assert that it is a set of moral norms, rules and representations regulating relations, behavior and relationships of participants of the production process [1, p. 23-25]. According to other authors (Gareth T.M., Klonoski G.J.), business ethics considers primarily the relationship between the goals and objectives of business and the participants in this process.

Famous Polish scientists have defined the essence of business ethics from two positions:

- firstly, it is regarded as a philosophical reflection over ethos, i.e. a set of advantages defining the boundaries of morality of people in the business world. In this case, it is interpreted as one of the "sub-discipline" of philosophy [5];
- secondly, business ethics is the name of the very set of norms adopted in the business world.

The authors have noted [4] that business ethics is both a descriptive and normative discipline. Descriptive – for the fact that its task is to identify and characterize those phenomena of economic life in which the moral aspects that can be assessed from the standpoint of moral values are particularly evident. It is normative, since the purpose of business ethics is to form a system of norms that determine the behavior in business environment of participants of economic activity, based on moral criteria.

There are two main views on the relationship between universal ethical principles and business ethics:

1. The rules of ordinary morality do not apply to business or are partially applicable. This point of view corresponds to the concept of so-called ethical relativism, according to which each reference group (i.e. a group of people whose opinion about their behavior is oriented by this subject) has its own specific ethical norms.
2. Business ethics is based on general universal ethical norms (to be honest, not to cause harm, etc.), which are defined taking into account specific social role of business in society.

Theoretically, the second point of view is considered to be correct, as the system of norms and rules currently adopted in the business environment was formed during a long historical period based on people's awareness of certain traditions and customs.

Primary bases of professional ethics were laid in the period of heyday of ancient civilizations. From there come, for example, the professional oath of Hippocrates, rules and norms of trade, including the idea of the importance of compliance with treaties. However, in the spiritual world of man of ancient and medieval cultures, based on the violent coercion of man to productive labor, there was no place for notions about the relationship between labor, property and wealth. After all, they were perceived as separate, even opposite components of public life.

A significant role in the development of business ethics was played by religion, which influenced the formation of a new type of entrepreneur, which, as Weber M. noted in his work entitled "The Protestant Ethic and the Spirit of Capitalism", "is not inherent" exemplary luxury and waste [3]. It was under the influence of Protestantism that the Western society's attitude towards wealth and private property changed. Property, wealth was considered the result of successful human activity, and success was a symbol of grace. Such combination of economy and religion releases human energy, enrichment becomes a religious and ethical mission.

Ford G. believed that happiness and well-being are only obtained through good faith work. In his opinion, the essence of business ethics is that the produced product is not just a "business theory", but "something more", because its goal is to create a source of joy out of the world of things. Car, money and property benefit only when they contribute

to the freedom of life. Ford's ethical and economic policies are still of practical importance today.

The theoretical analysis of the concept of "business ethics" gives an opportunity to highlight its main components (fig. 1.1).
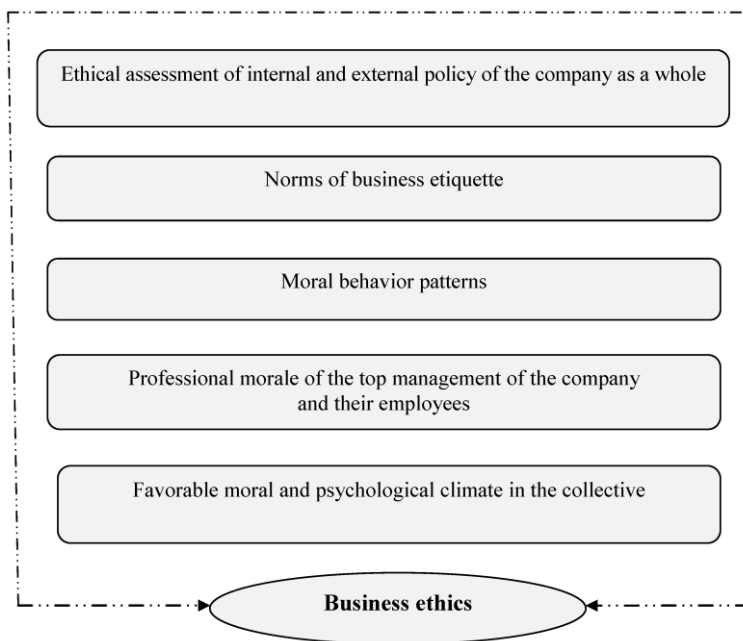
Figure 1.1. The components of "business ethics" concept

The formation of business ethics is a complex process caused by both behavioral factors and changes in economic activity and society as a whole. It depends on the existence of a regulatory framework, its effectiveness, and the correct application of methods and concepts of personnel management. In order to introduce elements of business ethics into the economic environment, it is advisable to highlight the following conditions:

- maintenance and encouragement of existence in the team of different points of view on certain problems;
- high level of interpersonal relations, desire for teamwork to solve the problems;
- non-standard way of thinking, which is often the source of innovations in various areas of industrial and commercial activity.

1.2. MAIN PRINCIPLES OF BUSINESS ETHICS

The principles of business ethics are a generalized expression of the moral requirements established in the public consciousness, which indicate the necessary behavior of participants in business relations. For successful implementation of moral and ethical requirements in the environment of industrial and commercial activity it is recommended to use the following principles of business ethics (tab. 1.2.)

Table 1.2. The essence of the basic principles of business ethics

Title of the principle	The essence
1. Complexity of the vision about the purpose of the entrepreneur's activity.	Ethics should not only reflect the relationship between the members of any social system, but should also provide vision of the mission of the system, its purpose and nature
3. No forced intervention.	Ethics has been developing for a long time, so it determines the nature of the social system and the imbalance, as well as the style of doing business.

The main documents regulating the conduct of business and compliance with professional ethics are: the KO Declaration of Corporate Governance and the UN Global Compact, ISO 14000 – international standards for environmental management systems and others.

Adaptation of the KO Declaration of Corporate Governance – "International Business Principles" in 1994 can be considered one of the most important steps to strengthen the level of compliance with professional ethics and corporate behavior. The Declaration attempts to unite the foundations of Eastern and Western business cultures. It was initiated by the heads of major national and transnational corporations in the USA, Western Europe and Japan.

The main objectives of the declaration are the development of constructive economic and social relations between the countries involved in trade and their vital mutual responsibility to the world. The members of the KO Declaration are convinced that the world business community should play an important role in improving economic and social living conditions. These principles are based on two basic ethical concepts: "kyosei" and "human dignity".

The Japanese concept of "kyosei" means "to live and work together for mutual benefit and prosperity in a healthy and fair competition". Human dignity is ultimately regarded as the sacred inviolability or value of an individual and not simply as a means for others to achieve their goals or even meet the requirements of the majority.

The main business principles recognized in this document are the following:

- responsibility of the business: from the shareholders' benefit to the benefit of its main partners;
- respect for legal norms;
- support for multilateral trade relations;
- protection of the environment;
- avoiding illegal actions.

The UN Global Compact is a large-scale initiative, launched in 1999, which encourages companies, primarily representatives of the business community, to integrate 10 principles in their activities. These principles concern, for example, human rights, health and safety and the environment. On the other hand, one of the main objectives is to encourage joint action to address the broader UN objectives related to sustainable development issues. Today, the UN Global Compact has over 10,000 participants worldwide. In other words, it is the most socially responsible initiative.

Table 1.3. Global Compact Principles

Human Rights	Principle No. 1: Businesses should support and respect the protection of internationally proclaimed human rights. Principle No. 2: Business cannot be complicit in (should not be involved in) human rights abuses.
Labor	Principle No. 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle No. 4: Businesses should uphold the elimination of all forms of forced and compulsory labor; Principle No. 5: Businesses should uphold the effective abolition of child labor; and Principle No. 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The Global Compact principles are derived from: the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. International organizations are intensively establishing international organizations to implement the principles of professional ethics. These are, first of all, the International Society of Economics and Ethics, the Institute of Social and Ethical Responsibility, a network of social initiatives. Well-known European organizations include the European Ethics Network and the European Business Ethics Network.

1.3. LEVELS AND BARRIERS OF BUSINESS ETHICS IMPLEMENTATION

Business ethics of economic entities operates at three levels of the economic system, namely, the global, macro and micro levels.

1. At the first level, the relevant norms are based on universal human values and are recorded in the "Principles of International Business", a global ethical code adopted in 1994 in Switzerland by the representatives of leading companies and consultants from the USA, Western Europe and Japan. Developed countries of the world are trying to form a positive image of their companies and try to support it.

   In the USA, for example, business legislation takes into account such universal values as honesty, frankness, trust and fairness in commercial relations. Disclosure of information as one of the rules of business ethics is given great importance here. It is intended to prevent the monopoly position of producers on the market; to prevent someone from dictating their own terms and standards of behavior to society; and to ensure that foreign companies do not have advantages over domestic companies.

2. Macro-level, in industry scale or national economy scale. The macro-level covers hyper norms and related ethical postulates implemented in industry or national codes of business ethics. It concerns the observance of private property and market competition, the reliability of information and the absence of unfair discrimination in the labor market.
3. Micro-level within an individual company and its clients. It focuses on the principles of trust and non-discrimination between suppliers and customers, staff and management, managers and shareholders. At this level, private ethical issues that arise in the sphere of human resource management and the formation of an effective staffing policy of the company are also being resolved.
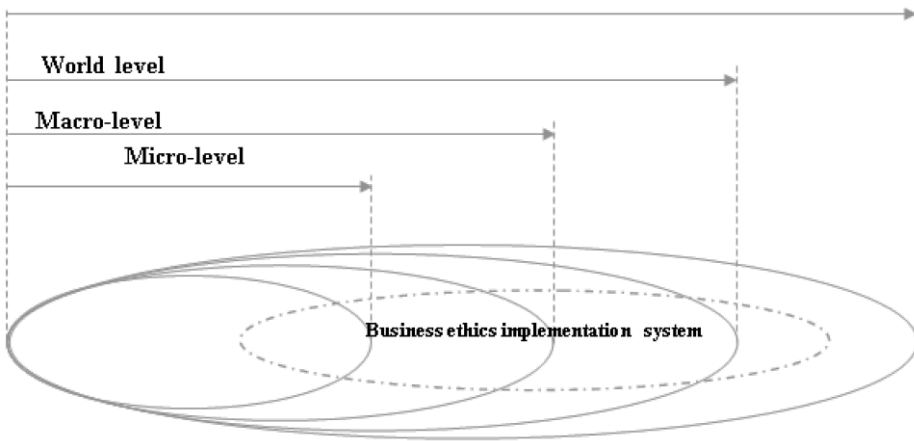
Figure 1.2. Implementation of business ethics in relation to the economic system levels

There are various barriers to understanding, and even more so, compliance with ethical principles by company management (tab. 1.4).

Table 1.4. Matrix of barriers to the implementation of professional ethics

Internal:	External:
− being skeptical about business ethics; − pessimism (cannot change anything), fatalism (evil is omnipotent, it conquers always and everywhere); − shifting the responsibility to others; − uncertainty about its own moral consistency; − moral unrestraint; − being fear of becoming uncompetitive; − overrated self-esteem.	− laws, public opinion; − business partners' negligence; − lack of obligation in business communications.
In the sphere of trade: − breach of payment obligations; − breach of delivery deadlines;	In the sphere of industrial and commercial activity: − production of low-quality goods;

– purchase and sale of goods with overdue dates; – implementations; – staff incompetence; – contraband transactions.	– trademark counterfeiting; – disclosure of trade secrets, theft, collusion with the competitors; – forgery of documents.

Let's highlight the factors for optimizing the social and psychological climate in the collective when implementing the basic principles of business ethics: 1) Code of Ethics; 2) Do more than talk; 3) Identify real goals; 4) Take care of compliance with existing laws; 5) Identify violators of ethics; 6) Equalize with the best employees; 7) Achieve harmonious business relationships; 8) Strive for innovation; 9) Ensure the usefulness of work; 10) Protect the interests of the companions; 11) Recognize the need for fair competition; 12) Worry about the safety of production; 13) Efficient use of natural resources (promote the environmental preservation); 14) Organize business ethics training.

The most important role in the consolidation of the corporate work and maintaining the fruitful non-conflictual atmosphere belongs to the director. He should certainly be a leader, a skillful organizer, a man of his word and a specialist in the business. He must represent a high culture of staff management, manifested in a set of moral requirements that become for the employee a component of his habits and skills, which are manifested in a daily behavior and performance of duties. In a narrow sense, a management culture is a specific form of manifestation of moral requirements.

In order to effectively implement professional ethics in enterprises, it is advisable to create conditions, namely:

- reasonable tax policy;
- clear and stable legal regulation of the economy;
- professionalism of entrepreneurs;
- equal business conditions for all;
- formation of a positive image of an entrepreneur in society;
- formation of corporate ethics of entrepreneurs;
- training on ethical basics of business.

1.4. CORPORATE CULTURE FACTORS

Globalization processes contribute to the formation of norms of corporate culture of the economy in the conditions of constant elimination of obstacles of international economic relations, as well as their modern organizational forms: from self-organization of technology chains of production and sale on international markets by transnational companies.

Key management decisions are implemented through human resources management and effective corporate culture. That is why, in practical management, these issues occupy an important place in the strategy of production and commercial system development. The main factors that influence the formation of corporate business culture are shown in table 1.5.

Table 1.5. Factors influencing the formation of corporate culture

Factors groups	Factors
Labor	– the quantity and quality of the collective agreement is determined by the relationship between the employee and the administration (e.g. partnership); – content of normative documents: labor regulations, regulations for subdivisions, job descriptions, etc.; – employees' attitude to work; – personnel policy; The collated parameter – quality of working life, management style, social partnership, degree of individual approach to employees, opportunity to combine employees' motives and remuneration is included.
Ethics	– ideal goals; – ideas and values that drive society; – eminent persons and models for emulation in the field; Devotion to the company, care for keeping its official secrets.
Mental	– social and psychological climate; – the system of relationships acquired between team members.
Organizational	– internal standards and regulations; – organizational form of the enterprise; – competitive strategy in the market; – nature of market operations; – location of the enterprise; – mission of the enterprise; – management technology; – reaction for changes; – company size; – international company policies, rules and processes.

Taking into account the role of corporate culture in the development of business structures, it is advisable to consider the following features:

- corporate culture reflects the relations between the company's employees and their assignments, partially influencing the efficiency of activities;
- corporate culture has three levels:

1. objective culture, external manifestations of which can be observed as symbols, slogans, technology, architecture;
2. subjective culture, which requires discussion (values);
3. deeper level – basic attitudes that are difficult to understand even by the members of the organization without special focus on the issue. At the same time, it should be taken into account that it is first of all advisable to determine what values and philosophy are important for the company's development strategy and only then to determine the basics of corporate culture.

CONCLUSIONS TO CHAPTER 1

Nowadays it is obvious that only the introduction of effective forms of management in social and moral contexts will allow to form a sustainable society and ensure continuous operation of the enterprise. Factors of economic efficiency should be essentially supplemented by factors of moral, social and ecological character. However, the attitude

to business ethics and methods of its implementation in practice in modern society is ambiguous. In many leading countries, issues of ethical business have only recently arisen, when states have been unable to perform their social functions.

The value of business ethics lies in the fact that it provides practical recommendations on what and how to do, so that such universal values as honesty, trust and fairness become an integral part of the corporate life of each organization, how to behave to employees in order to avoid difficult ethical situations and what to do if an employee is already in such a situation. Internationally recognized business principles should become the core of an ethical business company, as without compliance with them, it is impossible to attract the necessary international capital for social and economic growth and prosperity of the country.

This topic covers the basic principles of business ethics and the barriers to their implementation. The essence and correlation of the concepts of ethics, morality and business has been defined. The main factors affecting the formation of corporate culture are described.

QUESTIONS FOR SELF-CONTROL:

1. What is the essence and correlation of the concepts of ethics, morality and business?
2. Which factors influence the formation of corporate culture?
3. Describe the level and barriers of business ethics implementation.
4. Explain the basic principles of business ethics.
5. What is the essence and content of ethical principles of modern business and management?
6. Is business ethics possible?
7. Analyze the "business principles" of the KO Declaration.
8. Analyze the essence and content of the UN Global Compact.
9. Give a rationale for social responsibility in business.
10. What are the barriers to Ukrainian businessmen following ethical principles?
11. In your opinion, what steps should be taken to establish ethical standards for doing business?

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Chapter 2. Historical aspects and modern concepts of business ethics: trends and challenges

2.1. HISTORY OF BUSINESS ETHICS DEVELOPMENT

Theoretical positions of business ethics were formed under the influence of certain philosophical teachings and do not contradict the centuries-old experience of philosophical thought.

Even ancient thinkers were among the first to start thinking about moral being instead of determinate profit. The term "ethics" was first used by Aristotle as an indication of the special field of study of "practical" philosophy.

Aristotle named happiness the main goal of ethics – the activity of the soul in the fullness of goodness, that is, a person should act reasonably, avoid extremes and keep the golden mean. That is why the main virtue is moderation and prudence. Aristotle believed that human happiness is not in noble origin, health, wealth and character, but in noble behavior under any circumstances. He proved that virtue is the birth of mind.

According to Lucius Annaeus Seneca, the man endowed with moral firmness, tenacity, the wise man prefers wealth over poverty as it opens wide opportunities for him. But wealth plays an auxiliary role in his life, while in the life of a fool it dominates.

The ethical concepts of Ancient India and China were predominantly religious-and-philosophical in nature and in organic harmony with the doctrine of state and law of that time.

The common components of the ethical concepts of the Ancient world are determined by a single process of transition from the primitive communal system to the slave-holding one. In those days, slaves were not recognized as either subjects or objects of moral relations. Free citizens despised physical labor (although it was valued by some thinkers, in particular Yang Zhu, Epicurus, Lucian), and mental labor was respected because it was considered to elevate man, and wisdom was the most important virtue inherent in Brahmans (India), scientists and scribes (China), teachers of wisdom – philosophers (Greece and Rome). The criterion of morality was recognized to be the mind, and the supreme good was contemplative activity. The purpose of life was seen as the achievement of personal well-being, yet it did not ignore the duty to serve the interests of society.

A significant step in overcoming utilitarianism was made in the Middle Ages, when the first thing to appreciate was not wealth, but noble origin. Christianity had tangible influence on this process, it asserted the noble, selfless nature of the moral ideal. Medieval European ethics – from the decline of the Roman Empire to the birth of capitalism (15th century) – was formed under the unconditional domination of Christian ideology.

Antique concepts of morality were unacceptable for Christianity primarily because they had an essential and often decisive role to play. In Christian ethics, religious faith came first, and reason was considered secondary both in understanding the essence of morality and in the situation of moral choice. In the Middle Ages, morality has merged with religion, and the science of morality (ethics) has merged with theology.

The period of early crisis of feudalism and the emergence of bourgeois relations (15th-16th centuries) is called the Renaissance. It came to replace the medieval culture. Ethics of this epoch oriented man not to divine grace, but to his inner strength, the result of which was a deep belief in the boundless creative possibilities of the individual and the optimism.

However, the ethics of that time, as well as morality and decency, had an individualistic character.

The thinkers of this epoch were especially concerned with the problems of individuality, self-value, specific and unique in a person, the originality of talent, taste, preferences, lifestyle, etc.

In the New Age (with the emergence of capitalism – the new time continued from the bourgeois revolutions in Western Europe, began at the end of the 16th century, and by the beginning of the 20th century) the practically utilitarian attitude to reality began to dominate again, and property, wealth, money, social status were elevated to the rank of basic life values.

The society's perception of business ethics and social responsibility in the 20th century has passed (in developed Western countries) over the following three stages:

Stage I – management aimed at maximizing income (up to the second quarter of the 20th century): ethics is secondary to profitability;

Stage II – welfare management (since the 1930s): the organization takes care of its employees and their families, as this will ultimately lead to maximization of productivity and profitability;

Stage III – social management (since the 1960s and 1970s): The organization is responsible to society in general and, in particular, to stakeholders (groups of stakeholders involved).

Let's take a more detailed look at these stages.

Stage I – management aimed at maximizing profits: *ethics is secondary to profitability (period of "wild" capitalism).*

The spread of the movement for business ethics became possible only at the beginning of the 20th century, as the transition to the development and consolidation of the production structure created during the industrial revolution began. This period lasted until the 1930s and was called *the epoch of mass production* (the main characteristic is the excess of demand over supply). There is a necessity to search new ways of expansion of manufacture, decrease in the prime cost of let out production that has entailed development of functional organizational structure of management.

In the first stages of capitalism, the dominant attitude towards business success and the pursuit of profit caused the brutal exploitation of hired labor. Theories aimed at reconciling moral principles with the pursuit of maximum profit were developed. One such theory was M. Fridman's theory, according to which **law is automatically considered an institutional expression of moral norms,** therefore, in *business any action is morally justified if it does not contradict the law* (reasoning of honesty, morality and fairness should not affect the decision making). This position is called the "ethics of laissez-faire".

In 1924 for the first time in history, the U.S. Chamber of Commerce Committee on Business Ethics proposed a national code of ethics "Principles of Business Conduct". It noted that the basis of business is trust, which arises from fair relationships, effective

service delivery and benefit. However, the principles of "primitive ethics" of the last century still dominated, according to which moral justification is given to any business in which consensual partners recognize their exchange as equivalent.

Stage II – Trusteeship management (since the 1930s): *the enterprise takes care of its employees and their families because it promotes productivity and profitability.*

The period that covers the early 1930s – mid 1950s. It entered history as an era of mass sales. In the early 1930s, the demand for basic consumer goods became close to saturation, which necessitated the transition to a market-oriented economy. It is expedient to allocate characteristic features of this period: occurrence of divisional organizational structures of management; necessity for heads to get new skills and competences; reorientation of manufacture from standard production to differentiated. Now in the USA there is a number of social-philosophical doctrines where it is possible to give them a general name "theory of human relations". The slogans of "social partnership", "participation in income", etc. have started to be implemented in the practice of corporations.

Stage III – social governance (from the 1960s to the 1970s): *the enterprise is responsible to society in general and, in particular, to stakeholders (stakeholder groups involved).*

Special attention to ethical behavior in business began to be given in the 1960s under the influence of various social transformations (spread of corruption in the environment of both government bureaucracy and responsible officials of various corporations), aggravation of environmental problems (environmental pollution by nuclear and toxic waste) and political protests (in connection with the Vietnam War). In the 1960s there was a rapid growth of conglomerates. American multinational corporations were the first objects of ethical criticism.

In the 1970s there was an increase in competition in the economic sphere due to the impact of internationalization of business activities, lack of resources and accelerated technical renovation. For the enterprise it meant change of the settled approaches to marketing and manufacture taking into account innovative technologies, strengthening of positions of competitors, new inquiries of consumers and expansion of borders of social control.

In the 1980s some enterprises, trying to adapt to the growing dynamism of the external and internal environment, began to give preference to organizational structures of management such as "dynamic network". There is an evolution from business processes that are coordinated hierarchically to process oriented on the market. That is why exactly in this period business ethics of the public sphere became an important subject of study for specialists and led to a significant growth in the number of scientific researches on this subject. Most leading universities have included this discipline in their curricula. However, it is still very difficult to delineate the boundaries of this field of knowledge. This is explained largely by the lack of a common methodology for business ethics, as well as widespread skepticism and the belief that most people will ignore any ethical standards if they contravene business profits.

2.2. ETHICAL AND MORAL CHALLENGES IN BUSINESS

Some factors have recently aroused business interest in moral and ethical issues:

- intensive growth of the struggle for investments, and on a global scale, which leads to the strengthening of the role of investment funds, which, in turn, are interested in additional guarantees of return on invested financial resources with profit. That is why the practice of creating "codes of business ethics" is spreading. Sometimes such codes are signed by one company, sometimes – by several companies, mainly these documents have no additional legal force to the existing regulations, but in the context of moral aspects they matter for an investor. As such codes provide an opportunity to effectively formulate a company's mission, its vision and ways to achieve strategic goals.
- the development of information and communications technology, making capital increasingly open to scrutiny, has made it increasingly difficult to conceal information about the illicit operations of a business.
- religious and cultural pluralism (especially in recent times), which has led to the destruction and dilution of the notion of the criteria of good and evil (with all people operating on these concepts), which in itself arouses interest in these terms and their proper use. These reasons are also linked to the relationship between ethical values and work of economic and public institutions.

However, a number of complex issues arise in determining the criteria of an ethical business organization.

Firstly, there is a problem of applying the concept of "ethics" to a legal entity that represents a company. Many modern business theorists support the statement that ethics, business and moral assessments are fundamentally incompatible. According to Nobel laureate in economics Milton Friedman, ethics has a "marginal" meaning for business, and moral assessments are acceptable for the entrepreneur, but not for his production and commercial activities. It should be noted that this position is not shared by all representatives of business, because today there is a tendency to recognize the need for "ethicalization" of the economy, in particular, business. The following arguments are put forward: ethically oriented economy becomes the most competitive, ethically behaving in business environment becomes economically rational. Moreover, corporate ethics becomes the most important asset of business if it takes into account both economic and non-economic interests of all stakeholders. In fact, it is a question of social responsibility and justice [7].

The second issue is that most existing corporate codes, especially in large corporations, are focused more on the needs of the company itself and declare the company's responsibility for its customers, contractors and partners, society as a whole, rather than for its own personnel. Much attention is paid to the responsibilities of employees and their loyalty to the employer, and very little attention is paid to the company's own responsibilities to its employees.

Thirdly, in implementing business ethics, the leading role is played by business associations, while the role of employees' trade unions is insignificant, which can hardly be considered a positive factor.

The fourth issue is the formation of corporate culture. Analysis of business ethics regulations in a corporation makes it possible to distinguish certain levels of business ethics. First of all, it is about the level of ethical principles (imperatives) that dominate in the external environment for the corporation, the change of which depends on the dynamics of cultural archetypes in society. The culture and ethics of the corporation are not an isolated phenomenon. Recently, national differences in labor relations and corporate ethics have been the subject of detailed analysis [15].

2.3. MODERN CONCEPTS OF BUSINESS ETHICS DEVELOPMENT IN THE ECONOMIC SPHERE

Business ethics as a special discipline continues to develop today. The main part of it is certain theoretical aspects that study its origin and properties in the economic space, in particular, the social responsibility of business.

Modern concepts of forming an ethical business corporation are multifaceted, as they relate to four levels of corporate identity, namely: proper risk management; compliance with laws and regulations; strengthening reputation; and promoting community development.

There are two basic concepts of modern business ethics development: social contracts and stakeholder concepts, which emerged from the symbiosis of classical ethics and microeconomic theory, are studied in the diffrent areas of western literature for the last twenty years.

The specific feature that unites them is the general concept of separating moral responsibility of business outside the economic sphere. This means that business structures are responsible not only to their shareholders and investors, but also to those who are neither their employees nor partners. The views on nature and the essential attributes of this responsibility significantly differ within each concept.

The social contract concept representatives (T. Donaldson, T. Dunphy), based on common goals and interests, understand the emergence of an informal agreement on common standards of behavior between the company and the external environment. The system of such contracts connects all participants of the economic space: enterprises, industries, social groups. Observance of social contracts by the corporation is declared to be the ethical basis of business. For example, a democratic society supports an informal agreement on the existence of profit-oriented companies. Instead, they undertake to improve the welfare of society, pay taxes, satisfy consumers' rights, and use resources rationally. As a result, their social contract reflects moral values and finds conditional legitimacy. Thus, when companies meet these conditions, their actions are regarded as ethical, because otherwise society has the right to morally condemn them.

The concept of social contracts forms the following hierarchical system of business ethics. The highest level is represented by hypernormal- fundamental principles based on human values. The next level is macro-social contracts, which set the rules of behavior between different groups on the scale of the global or national economy. Next is the level of micro-social contracts within a single community, for example, on the scale of a single industry or corporation. Thus, the resolution of possible ethical dilemmas within a single community should be done in accordance with local micro contracts, and between different communities – according to the principle of priority norms of the highest level.

The concept of interested parties or stakeholders adheres to the principles, and its founders see the moral basis of business as the obligation to respect the interests of stakeholders, i.e. various subjects related to the company's activities. The interests of these groups have unconditional value and are of priority for the company's management.

The representatives of this concept (R. Freeman, C. Goodpaster), in order to avoid ethical conflicts, suggest that management in making managerial decisions should be guided by "stakeholder analysis". It consists in evaluating and comparing in each particular case all disputable moral requirements to the company by its stakeholders. However, the possibility that the interests of certain stakeholders (e.g. shareholders) may sometimes outweigh the rights and interests of other groups is certainly not excluded. However, supporters of such an analysis are sure that managers are capable of making optimal ethical decisions if the interests of all parties concerned are involved andwill be considered fairly [4].

The theory of ethics, of course, is not limited to the concepts discussed above. For example, Professor K. Homan from the University of Munich has developed an ethical framework order concept. By business ethics, Homan understands adherence to the principles necessary to maintain the mechanism of competition, since it is the basis of the market economy and can only exist if all market participants adhere to the same "rules of the game". The combination of these rules determines the so-called framework order.

In the post-industrial development of society, the problem of social responsibility is one of the most controversial topics in business ethics. Since some business structures have acquired such sustainability, they can have an impact not only on the socio-economic environment, but also on natural and cultural ones. The concept of social responsibility is still under study in the scientific literature. Among the researchers there are both supporters and critics. Nobel Prize winner in economics M. Friedman said that the only duty that business has to society is to make a profit, and social responsibility is not a task for it. With social reforms, charity and other similar cases have to be undertaken by the state [11].

CONCLUSIONS TO CHAPTER 2

Business ethics as a separate discipline emerged from a combination of demands, as well as business and scientific interests. Interest to the phenomenon of business ethics is primarily due to its influence and cultural, moral aspects of the company's life, its position in the external environment, which, in turn, plays a major role in attracting investment resources needed to achieve the objectives, because the success of any organization or collective is due to various factors, where the formation of corporate ethics of the organization is one of the dominant factors.

The conducted study examined the theoretical provisions of business ethics, highlighted its modern concepts of development in the economic space, in particular, social contracts and stakeholders' concepts. It is determined that in the current conditions of economic development the problem of social responsibility is one of the most controversial topics in business ethics . The basic problems of ethics and morality in business are considered and their groupings are conducted.

QUESTIONS FOR SELF-CONTROL:

1. Describe the main stages in the history of business ethics development.
2. Name the modern concepts of business ethics development in the economic space.
3. What are the main moral and ethical problems in business?
4. What barriers arise in determining the criteria of an ethical business organization?
5. Describe the concept of social contracts.
6. Name the main researchers who have studied the concept of social responsibility and explain their approach to its implementation in the company's operations.

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Chapter 3. Characteristic of social responsibility in the development of business ethics of the company

3.1. CORPORATE SOCIAL RESPONSIBILITY AS A MODERN BUSINESS CONDUCT CONCEPT

Rapid changes in the modern business environment require enterprises to constantly develop, improve existing technologies and management practices. The increased attention of both society and business to social problems is one of the important trends of our time. This is demonstrated in the spread of the concept of social responsibility, involves the study of social and moral values at the level of all stakeholders of the company. The main goal of business activity is to make profit, what is achieved, among other things, through recognition of needs of potential and real customers, identification of public interests and the intention to satisfy them.

The idea of social responsibility becomes an integral feature of the system of industrial and commercial activity management in the economic environment of the world's leading countries. Implementation of norms and rules of civilized business, implementation of the best international experience of conducting business should become the basis for the practice of implementing socially-oriented projects of companies and contribute to the growth of national economy.

The formation of a modern approach to corporate social responsibility was laid down in 1953 by the publication of American economist H.R. Bowen's book entitled "Social Responsibility of a Businessman", where the author formulated the doctrine of social responsibility as the duty of businessmen to implement policies, make decisions and follow the directions of activities, preferably in terms of the goals and values of society.

Active process of emergence of various models of social responsibility and its implementation in the world practice of conducting business falls at the end of 19th – beginning of 20th centuries. It is connected with a number of reasons:

1. Aggravation of social and labor relations problems were formed exclusively for the benefit of employers.
2. Transformation of social, cultural, moral barriers, traditions and customs, which for many centuries have been hindering the development of society.
3. The need to justify the industrial and commercial activities of a large-scale business sector to society.

The concept of corporate social responsibility, proposed by Keith Davis in 1975, covers the following four key provisions:

1. It arises from public power, which in turn creates the ground for and exemplifies social responsibility.
2. Business must act as a two-way open system: on the one hand, to take into account the influence of society, and on the other hand, to be open about its activities to the public.
3. Social expenditures should be carefully evaluated on the basis of the legitimacy of their assignment to the cost of manufacturing a certain product or providing services, since they are ultimately paid by the consumer.
4. Business entities, as well as citizens, shall be held responsible for solving current social problems that are outside their ordinary spheres of activity.

Further formation of the basis for the concept of corporate social responsibility and public discussion about the nature of this phenomenon, its broadening of definition took place in the 1930s-1960s, and in the 1970s. The number of alternative views on the processes of implementing the provisions of this concept has increased significantly.

At the end of the 20th century the processes of globalization, expansion of information technologies, ecologization of economy are accelerating. That is why the idea of balanced development becomes popular in science and practice, reporting systems are appearing, taking into account environmental standards, integration of social responsibility principles into strategic management of companies takes place. An important step in spreading the concept of social responsibility was the adoption in 2010 of ISO-26000 "Guidance on social responsibility", which considers it as the responsibility of the company for the impact of its activities on society and the environment through the transparency and ethical behavior, which contributes to sustainable development, health and welfare of the population, takes into account the expectations of stakeholders, is in accordance with existing legislation and is in alignment with international standards of conduct, and is integrated into strategic management of the company.

The evolution of the concept of corporate social responsibility consists in:

- economic responsibility is a moral and ethical component in the activity of the enterprise when carrying out business processes and maintaining profitability;
- business is a strategy that recognizes that a company cannot develop effectively if the environment in which it conducts its business activities fails;
- duty concept is that the company must perform the following duties: economic (to make a profit on own share capital to satisfy shareholders, to produce products for consumers, to create new jobs and material values for its business); legal (not to violate the law); ethical (to adhere to moral values, to carry out its activities honestly, fairly, to respect people's rights, not to harm others); philanthropic (to implement social projects);
- the concept of "stakeholders" demonstrates that the enterprise has a corporate consciousness, which implies constant understanding by the management of the responsibility of this institution in relation to the society;
- corporate accountability means that companies are responsible for the consequences of their actions and are somewhat accountable to the society;
- voluntary concept refers to the obligations of enterprises to voluntarily pursue long-term goals that are beneficial to society;
- proactive concept refers to a strategic approach to the conduct of productive and commercial activities that systematically expands opportunities for sustainable development.

3.2. THE ESSENCE OF CORPORATE SOCIAL RESPONSIBILITY

During the evolution of the concept of corporate social responsibility there were many interpretations of this concept, so in scientific researches there are different definitions that characterize it as "social responsibility of business", "corporate social responsibility", "corporate citizenship", "corporate social activity", "business ethics" and others. These definitions refer to different types of social responsibility, but are based on the

same essence, i.e. managing business in accordance with the needs of local communities, its own staff and the environment.

Researchers on social responsibility of business have identified the following three levels to define social responsibility:

- the first (basic) level – business pays taxes in full and legally, thus the funds go to the budget, from where they are distributed to the same social programs.
- the second (corporate) level – a socially responsible business should pay economically justified wages, because decent wages allow a person to spend money to support their health, education and culture.
- the third (highest) level – socially responsible business is engaged in charity on a voluntary basis. On the one hand, a potential investor has more trust if the company can afford to carry out large-scale social programs not directly related to production and is known in society. On the other hand, these programs show that the business is open, it is engaged not only in internal corporate programs, but also works with society.

The essence of the concept of corporate social responsibility, defined in the main official international documents, is presented in table 3.1.

Table 3.1. The essence of corporate social responsibility in official international documents

Document	Definition of the essence of "corporate social responsibility"	Specification of the definition
Business for Social Responsibility, 1990	Corporate social responsibility – achieving business success while being respectful for ethical standards of civil society and the environment. Corporate social responsibility requires decisions to be made in accordance with legal, ethical, commercial and other business requirements of society, as well as taking into account the needs of all main stakeholders.	Achieving success in keeping with social expectations
"World Council for Sustainable Development",1990	Corporate social responsibility is an ongoing commitment of business to promote sustainable economic development by working with employees, their families, local community and society at large to improve their quality of life.	Business commitment to promoting economic development
European Commission ("Green paper on corporate social responsibility"), 2001	Corporate social responsibility is the concept whereby companies integrate social and environmental issues into their business activities and stakeholder engagement on a voluntary basis.	Integration of social and environmental issues in commercial activities

Some interpret the concept of "corporate social responsibility" as:

- the businessmen's duty to make the decisions and follow the directions that are desirable in terms of the society's goals and values [1].
- compliance with economic, legal, ethical and discretionary expectations placed by society on enterprises at a given time [3].

- free choice of the company in favor of the obligation to improve the wellbeing of the society by implementing appropriate approaches to doing business and allocating corporate resources [5].
- responsible attitude of any company to its product or service, consumers, employees, partners, its active social position, which consists in harmonious coexistence, interaction and constant dialogue with society, participation in solving acute social problems [8].

The content of corporate social responsibility may include the following main components:

1. *Development of a staff training concept*, which should include various forms and methods of staff training in special courses conducted by universities (MBA programs), courses and trainings focused on acquiring specific knowledge and skills.
2. *Strengthening of social security of employees.* In this section of the basic strategy of social responsibility of business, a social package is formed, the components of social infrastructure are improved, etc. Additional compensations for working pensioners and mothers can be established from profits, and the cost of goods and services sold as part of the enterprise's social infrastructure can be reduced.
3. *Health of the population (communities), development of local and regional infrastructure.* This section provides for establishment of interrelations and cooperation with local authorities on holding sports, charity, sponsorship events with attraction of the enterprise's resources: human, informational, financial and so on.
4. *Business ethics.* Based on the developed code of ethics, the principles of conduct with business partners are established.
5. *The ecological and environmental activities* imply not only compliance with the legislation, but also voluntary actions aimed at energy – and resource saving and etc.
6. *Satisfying consumers' needs* primarily in the production of quality products that meet all international standards, using environmentally friendly raw materials.

There are the following three approaches to understanding social responsibility of business and ethics of management decisions:

The classical approach proposed by M. Fridman, a Nobel laureate, who in his article "Social Responsibility of Business – Making Money" provides that the main task of management is to increase the company's profit and maximize the interests of shareholders. This approach has led to the fact that under the guise of good deeds managers of enterprises have found one more way to deceive the population and get additional profit.

The proponents of the *socio-economic approach* believe that the classic approach does not stand up to criticism in the current realities. Today companies are not purely economic institutions, and society itself recognizes the need for social, political and legal activity of business. The social responsibility of management goes beyond the creation of profit, provides for the protection and improvement of social welfare. Economic efficiency cannot be the very goal of a large business, which should not only care about profits, but should also take an active part in improving society and social life, making the maximum contribution to solving social problems, supporting the activities of charity organizations and improving the quality of life and ensuring environmental protection.

The centrist approach establishes a direct (positive) relationship between the corporate vision and economic performance of the organization. Expenditures on social and charitable programs, while reducing the current profit, create advantages for the enterprise. This is the main motive of social activity of the organization [2].

According to the approach of the *World Council of Companies for Sustainable Development,* the social responsibility of an enterprise is a long-term commitment of companies to behave ethically and promote economic growth while improving the quality of life of its employees and the surrounding society.

The implementation of the concept of corporate social responsibility contributes to continuous development, including the growth of health and well-being of society; complies with current legislation and international standards of conduct; is integrated into the activities of the company and is practiced in business relations.

The implementation of this concept is voluntary for private and public sector companies. It primarily implies compliance with the requirements of operational and production activities, social standards and quality of work with staff, minimization of harmful impact on the environment and other issues like that. The goal is to overcome existing social and economic imbalances; to create trusting relationships between business, society and the state. Corporate social responsibility is closely linked to the achievement of sustainable development by the company and quality in production organization.

Its main characteristics are: volunteerism; integration into the business strategy of the enterprise; consistency; obtaining certain benefits for all interested parties: consumers, employees, shareholders, society, etc., as well as for the enterprise itself. Corporate social responsibility brings together the practices of companies in the following seven areas of activity:

1. Organizational management.
2. Human rights.
3. Labor relations.
4. Ethical operational activities.
5. Environmental protection.
6. Observance of consumer rights.
7. Development and cooperation with local communities.

3.3. CORPORATE SOCIAL RESPONSIBILITY SYSTEM TAKING INTO ACCOUNT BUSINESS ETHICS PRINCIPLES

The concept of corporate social responsibility is a system of values, processes and activities aimed at spreading the positive impact of the company's activities in the economic, environmental and social spheres both within the enterprise and in the external environment. The implementation of socially responsible strategies should not only focus on reducing and preventing negative effects of activities, but also on achieving a number of effects, can be analyzed as a basis for improving the competitiveness of individual companies and the national economy as a whole.

Considering corporate social responsibility as a system, it is necessary to distinguish its main components: goals and objectives of activity; CSR subjects and objects; construction imperatives; types and forms of its manifestation (fig. 3.1).

Purpose: formation of strategic competitive advantages based on constant interaction with stakeholders for balanced development of enterprises in the long-term perspective.

CSR subjects: enterprises and organizations of different ownership forms, employees.

CSR objects: social obligations imposed on a CSR subject or assumed voluntarily.

The imperatives of the structure: systemic, complexity, institutional, sociality, ecological compatibility, innovativeness, integration, transparency, controllability by the involved parties and society as a whole, social significance.

Forms of social responsibility manifestation

Responsible producer of goods and services

Social and labor relations responsible participant

Responsible participant in socio-economic and political relations with the state

Responsible business partner

Socially responsible marketing

Positive effects of the company's social activities:

1) production of quality goods and services and establishment of long-term partnerships with consumers; 2) reduction of staff turnover and increase of their loyalty and responsibility level; 3) improvement of financial indicators; 4) growth of opportunities to enter foreign markets; 5) increased transparency and openness of companies, etc.

Figure 3.1. The system of corporate social responsibility taking into account the principles of business ethics

The basic functional assignment of the social responsibility system is to conduct the actions and behavior of subjects in accordance with significant moral and ethical values, principles, norms that meet the interests, ideals and objectives of society and the needs of sustainable development. By its essential characteristics, the system of social responsibility is not material, but spiritual and moral; it is based on the inner culture of people and the values professed in society. The purpose of the CSR system activity is to form

strategic competitive advantages based on constant interaction with stakeholders to ensure efficient operation of enterprises in the long perspective.

The tasks of the corporate social responsibility system, taking into account the principles of business ethics, are as follows:

1. Approval of social responsibility values at the enterprise, their implementation into business processes and corporate culture.
2. Formation of positive image of the enterprise for internal and external stakeholders.
3. Building relations with internal and external stakeholders.
4. Implementation of best world business practices taking into account the provisions of this concept.
5. Ensuring effective attraction and use of social investments, etc.

The subjects of CSR are companies of different ownership forms, employees. For each subject of liability is a certain group of stakeholders affected by its activities and in respect of which it assumes a voluntary commitment to act responsibly.

CSR subjects are those for which the social responsibility subject voluntarily assumes responsibility. In other words, they can be regarded as certain social obligations which may differ for different stakeholders:

-   for hired employees – company managers are responsible to their personnel. They are obliged to ensure fairness to their employees, democratic functioning of the company, opportunity to participate in management, training in new knowledge and technologies, professional development, effective activities in the field of social opportunities. Companies are required to use work planning, employment guarantees, strive for the development of corporate ethics and culture, involve employees in the formation of strategic development priorities.
-   investors – equity companies provide financing for their activities at the expense of shareholders, including representatives of the general public. They invest money with the expectation of making a profit as a payment for risk and use of their capital. The social responsibility of a company's management extends to protecting the investment as well as providing shareholders with the opportunity to participate in management decisions. Management has a duty to consider the interests of shareholders and provide them with all necessary information. An important area is the choice of the company's development strategy in the format of social responsibility.
-   consumers – business is responsible to consumers because its profitability depends on them, and their well-being depends on the ethical activities of companies. This responsibility extends to ensuring the quality of goods and services, safety and duration of use of manufactured products, quality assurance of after-sales service; ethical advertising, provides objective information about the product and does not encourage the consumption of harmful products; modern methods of trade; transparency and openness in all matters that are of interest to potential customers.
-   environment – in this context, social responsibility is very clearly traced to the rational use of limited resources on which the well-being and improvement of society depends, is an objective prerequisite for business success. The greatest attention is paid to the dangers of water, air and soil pollution when choosing the location of

new industrial facilities, the operation of heavy machinery and the use of hazardous materials.

- the state – companies are obliged to respect and clearly implement the established laws, even if the company is not acting in their interests, as well as to actively and voluntarily participate in the performance of their social functions and in the work of executive bodies when necessary. In particular, this includes controlling exports and imports, combating inflation, observing and promoting at least minimum social guarantees, especially wages, controlling advertising and restricting the sale of tobacco and alcohol products.
- other organizations (suppliers, trade unions, business partners, competitors) - an example of such responsibility can be compliance with fair competition rules, respect for copyrights and patents, use of "green supply", active social dialogue with trade unions.

The forms of manifestation of social responsibility are multifaceted, and at the micro-economic (corporate) level the following can be defined: responsible producer of goods and services; participant of social and labor relations (staff management on the principles of social responsibility); participant of social, economic and political relations with the state; responsible business partner, etc.).

3.4. ADVANTAGES AND DISADVANTAGES OF IMPLEMENTING THE SOCIAL RESPONSIBILITY

Social responsibility contributes not only to improving the image of the enterprise, but also provides a competitive advantage for the long term, entering new markets. The main advantages are as follows:

1. Improvement of financial indicators. Many studies conducted in different countries show a direct correlation between the quality of a company's social responsibility policy and improvement of its financial performance.
2. Improved image and reputation of brands. Commodity abundance and greater market choices create an environment in which consumers' choice of a product or brand is influenced not only by its price and quality, but also by many other factors. Numerous studies show that one of them is the reputation of the company as a socially responsible company, popularity and recognition of its social activities.
3. Increasing sales and consumer loyalty. A successful and well-thought-out social responsibility policy significantly affects the level of sales made by the company and customer loyalty to the company.
   In European and other countries, surveys have shown that a significant proportion of buyers are even willing to change the brand to one that would be associated with charity: 86% of such consumers in the UK, 73% in Australia and 65% in Belgium. In 1998, 28% of British people boycotted the goods of companies that pursue irresponsible policies.
4. Reducing staff turnover. It is easier to attract professionals to work for the company, what is supported by a well thought out policy of social responsibility. As a result, staff turnover is reduced and training costs for employees are reduced.
   In 2001, more than half of MBA graduates (Master of Business Administration) gave preference to those companies that are known for their responsible attitude to society and significant social programs.

A special role in the company's reputation plays precisely in the search for and attraction of highly professional staff, top and middle managers, who assess not only the level of remuneration and career prospects, but also take care of their own reputation and prestige.

5. The reduction of pressure from the inspection bodies. In some countries, well-thought-out social responsibility policies can help reduce pressure from the inspection authorities. Publication of the company's principles and policies regarding its employees, environment and suppliers provides a significant response to government authorities on how the company views these issues. It can be asserted that those companies that are open and transparent in their operations, invest resources in social programs and have more sustainable position in their relations with the authorities.

According to experts, the introduction of social measures revealed a high level of expectations among respondents regarding the positive impact of this concept. The biggest advantages at enterprises are expected by the following indicators: improved reputation, increased brand awareness, establishment of relations with the authorities, improved quality of products, competitive advantages, innovations, productivity, sales, profits and other indicators of economic development of the enterprise.

The main shortcomings of social responsibility can be called:

1. Violation of the principle of profit maximization – directing part of resources to social needs reduces the level of financial benefit received. The company behaves in the most socially responsible way, focusing only on economic interests and leaving social problems to state organizations and services, charitable institutions and the like.
2. Spending on social engagement. Funds directed to social needs are expenses at the enterprise. As a result, they are transferred to consumers in the form of price increases.
3. Insufficient company accountability.
4. Lack of ability to solve social problems. The company's staff is best prepared for activities in the spheres of economy, market and innovation. However, they lack the experience that allows them to make significant contributions to solving social problems.

CONCLUSIONS TO CHAPTER 3

Thus, current practice of implementation of corporate social responsibility demonstrates the urgency, necessity and effectiveness of the new policy of business conduct, as in the conditions of globalization of economy, social, political and economic relations are transformed, the role of hired employee grows and the necessity of maximum satisfaction of stakeholders' interests and society as a whole is determined. Introduction of the practice of corporate social responsibility is actual for all participants of economic system, since the competitive advantage of a successfully operating enterprise, thanks to which non-productive expenses of the enterprise will increase its market value at the expense of collective intellectual capital and goodwill, competitive ability of products, services, and contribute to the solution of social, ecological and economic problems of society.

It can be concluded that corporate social responsibility is a kind of voluntary, conscious payment of the enterprise for the use of resources or negative consequences due to the production, consumption of products or services, as well as investments in its further development through the expansion of markets, increased sales, the formation of positive socially-oriented image.

QUESTIONS FOR SELF-CONTROL:

1. Identify the essence of corporate social responsibility.
2. Why is corporate social responsibility a modern concept of conducting business?
3. Describe the system of corporate social responsibility taking into account the principles of business ethics.
4. Identify the main shortcomings of corporate social responsibility.

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Chapter 4. Ethics of conflict situations resolution

4.1. THE ESSENCE AND NATURE OF THE CONCEPT OF CONFLICT

Conflicts are quite common in our everyday life, because they occur in almost all spheres of life. According to the American researcher Peters. T "... one of the problems of a human being-is, the study of conflicts and paradoxes". Contemporary interest of scientists to the question of the emergence and prevention of conflict is big enough. However, there is no generally accepted theory of conflicts, which explains their nature, the impact on the development of collectives, society, although there are numerous studies from the perspective ofthe appearance, functioning, management of them.

For the first time, an attempt to consider conflict as a systemic and necessary pheno-menon of culture as a whole was made by Simmel. He believed that conflict in society was inevitable and unavoidable. But if Karl Marx presented the social structure of society in the form of ruling and subordinate spheres (conflict, in his opinion, grows in the system of "domination-subordination" and always leads to destruction or social changes), then Simmel presented the social structure of society in the form of inseparable, interconnected, interrelated processes of association and dissociation of its elements. Thus, conflict is a natural component of these processes, and since conflict is inherent to both dissociation and association, it definitely leads to the destruction of the system or to social changes.

Simmel emphasizes the benefits of conflict: the preservation and strengthening of the social system as the integrity of association and the unification of the social organism.

He considers that the source of conflict is not only the conflict of interests, but also the manifestation of so-called "instincts of hostility" by people, which can increase the severity of the conflict. The conflict can be mitigated by the harmony of relations between people and the instinct of love.

Thus, Simmel highlights specific factors that influence the nature of the conflict – instincts of love and hatred.

Simmel sees conflict as a changing variable that manifests different degrees of intensity or strength. The extreme points of the intensity scale are competition and struggle. Simmel defined the struggle as a disorderly, direct battle of the parties. Competition is a more organized mutual struggle of the parties, which leads to their mutual differentiation.

Compared to Marx, who believed that the conflict would eventually intensify and become revolutionary and lead to structural changes in the system, Simmel analyzed in depth the less intense and acute conflicts that strengthen the stability and integration of the social system. Simmel, however, expressed several thoughts of relevance to the general conflictology about the severity and strength of the conflict. These thoughts were formalized and summarized by Turner in the following list.

Simmel's key points about the acuteness of the conflicts:

1. The more groups are emotionally involved in a conflict, the more acute the conflict is.
2. The better "groups are grouped", the more acute the conflict is.
3. The more groups involved in the conflict are relatively cohesive, the more acute the conflict is.

4. The less isolated and sharpened the conflict groups are due to the broad social structure, the more acute the conflict is.
5. The more conflict is targeted, the more acute the conflict is.
6. The larger is the conflict, as presented by its participants, the more the conflict goes out of the limits of an individual goal and interests, the sharper is the conflict.

More intense emotions caused by conflict are more likely to lead to violence. In inter-personal conflicts, feelings associated with previous closeness, animosity or jealousy will exacerbate the conflict intensity. In inter-group conflicts, the internal cohesion of groups and the internal harmony of the relationships involved in the conflict are more likely to trigger violence.

The question: "Do these Simmel's observations mean that it is possible to reduce the acuteness of possible conflict by reducing the emotional attachments of group members, the isolation and fragmentation of the group? Should the leader seek to reduce the cohesion of the group members in order to avoid conflict?".

Thus, theoretical conflictology has its origins with Marx and Simmel.

Marx presented the social and structural causes of conflicts under conditions that could solve the conflict and emphasized the nature of the antagonist of conflict. And Simmel described the conditions for changing the acuteness of the conflict and its integration consequences.

In modern theory of conflict (starting from the 1960s) the following two trends emerged, based on the postulates of Marx or Simmel:

1. Dialectical theory of conflict.
2. Conflict functionalism.

The next stage is the work of Sigmund Freud and representatives of his school, who determined that psychoanalytic conflict is the opposite of contradictory requirements within the subject of the study.

Social conflict is a struggle for values, status, power and resources, in which opponents neutralize, damage or eliminate their opponents.

It is possible to distinguish the doctrine of conflict from the position of formal logic or game theory, where it is associated with maximization of winnings, minimization of losses under certain conditions.

All these approaches, despite their multidimensionality, highlight a certain specificity of the conflict, namely:

•   as a phenomenon that happens to a person, that is, such a phenomenon, that is inevitable and yet carries a certain negative;
•   it has some result (victory or defeat).

There are a number of definitions of conflict, but they all emphasize the existence of a contradiction. As a matter of fact, this circumstance is fundamental, since its purpose is to mobilize exactly the resources and to the extent that will make it possible to successfully resolve the conflict situation.

Based on the above, the scientific study interprets the conflict in the activities of the enterprise as the confrontation of the parties in the situation of distribution, appropriation and use of production, material and any other resources.

Thus, Lincoln V.F. classifies the reasons for conflicts, singling out the following prerequisites: information, structure, values, relations and behavior, and, accordingly, singles out the following five main conflict factors:

- *information* that is acceptable to one side and unacceptable to the other;
- *structural factor* – these are formal and informal characteristics of the collective, which are expressed in the specifics of the legislation, status, rights of men and women, their age, role of traditions, various social norms;
- *values* are those principles, which are ignored, neglected, forgotten or intentionally violated;
- *relationship factor* – related to the level of satisfaction from interaction. Here attention is paid to such aspects as: the basis of relationships (voluntary or forced), their essence (independent, dependent, interdependent), expectations: importance, value, duration; compatibility of people in the process of interrelations and their contribution to development;
- *behavioral factor* is the strategy of behavior in a conflict situation: avoidance, adjustment, competition, compromise, cooperation.

4.2. KEY CAUSES OF THE CONFLICTS ARISING IN THE ENTERPRISE

Taking into account the results of the study of internal conflicts, it is possible to determine their causes, i.e. the types of circumstances of social interaction of workers that lead to collision of their interests, opinions, attitudes and goals:

1. Material and technical – work with old equipment, in unsuitable premises, in production facilities with harmful working conditions (noise, vibration, etc.).
2. Production-and-organizational – inefficient organization of labor (unclear distribution of duties and functions, imperfection of the technique of accounting and control over the measure of expended labor, violation of its regimes and rest, the practice of overtime work, and payroll accounting (failure to regulate labor rationing, payment and bonus systems).
3. Social-and-psychological – imperfection of the system of selection and placement of personnel, wrong assessment by the manager of the professional suitability of workers, limitation of opportunities for professional growth within the enterprise, problems of adaptation (life experience, restraint, values and traditions of older generation and desire for innovation and criticism of youth), violation of demographic structures on the basis of gender (sexual homogeneity of collectives), incompatibility of some members of the collective.

4.3. CLASSIFICATION CRITERIA FOR CONFLICTS

Conflicts in the collective are defined by the following classification criteria:

1. *By the field of environment* (macro-level conflict (between state and enterprise, between enterprises), micro-level conflict (in the enterprise).
2. *By the peculiarities of manifestation* (open type; closed (hidden) type).

3. *By the level of benefits obtained* (personal and self-serving, aimed at meeting own interests, needs and goals; pragmatic, aimed at neutralizing obstacles in joint activities).
4. *By the subjects of conflicting relations* (between the director of the enterprise and his employee, between the director and the employee's team, between interest groups, between the employee's team and an individual employee, between individual employees).
5. *By the direction of impact in the organizational structure of the enterprise* (vertical; horizontal; vertical-horizontal).
6. *By the method of decision* (by forced methods: not by forced methods).
7. *By the emotional nature* (highly emotional; average emotional).
8. *By the conflict emergence* (due to the actions of objective factors; due to an acute conflict of interests, needs, goals).
9. *By the moral and social form of manifestation* (socially acceptable; socially unacceptable).
10. *By the presence of objects* in the conflict (the object is present or absent).
11. *By the stages of conflict development* (at the stage of origin (unexpected; expected; planned), at the stage of development (short-term; medium-term; long-term), at the stage of solution (manageable; average manageable; unmanageable)), at the stage of decline (on spontaneous solutions, behind a compromise solution, behind a forced solution; with the participation of the mediator).
12. *By the functional direction* (functionally constructive; functionally-destructive).

Conflict is a process that develops over time and can be divided into several periods. For example, they can be: before the conflict period, conflict engagement and after the conflict period.

4.4. STAGES OF CONFLICT DEVELOPMENT

The interests of different social and professional groups represented by employees and team leaders also significantly differ from each other. As a result of differences in the nature and content of work, level of education, access to authority and information, these groups have different social status and often lead to aggravation of contradictions between them. The analysis of scientific studies of internal collective conflicts makes it possible to distinguish the following stages of their development:

a) the emergence of a conflict situation that reveals real contradictions in the interests, needs and objectives of the parties - is a potential conflict. For example, shortcomings of production nature (irregularity of work, shortage of supplies, etc.) are the reasons for the emergence of a conflict situation. What kind of development this situation will get depends on how its employees perceive and understand it. At this stage, tensions arise in relationships, emotional experiences are characterized by increased anxiety;
b) awareness of a conflict situation is connected with the perception of reality as conflict, with understanding of the need to make decisions for action. At this stage, irritability, dislike, aggressiveness and disequilibrium are manifested in the behavior of collective members. Practice shows that a conflict situation arises when, in the opinion of the employee, the manager creates an environment in which specific needs and attempts of the subordinate cannot be achieved. Most often, a conflict situation is

      formed in conditions of incompatibility of abilities, motives and goals of individual employees*;*

c)   conflict engagement is the most acute and emotionally intense phase of a conflict. The emotional background of the conflict at this stage is amplified many times;

d)   conflict resolution can and should start bypassing the conflict engagement by eliminating the objective causes of the conflict situation (negotiations, collective discussion, mediation).

e)   the after the conflict stage is characterized by intense worries of the parties. At this stage the correction of their self-esteems and relations takes place. The facts obtained in the research of the American psychologist L. Walter show that it is precisely after the conflict stage, when the parties involved in the conflict are ready for positive changes, that the prospects for further development of relations can be determined.

At each stage intra-collective conflicts represent an economic problem in the direct meaning, since the level of conflict significantly affects a large number of production indicators. Losses of working time from conflicts and post-conflict situations account for about 15% of total working time, and productivity in the after the conflict period is reduced to 20%. The practice of anti-crisis management proves that under the same technical and economic conditions, but different social and psychological state, the results of economic activity can vary in the proportion of 1:3. Therefore, today managers of enterprises face the task of introducing creative technologies in the practice of conflict management.

In long-term conflicts the business content percentage often decreases with time and the personal area dominates.

The models of conflict characterization in the form of matrices and graphs are the necessary foundation for creating a variant of the conflict model as a game with a schematic description of the engagement between the parties to the conflict. This makes it possible to use the methods and models of game theory to find the optimal solutions.

It has been proved that the frequency of conflicts in the enterprise is increasing due to inefficient system of enterprise management. In addition, the enterprise director often underestimates the possible consequences of conflict between employees. In many cases such situations cause a very high level of dissatisfaction with the needs and interests of workers, increase in the rate of their turnover and decrease in the level of labor productivity.

In its turn, the main task of the enterprise director is to settle a conflict situation. It is established that when the director interferes and manages the conflict situation at the first stage of its development, the conflict is solved by 92%, at the second stage – by 45%, at the third stage – by 5%.

The level of conflict in the enterprise is characterized by the level of interaction between the opposite parties as a result of a collision of views, interests and needs of the subjects of interaction and the lack of agreement between them.

A conflict can be considered resolved only if the conflict situation disappears and the reasons for its occurrence run out. Removal of an incident cannot be considered as a resolution of the conflict unless the situation itself is resolved, since it only leads to turn the conflict into a hidden form.

4.5. STRUCTURE OF ETHICAL COMPETENCE IN CONFLICT RESOLUTION

To have competence in the correct solution of conflict situations does not mean to be morally capable, because awareness of this issue, literacy is only a cognitive characteristic of competence, and not necessarily the director of the enterprise or the employee is ready and able to apply it in the course of his professional activities.

The structure of ethical competence of conflict resolution consists of the following components: cognitive, technological, personal and motivational.

Thus, it is the ability to make adequate moral decisions and act in accordance with the norms of ethics, in order to overcome a conflict situation that characterizes directly all these components of ethical competence. Let's reveal the content of these components in accordance with their practical significance in the context of displaying conflict culture during professional activity.

The cognitive component of ethical competence reflects the system of knowledge about the essence, structure, function and peculiarities of ethics in general and business ethics in particular; knowledge about the types of dialogical and subjective communication, about peculiarities of one's own management style. The cognitive component of business ethics determines the availability of professional knowledge, including the knowledge about the conflict, strategy of its resolution and awareness of its practical importance in professional activity. The cognitive component develops and guides the thinking of the director, resulting in ethical competence as a tool for conflict resolution and elimination of conflict situations.

The technological component – means the ability to effectively apply ethical knowledge in the process of solving professional tasks; the ability of cultural interpersonal communication, interaction with various subjects of activity on moral and ethical norms; the ability to model professional (including potentially conflict) situations requiring the manifestation of moral and ethical qualities and the ability to constructively solve the tasks; observance of tact in conflict situations; the presence of inner conviction to act in accordance with norms. These are general and specific professional skills and abilities that allow to successfully establish contact with another person with the help of moral and ethical norms, adequately recognize its internal state, manage the situation of ethical interaction with it, apply constructive strategies of behavior in conflict situations of moral choice.

Personal component – defines a set of indicators such as:

- formation of humanistic moral and ethical principles of the director of the enterprise;
- presence of morally directed dialogical, subjective interaction, contact;
- ability to reflexive one's own activity;
- high level of moral and ethical culture;
- formation of personal values and professionally significant orientations.

The personal component also contains humanistic attitudes to communication, interest in another person and readiness to enter into personal and dialogical relations with that person; developed empathy and reflection; high level of identification with professional roles performed; psycho-emotional states adequate to the requirements of professional

activity. In other words, these are those personal qualities of a manager that promote professional self-determination in general and in the constructive resolution of conflicts in particular.

The motivational component, as well as other structural components of ethical competence, is of great importance in the formation and reflection of conflict culture and assumes the formation of significant professional motives that encourage the development of the ability to act in a situation of risk; interest in mastering the knowledge and skills to constructively resolve conflicts; interest in positive results to eliminate the conflict situation.

4.6. FUNCTIONS OF ETHICS OF CULTURE ON CONFLICT RESOLUTION

The essence of conflict culture representation in the context of formed ethical competence is revealed, first of all, from its function. Thus, the communicative function of ethical competence implies the ability not only to clearly and precisely express one's thoughts, to argue, convince, and transmit information, but also to organize a constructive dialogue, to use verbal and non-verbal methods in accordance with the requirements of business ethics – all this contributes to rational conflict resolution provided that the communicative means of dialogic engagement are used.

The reflexive function of ethical competence consists of awareness of oneself and the world around. The ability to function as a reflexive person stimulates the director to analyze causal relations, motivates and stimulates his striving for professional development, work on himself, self-improvement and self-actualization. The reflexive function of ethical competence is one of the most important functions in an employee's professional activity according to his conflict culture, since reflection is a technique of conflict resolution.

Conflictological culture as a means of displaying ethical competence is also implemented through the regulatory function, which aims to resolve those contradictions that arise in the process of engagement between employees of the enterprise.

The teaching function of ethical competence in the context of displaying a conflictological culture implies not only constructive solutions and conflict prevention.

The preventive function of ethical competence realizes the ability to anticipate those potentially dangerous from the point of view of conflict organizers and to react quickly to an emerging conflict situation. This function is aimed at relieving tension in communication between employees at early stages and preventing the development of a conflict situation in the future.

The integrative function is one of the most important functions of ethical competence, aimed at integration and stabilization of individual and collective interests; consolidation of formal and informal engaged groups; enhancement and stabilization of common interests of all team members. The integrative function of the conflict culture and even of the conflict competence provides defuse of tension in interpersonal and intergroup relations by means of joint efforts of subjects of conflict engagement on the basis of coordination of common interests.

CONCLUSIONS TO CHAPTER 4

Modern conditions of management, decisions regarding many problems of adaptation of the enterprises to economic, scientific and technical, technological, information and social changes in a society induce heads to implement cognitive technologies of management of the staff at the domestic enterprises as for increase of competitiveness and efficiency of functioning managers should provide, analyze and be able to manage conflicts effectively. Successful conflict resolution requires from the director appropriate knowledge, creativity and even a development of a strategy that takes into account all moments of conflict.

Leading experts objectively state that most conflict situations can be successfully resolved with effective management. The solution of contradictions, as well as any other phase of management activity, should begin with the problem diagnosis – consideration of the main characteristics of the conflict: motives and goals of its participants, the essence and content of contradictions, dynamics of the situation.

Thus, in order to overcome destabilization of social and labor relations and conflict situations at the enterprise it is necessary to organize professional training and improve the skills of employees; invest in training; plan social development and dynamics of the structure of employees; create favorable sanitary and hygienic conditions of work, provide an adequate level of labor and health protection at the enterprise; support a high level of work capacity, observe norms and regimes of work and rest; motivates the company to work in the field of labor protection and health protection.

In the presented article the essence of the conflict, stages of its development are consi-dered, the main reasons of its occurrence are defined, and classification features are characterized. The specificity of forming the structure of ethical competence of conflict resolution is studied, its main functions are given.

QUESTIONS FOR SELF-CONTROL:

1. Identify the essence and nature of the concept of conflict.
2. Specify the key causes of conflicts in the enterprise.
3. Describe the classification characteristics of conflicts.
4. What is the essence of the structure of ethical competence in conflict resolution.
5. Describe the functions of ethics of the conflict resolution culture.

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Chapter 5. Creating a corporate culture in the development of business ethics

5.1. THE ESSENCE OF CORPORATE CULTURE

The use of efficient methods of personnel management is an extremely important condition for the efficient functioning of enterprises today. One of the important tools is the formation and development of corporate culture, as evidenced by the success of different countries around the world, which declares the basic norms, principles, postulates and rules of corporate culture, recognizing it as a key factor in competitiveness. The study conducted by scientists Thomas J. Peter and Robert X. Waterman's of 62 leading American companies' high achievements have demonstrated that:

- 88% of them have special departments that are directly responsible for imple-menting moral values;
- 74% promote the institution's values program to attract the best people;
- 65% implement a strategy to combine these values with measures to improve profitability;
- 58% develop special cultural work programs for the staff.

It should be mentioned that the modern concept of corporate culture began to be structurally and meaningfully formed in the 1980s in the USA under the influence of the following three scientific directions: strategic management, theory of organization and organizational behavior. The category of corporate culture is one of the most controversial among the topics of modern management. For the first time the term "corporate culture" was applied in the 19th century by Germen federal and military theorist Moltke, who characterized this concept of relations in the military officer environment.

Later, in the early 20th century, French scientist Henri Fayol, who took as a basis the teachings of Frederick Taylor, in his principles of administration paid special attention to the concept of corporate spirit. As he formulated its role, Fayol said: "Cooperation is power. And it is the result of the harmony of the staff." Max Weber also studied the corporate culture. Studying the basics of corporate self-organization, the relationship between moral and ethical principles and the socio-economic improvement of individual structures, he developed a model of "rational organization of work", which required the employee discipline, accuracy, responsibility and stability.

Researcher V. Ouchy inspired by the famous Theory X and W, developed by Douglas McGregor, created Theory Z. The launching point of his concept is that the person is the basis of any company, and it is the staff that first and foremost determines the success of its activity. According to this theory, effective management should involve employees at all levels, treating them as one big family, where they work in full harmony to achieve a single goal. Managers adhering to the Theory Z believe that if the employees feel the corporate spirit and their own engagement with the collective, they are more likely to work for their conscience and to strive with great enthusiasm to achieve the best end result. For Ouchi, company culture is made of a complex of symbols, ceremonies and myths that provide members with important insights into values and beliefs.

The approaches of scientists to the definition of "corporate culture" have both common and distinctive interpretations of this phenomenon. The common includes the following definition of corporate culture, as rules and standards of conduct based on material and

spiritual values, cultural, ethical and social needs of employees to achieve the goals of the enterprise. This shows that corporate culture can be interpreted as a management tool, allowing to manage the staff, improve the competitiveness of the company, the credibility of corporate rights, protect their owners, improve product quality and meet customer requirements.

In fact, corporate culture is the basis for the formation of business rules, management decision-making, delegation of authority, communication process organization, quality improvement, creation of social climate, etc.

Therefore, corporate culture is a set of techniques and rules of adaptation of the company to the requirements of the external environment and the formation of internal relations between groups of employees, which concentrates the policy and ideology of the organization, the system of its priorities, criteria for motivation and distribution of power, social values and norms of behavior.

Components of the corporate culture is a guideline for management decision-making, establishing control over employee behavior and relationships in the process of evaluating production, business and social situations. The corporate culture, as a set of basic professional and ethical norms, is aimed at determining the following for an employee:

- moral values, obligations and principles of performing their duties;
- professional and ethical requirements to conduct;
- formation of unity of beliefs and views in the sphere of business ethics and etiquette oriented towards moral and ethical standards of conduct;
- regulation of professional and ethical problems of relations of employees arising in the process of their joint activity;
- education of a high moral personality of an employee, complies with ethical norms and principles, human and professional morality;
- interaction with labor collectives, public organizations, population, taking into account norms and principles of business ethics.

In terms of its functional purpose, the main provisions of corporate culture:

- is the methodological basis for forming the professional culture of the company's employees;
- guide the employee to moral choice in conditions of conflicts, ethical uncertainty and other circumstances;
- contribute to the formation of the company staff's need to observe moral and ethical standards;
- is a means of public control over moral and professional behavior of an employee.

Based on the above, it can be stated that the purpose of forming a new corporate culture is to develop a system of values and main objectives of the company, common standards of behavior, communication with colleagues at work, representatives of other organizations and institutions.

Corporate culture as a set of basic professional and ethical norms shall define the following components: moral values, obligations and principles of professional duties;

formation of unity of beliefs and views in the sphere of business ethics and etiquette aimed at moral and ethical standards of conduct; regulation of problems of relations between employees arising in the course of their joint activity; education of high moral personality of an employee, corresponds to ethical norms and principles, human and professional moralities; engagement with representatives of other organizations and institutions, civil society, with the norms and principles of business ethics.

In this regard, there are five main stages of corporate culture formation, namely:

1. Definition of the mission, strategy, main objectives and values (priorities, principles, approaches, norms and desired behaviors).
2. Study of the existing corporate culture, determining the level of its compliance with the strategy of the company's development chosen by management.
3. Identification of positive and negative values.
4. Development of organizational measures aimed at formation, development or consolidation of desired values and behavioral patterns.
5. Targeted actions on corporate culture in order to eliminate negative values.

5.2. INFLUENCE OF CORPORATE CULTURE ON THE EFFECTIVE ACTIVITY OF THE ENTERPRISE

Corporate culture influences the efficiency of enterprises in two ways, the first – culture and behavior mutually influence each other, the second – culture influences not so much on what people perform, as on how they do it.

The influence of culture on the efficiency of the corporation is determined first of all by its correspondence to the general strategy. There are four main approaches to solving the problem of incompatibility of strategy and culture in the enterprise: the first one – culture is ignored and seriously prevents effective implementation of the chosen strategy; the second one – the management system is adjusted to the culture existing in the organization. This approach is based on the recognition of the existing barriers posed by culture to the implementation of the desired strategy and the development of alternatives to "bypass" these barriers without making major changes to the strategy itself; third, attempts are made to change culture so that it is suitable for the selected strategy. This is the most complex approach, which is time-consuming and resource-intensive. However, there are situations where it may be essential for long-term success; the fourth is to change the strategy in order to align it with the existing culture.

Today, corporate culture is considered to be the main mechanism that provides practical improvements in the efficiency of the performance of the enterprise, because it can influence on:

- employee motivation;
- attractiveness of the organization as an employer, which affects staff turnover;
- morality of each employee, his business reputation;
- productivity and work efficiency;
- quality of staff performance;
- the nature of interpersonal and employment relationships in the organization;
- employees' attitude to work;
- creative potential of the staff.

5.3. THE STRUCTURE, PRINCIPLES AND FUNCTIONS OF CORPORATE CULTURE DEVELOPMENT

The structure of corporate culture is defined by five main components, namely: artifacts, beliefs, values and attitudes, ethical norms, basic assumptions, history. Artifacts are the most explicit part of the corporate culture, its material, physical and behavioral manifestations. Artifacts include everything you can see, hear and observe in a group with an unfamiliar culture – the interior and office environment, certain technologies used in the respective organization, products and services, communication style, corporate holidays, ceremonies and the like.

According to some researchers and scientists, beliefs and values are one of the most important components of corporate culture at the psychological level. Values determine what is most important to a person and how it represents the ideal behavior of people (including their own behavior). Values are inextricably linked to a person's moral and ethical attitudes. A person's belief is related to what they believe to be true and what they believe to be lies. They also reflect ideas about what is happening in the environment.

The beliefs are formed on the basis of human values, personal assessments and the influence of people around them. They mainly concern certain external manifestations, events and systems. Persuasion is easier than values are subject to change, but it still depends on a person's individual characteristics. Relationships combine values and beliefs on an emotional level. They are usually shaped in the short term and are easily subject to change over time.

Ethical standards can exist in individual organizations, both formally and informally, as they are the principles to which employees in a particular organization should adhere in their behavior, decision-making, attitude towards employees and clients. They are based on the values and beliefs of a particular organization as well as on applicable laws. The basic assumptions include judgments, beliefs that are taken for granted by a certain group (collective) of people on a subconscious level and are not subject to questioning.

Basic assumptions are a kind of source of occurrence of values of a certain organization. They are assimilated by individuals and groups of people in the process of education and cognition; they are more influenced by cultural and national peculiarities, family, close relatives, friends, etc. It is very difficult to change them, because they touch upon the basics of a person's worldview and the whole experience of his or her life activity.

As some researchers [7-9] state, the history of an institution can have a significant impact on its corporate culture, since it reflects the ideas and values embedded in the institution since its foundation. If managed properly, they will be carefully handed down from generation to generation by its employees. The history accumulates lessons learned, successes and failures, and certain conclusions that can be drawn on this basis.

The basic, initial principles of corporate culture development are its principles. They depend on the type of activity of the institution, national priorities, peculiarities and style of management. However, there is still no unequivocal position on the formation of the basic principles and their number. That is why, in order to ensure the formation and development of corporate culture, on the basis of theoretical developments and research, the principles of corporate culture are systematized, among which the general and special ones are highlighted. The general ones take into account the most important features and

properties of the corporate culture of the enterprise. They may be common for many organizations, however, despite the fact that corporate culture is not individual, it is reasonable to identify specific principles that take into account the peculiarities, individual features and properties of corporate culture [7].

The applicable importance of systematizing the principles of corporate culture is that they allow to increase the efficiency of the corporate culture impact on human resources management. General principles of corporate culture are as follows:

1. **The principles of social and economic development** imply that the corporate culture shall contribute to the appropriate economic well-being, social and intellectual development of all the employees of the company.
2. **The principle of consistency** – formation and development of corporate culture from the point of view of its reach to all employees, phenomena, elements and processes, which ensure the company's activity.
3. **The principles of dimensionality and utility** – a set of qualitative and quantitative parameters to assess the level of corporate culture and the nature of its impact on various indicators of the company's activity. It should also be remembered that it should serve as a utility for both employees and the entire organization.
4. **The principle of obligation is that the company's management** has the right to monitor the compliance of its employees with the norms and rules of corporate culture.
5. **The principle of remuneration – fair remuneration of employees**, that adhere to the norms of corporate culture.
6. **Principle of compliance with the applicable law**.

It shall be noted that the company's management independently determines the norms and rules of corporate culture, the remuneration system, the mechanism of control over compliance with them, the model of corporate culture development, but they do not violate the applicable laws.

Specific principles of corporate culture include the following:

The principle of intellect is focused on the formation of abstract thinking of employees, which determines a certain level of intelligence, respectively, the effectiveness of enterprise management directly dependent on the intellectual level of its staff. The task of corporate culture is to encourage the growth of this level, because in fact, intellect is a system of cognitive properties of personality, which provides the effectiveness of obtaining knowledge, skills to adapt to the environment, understanding of the state of affairs and spiritual creativity. This, in turn, is the source of innovative development of the enterprise in general.

The principle of individualization should be understood as corporate culture management, taking into account the specific features of each enterprise, as there are no two identical businesses, and, accordingly, each of them is unique.

The principle of integrity implies the orientation of corporate culture to the global, holistic approach to the external and internal environment at all levels of the enterprise. Implementation of this principle is aimed at adjusting the labor, financial, tangible and intangible resources of the company to achieve a single mission and teamwork awareness.

Observance of the *principle of realism* is aimed at recognizing the value of current life. Realism in the management of corporate culture means the development of levers of motivation and stimulation, which are based on the recognition of achievements of employees, departments, projects and the enterprise as a whole. It also means setting real goals, tasks that can be achieved, a real assessment of the potential and resources of the enterprise.

Management of corporate culture using the *indirect action principle* gives priority not to direct interference in all business processes of the company by management.

The *principle of mutual exchange* has several components. It assumes a constant correlation between the corporate cultures of different enterprises and their mutual enrichment next to the refusal from old properties and components. This principle is aimed at ensuring mutual exchange between business processes, certain segments and in general subjects and objects of enterprise management.

The *principle of dynamism* determines the efficiency and mobility of management decision making, readiness for changes, their understanding and development as an obligatory component of the enterprise functioning.

The *principle of alarmism* is aimed at preserving the corporate culture and the enterprise as a whole in difficult and harsh conditions of external and internal environment.

The implementation of the *adaptation principle* contributes to the concentration of management in the enterprise's adaptation to the environment. Adaptation includes flexibility, variability and unconventionality. This principle encourages non-standard behavior, is conditioned by the creative nature of the activity and allows to adapt to the existing operating conditions.

The following functions of corporate culture can be identified:

- **regulatory-normative function** provides staff management of the company and regulations on behavior standards;
- **managerial function** – is a derivative of the regulatory framework, it complements, and in some cases replaces, certain human resource management functions;
- **adaptive function** – aimed at solving the tasks of adaptation of new employees to the conditions of their professional activity, entering into the system of interpersonal relations of the collective, acceptance of values, norms and its traditions and existing culture;
- **protective function,** which is derived from the adaptive function – prevents the emergence or transfer of unwanted values, norms and traditions from other organizations;
- **motivational function** – increases the level of motivation and efficiency of the company's employees' duties;
- **communicative function** – allows simplifying the processes of communication between employees and reducing the time for agreements or feedback;
- **quality management function** – ensures a more responsible attitude towards the performance of job duties. In its turn, it affects the quality of activity results, distri-bution of effective components of the existing culture and exemptions from the

turnover of ineffective elements, as well as the introduction of new norms and values and their savings;

- **recreational function** – is related to the formation of a favorable psychological climate in the collective.

Among the functions of external orientation are the following: formation of positive image of the company by adapting it to political, socio-economic and other conditions; regulation of partnerships with other institutions and organizations.

Considering the above, we can state that the corporate culture of the company has a multilevel structure, which is a complex system of interrelated components.

Scientists distinguish three *levels in the structure of corporate culture*, namely:

1. **Symbolic level**, i.e. external manifestations of corporate culture (style of clothes of project executors, procedures of the beginning of working day, nature of relations between employees, provision of material resources, etc.).
2. **Axiological level**, i.e. values that most employees strive to acquire.
3. **Basic level**, i.e. the understanding of goals, the company's mission, social and managerial functions, etc.

A subjective and objective culture can be distinguished within the corporate culture. The group of subjective factors of the corporate culture includes components reflecting values, ethics, patterns of behavior, communication and peculiarities of communication, traditions and other elements characterizing relations between people, their consciousness, etc. The group of objective factors of corporate culture includes components related to the physical environment (condition of the building, room design, location, technical equipment).

5.4. ADVANTAGES OF CORPORATE CULTURE

The presence of an effective system of corporate culture is of great importance for the company. Firstly, culture provides employees with a corporate identity, defines the intragroup concept of industrial and commercial activity and is an important source of stability and competitiveness. It gives employees a feeling of reliability of the organization and their place in it, as well as social security. Secondly, knowledge of the values, norms and rules that have been formed in the collective helps new employees to correctly interpret what is going on in the collective and determine their behavior accordingly. Thirdly, culture more than anything else stimulates the employee's self-consciousness and high responsibility to perform the tasks set before the employee. The mechanisms of corporate culture's influence on the organization's activity consists in the fact that employees predict the development of the situation according to which, guided by values, they evaluate and form the models of their behavior and communication.

The well-developed corporate culture of a modern company assumes unification of the staff, management, its partners and clients on the basis of a single system of values, which allows to significantly increase the speed of response of clients to the relevant changes, to reduce various contradictions, to approve the general guidelines of long-term development, to increase the level of income.

For successful management of the chosen model (customer-oriented) it is necessary to introduce a transparent assessment of the effectiveness of management of the organization's culture, which should be based on a certain criterion. This made it possible to combine the analysis of individual indicators with raising them to a common value – the calculation of a generalized indicator, which would ensure a certain consistency in the calculations.

The criterion that most fully meets the requirements, in our opinion, is the maximum efficiency of measures to manage the existing corporate culture. An indicator that meets the proposed criterion can be expressed in general terms through the following formula:

$$PO_{ok} = (OK * R)/Z \rightarrow \max,$$

where $PO_{ок}$ – the effectiveness of managing existing corporate culture of the company;

OK – advantages created by the influence of corporate culture on the life of the company;

R – the degree of correspondence (relevance) of the chosen strategy to the unique properties of the corporate culture;

Z – the cost of activities for the formation and development of culture.

The peculiarity of this criterion is that the increase in the value of available advantages is not yet a purely positive fact in itself. It must necessarily be accompanied by an increase in the degree of realization required by the existing preferences in the strategy of the company. The influence of life cycles of the company's culture development is also taken into account by this indicator.

At the growth stage the main attention is paid to increasing the importance of the numerator – the highlighting of the unique properties of the company and their strengthening, at the maturity stage the emphasis is transferred on maximum compliance of the company's strategy with the existing preferences, at the stage of decline and transformation of culture the main importance is given to reducing the cost of measures to preserve the benefits formed by the developed corporate culture.

5.5. BUSINESS ETHICS OF CORPORATE CULTURE FORMATION BASED ON SMART APPROACH

Ethical problems of managerial activity aggravate the processes of rapid changes in the development of modern society, informatization and globalization, lead to the fragmentation of personality, loss of moral guidelines, make it difficult to perceive the consequences of actions and sense of responsibility, provoking the attitude towards citizens – consumers of managerial services – as an abstract value and the like.

The technocratic model of management with its inherent "bureaucratic ethics" has been replaced by "managerialism" based on mutual trust and cooperation of management subjects. Its characteristic feature is humanization of the process of management; it manifests itself in expanding the limits of action of moral and, consequently, narrowing the limits of legal and administrative means, stimulating the feeling of own significance and ethical behavior of employees, contributing to the development of individual creativity in the collective activity of management, and so on.

Some scientists distinguish corporate ethics as a system of moral principles, norms of moral behavior, regulating the impact on relationships within one organization and on interaction with other stakeholders. At the same time, according to some scientists, *under the influence of corporate ethics, the activities of employees are organized not so much on the basis of orders or compromises, as through internal alignment of guidelines and aspirations of employees. An organization built on the unity of the worldview and values of its members becomes the most harmonious and dynamic form of corporate community.* Thus, the purpose of corporate ethics is to regulate relations between different professions united by the community of employees.

Corporate ethics can be represented as a system with two subsystems. Firstly, these are moral and ethical values and priorities of the company's development. Secondly, these are norms and rules of conduct of employees, which are implemented in formal and informal situations.

It can be stated that corporate ethics is based on certain principles or rules of activity in the system of norms of moral conduct of subjects of corporate ethics in the course of performing their duties, namely:

1. Lack of clearly defined rules of corporate ethics inevitably leads to misunderstanding by employees of the company's values, which has a negative impact both on the work of a particular employee (or employees) and the performance of activities of the respective system as a whole.
2. Corporate ethics stipulates collective principles of conduct, for example, care for the common interests of the company and each employee individually, ensuring growth of the values of the respective entity, compliance with the norms of business communication, creation and maintenance of the image, general strategy and priorities of its development, and so on.
3. The rules set out in the corporate code for employees: building relationships with customers and partners solely on a legal basis, full responsibility for the quality of services provided and the fulfilment of contractual obligations, recognition of work of employees and providing them with fair remuneration, ensuring social guarantees for their employees, etc.

In other words, corporate ethics must comply with **SMART** principles: **S** – specific; **M** – measurable; **A** – achievable; **R** – realistic; **T** – time-bound – implemented in a limited time.

SMART is often associated with Peter Drucker's concept of "Management by objectives". Most scientists and scholars provide the following characteristics of the mentioned SMART principles:

1. The first criterion is the need to have a concrete, specific goal instead of an abstract one. This means that the goal must be clear and unambiguous. In order for the goal to become specific, the expected one must be clearly defined: why it is important, who it concerns, where it will take place, and what attributes are important.
2. The second criterion notes the need to have measurable indicators in order to progress towards the goal. The idea is that if progress towards the goal cannot be measured, it is impossible to know if there is a movement towards successful completion.

3. The third criterion stresses the importance of the goal being realistic. When the goal is defined, the availability of resources, time and competences must be examined.
4. The fourth criterion emphasizes the need to select meaningful goals, as their relevance should motivate both the individual employee and the team as a whole.
5. The fifth criterion emphasizes the importance of setting a deadline for achievement of the objectives, as this helps to focus the efforts on the achievement of the objective at a certain time or earlier. This criterion is intended to prevent crisis and save time.

CONCLUSIONS TO CHAPTER 5

Corporate culture is one of the instruments that can be used to effectively manage human resources in the company. For this purpose, managers should have information about the state of corporate culture in the enterprise.

The analysis of scientists' works allowed to come to the conclusion that the assessment is based on the typology of corporate culture. The approaches of different authors differ significantly and mainly take into account the peculiarities of management, national, cultural and other characteristics of employees. The study made it possible to identify types of corporate culture and propose a criterion for their diagnosis.

Therefore, skillful management of corporate culture and use of its potential makes it possible to improve the efficiency of the company's activities and achieve positive consequences, such as: increased employee loyalty and cooperation, higher productivity, better performance of their functions and improved decision-making process. The corporate culture creates an internal moral and ethical basis for the company, promotes team building and creates a sense of responsibility for the work of employees.

The corporate culture improves team performance and solves tasks of both individual development of employees and development of the organization in general. It creates preconditions for formation of a stable and efficient working collective, clearly represents the mission of the organization.

In our opinion, the formation of corporate culture should start with the following steps:

*   staff motivation – encouragement of staff's achievements and personal merits, career growth prospects;
*   improvement of the hierarchy of management and power, the authority distribution, and correspondence of persons to their positions;
*   developing effective selection criteria for vacant positions;
*   organization of work and discipline in the team;
*   defining and implementing an optimal management style (authoritarian, consultative or collaborative);
*   improving decision-making processes, performance evaluation.

QUESTIONS FOR SELF-CONTROL:

1. What is the essence and content of corporate culture?
2. What are the functions of corporate culture?
3. Describe the general and specific principles of corporate culture, define its structure.
4. What is the smart approach at forming enterprise's corporate culture?

5. What are the main advantages of corporate culture development in the company?
6. What activities are performed in companies for the development of corporate culture?
7. What is the role of moral level of the company in the development of corporate culture?
8. Describe the existing types of corporate culture.
9. Describe the corporate culture as a multilevel structure.
10. Explain the essence and content of external manifestations of corporate culture.
11. Analyze the content and means of forming the corporate culture.

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Chapter 6. Ethical standards of business communication

6.1. DEFINITIONS OF "BUSINESS COMMUNICATION"
AND "PROFESSIONAL COMMUNICATION" IN THE TERMINOLOGY
THESAURUS OF THE COMPANY DIRECTOR

In a marketing environment, there is a need to improve the competitiveness of specialists capable of independent job search and professional growth. An important source of this is communication training, a special type of activity aimed at establishing contacts and ensuring effective interaction between employees during their professional duties and solving problems.

Since the end of the 20th century, when the study of the communicative side of socially significant activities (including professional ones) became more intense, the tradition to call it "business communication" has been born. Accordingly, the definitions proposed by researchers were based on such key concepts as activity and business. In this regard, the proposed definitions reflect the views of scientists concerning business communication as a certain activity of people, which makes possible the course and achievement of their positive results of the joint business, and provides favorable relations between them (V. Trotsko, A. Panfilova, I. Trubavina).

Thus, according to the authors convictions [14], business communication is a process of exchange of information about joint activities and about the people who take part in them, which makes it possible to organize it, get information about its purpose and results.

According to some authors, business communication is a process of interaction of business partners, which should ensure the organization and the optimal development of their substantive activities and should be aimed at achieving their goals concerning the joint business, the improvement of relationships in the course of productive cooperation [11, 15].

But it should be emphasized that the specific nature of business communication is often due to the special status of participants, since they are not random people – as performers of socially important activities are endowed with certain power necessary for its implementation.

G. Borozdin's conclusion, close in content to the preliminarily stated one, proposes to understand business communication from the perspective of its purpose to solve certain tasks related to the activity and characterizes it as a process aimed at solving a certain problem, achieving a specific goal, achieving a result through those interrelations and interactions that ensure the exchange of activities, information and experience [2, 58].

Thus, business communication acts as a dynamic instrument of implementation in the process of establishing contacts, mutual comprehension and interaction between people endowed with necessary authority, performs purposeful solution of concrete problems and achievement of desired results in the process of information exchange.

It should be noted that business communication is characterized by "some specific features caused by the processes of production and management" [8, 9], in connection with which there is a change in its role – "from a factor that accompanies the relevant activity" [8, 7] to "professionally significant component of it" [8, 7].

Similar views are held by other scientists, who note the specific features of business communication related to professional activity. And in the interpretation of A. Rembach this phenomenon reflects a purely professional aspect of industrial communications and is interpreted as a process of "establishment and development of professional contacts, conditioned by the needs of performing production functions and typical tasks of professional activity" [13, 66], which implies the realization of its communicative, interactive and perceptual aspects.

In N. Hill's opinion, the term "business communication" is synonymous with "professional communication", but its meaning is interpreted as "a special form of interaction of people in the process of a certain type of activity, contributes to the establishment of the moral and psychological atmosphere of work and relationships of partnership between managers and subordinates, between colleagues and creates conditions for productive cooperation of people in achieving significant goals, ensuring the success of the common cause" [15, 2-3].

Considering the above, it is logical to define that the concept of "professional communication" is narrower than "business communication", and the phenomenon corresponding to it is defined by certain specifics due to the peculiarities of a particular activity. In other words, professional communication is a process of dissemination of information that reflects the needs of representatives of a particular profession.

Summarizing the abovementioned, we get an opportunity to interpret the essence of professional communication as a dynamic, creative process of establishing contacts between participants of a certain activity, which is realized due to their communicative competence in order to solve professionally important problems and is regulated by business ethics norms.

Proceeding from the developments presented in modern science and from our own considerations, we consider it reasonable to classify professional business communication behind such basic criteria as:

- specification (economic, legal, pedagogical, medical, etc.);
- the form of presentation of the text or communication (oral, written, indirect, direct);
- the number of participants (dialogue, polylogue);
- orientation to time and space equivalents (instant-remote in time to achieve a result, local-global, fragmented-large-scale);
- language aspect (foreign language professional communication or native language);
- situation (in the course of professional activity or out of it, spontaneous-prepared);
- duration (short-long);
- efficiency (positive, neutral or negative result of communication);
- status (horizontal-vertical: seller-buyer, director-subordinate and client-servant, between colleagues);
- cultural aspect (between representatives of different nations, religious denominations, worldviews, different levels of civility and education, etc.).

It is important to differentiate the requirements for a competent communicator in the context of business communication. In our opinion, a specialist in the process of business

interaction in order to achieve a positive result should demonstrate: the ability to solve a problem from a partner's point of view; the skills of active listening; a rich professional vocabulary; the ability to build interpersonal and business relationships based on mutual understanding and trust; the empathy capacity to create a reflective atmosphere in the process of communication; an open position on the companion; creativity and flexibility; concreteness and professionalism.

An interesting position is expressed by D. Cameron and D. Tannen, who state that most of the mentioned skills and abilities are better developed and expressed during the business communication of women [18]. The researchers argue that women are inherently sensitive, emotional, tolerant and, in general, more sensitive than men. This gender approach is justified to some extent.

6.2. SPECIFICS AND FUNCTIONS OF BUSINESS COMMUNICATION

The specifics of professional business communication are also manifested through its functions. Besides the three main functions of communication – communicative, interactive, and perceptual – there are some others, so let`s consider some of them in more detail.

The first is consolidating function, i.e. properly organized business communication unites certain individuals into functional groups (working and dynamic groups, creative associations, teams, etc.). This makes their interaction in various aspects, ensures the achievement of the end result through the cooperation of participants.

The following, second, promotive function is important for the successful existence and development of any enterprise. The "word promotion is defined in the dictionary as promotion of a certain idea; promotion of a product on the market [3]. Thus, through the means of professional communication the motivation of employees to the efficient production of cooperation, career development and growth is realized: this function is manifested in the setting of the production task, development of the algorithm of its fulfillment, the outlining the possible variants of process improvement.

Formulation of a specific goal, directives on desired behavioral patterns and ways to achieve success provide for specific skills of the manager and his subordinates. The means of professional communication ensure the competitiveness of the company. Without establishing systemic links between the consumer and the producer, it is impossible to compete adequately in this or that sector of production.

The third function is regulating one. As known, one of the key characteristics of a successful director is his ability to communicate. According to specialists' calculations, he spends from 70% to 90% of his working time on communication. A modern, efficient manager does not solve production problems by himself, but creates optimal conditions for their solution.

Therefore, perfect mastery of communication skills is a determining criterion of a director's professionalism. Productive communication in the system "director-subordinate" makes the functioning of the business organization at various levels: internal, as it provides the implementation of the main functions of management: planning, organizational, strategic and controlling, and external: between partner companies, organization and society, enterprise and trade unions, etc. The level of coherent regulation of the company's

activities depends on how clearly and competently professional business communication is implemented in the specified contexts.

Thus, professional communication is a necessary instrument in fulfilling professional tasks and achieving career goals for employees. Specific for professional business communication are: publicity (reports at meetings, negotiations, participation in press conferences); demonstrativeness (presentations of a new product or service); argumentativeness (persuasiveness of argumentation allows to solve a problem and to achieve a desired result); psychological aspect (the ability to incline the opponent to his own position); dexterity in using both verbal and non-verbal means of communication (business conversations, negotiation process, discussion of details of the agreement); ritualization of communication process (following the norms of protocol) observance of ethic norms; credibility of businessman image.

6.3. BUSINESS COMMUNICATION CULTURE MODEL

In analyzing the concept of "culture", it is necessary to mention different approaches – *linguistic, psychological, pedagogical, social* – for a thorough analysis of the term "culture of communication".

In the *linguistic approach*, since language is the means of communication and the most important component of culture, the development of language is analyzed, with the culture growth it is rapidly moving forward in its gradual progress. The culture of communication consists in the degree of development and richness of its vocabulary and syntax, the accuracy of its semantics, the variety and flexibility of its intonation, and etc. The culture of communication is understood as "a highly developed ability to communicate in accordance with the norms that have historically developed in a given language group, taking into account the psychological mechanisms of influence on the addressee, using linguistic means and ways of implementing such communication, in order to master the ability to plan and manage the discourse”.

For objective and comprehensive study of the concept of "culture of communication", let's analyze the *psychological and pedagogical approach*. The word "culture" in one of its meanings is synonymous with the words "upbringing, education, development". The culture in this approach means nothing but education – mastering general knowledge, historically selected patterns of activity and social communication.

The development of the culture of communication of the future specialist is determined by the whole system of socio-cultural situation that is forming and dynamically developing in the society. It may contribute to or hinder this. The culture of communication of a specialist, as an integral indicator of social behavior and activity, consists in the unity and interrelation of its social components: the degree of horizon breadth; orientation of the worldview; the degree of social activity in general and socially significant norms of behavior; orientation in behavior and cultural values; possession of various abilities of communication; consideration and character of emotional sensitivity and intuition.

The culture of communication can be understood as significant indicators of personal qualities and abilities to personalize their professional activities through a harmonious combination of professional and universal culture of communication.

The analysis of different (linguistic, psychological and pedagogical, social) approaches allows to conclude that culture as a phenomenal entity means a set of material and spiritual values. This phenomenon is historical and evolves depending on changes in socio-economic relations and political systems. Culture is a specific way of organization and development of human life activity, represented in the products of material and spiritual work, in the system of social norms and spiritual values. The human being, creating the subject world of culture, improves himself as well.

The term "culture of business communication" first appeared in scientific works in the 1980s. The culture of communication can be understood as the forms of communication available in society, systematization and implementation of its norms, methods and means in accordance with the hierarchy of values and attitudes.

We have identified the following three interrelated components in the structure of business communication culture of a company employee: *motivational-value, speech information, operational-activity.*

The *motivational-value* component describes a complex of motives, values, system of value orientations and sentimental attitudes of a specialist, which determine the general orientation of business communication, the nature and success of interaction with partners, which is guided by the business communication and mediates its perception and assessment of various professional situations, determine the choice of methods and techniques of communication with partners.

The *speech information* component reflects the communicative and conceptual aspect of professional interaction: the use of verbal and non-verbal means of information exchange; communicative qualities of business speech (correctness, purity, accuracy, logicality, accessibility, conciseness, appropriateness, ethics and efficiency) technique of preparation and conduct of public speeches; possession of methods of productive discussion in situations of business interaction, the ability to obtain information, analyze, exchange it.

The *operational-activity* component reveals the content of the main stages of communicative interaction, as well as the quality, knowledge and skills necessary for their implementation, it is characterized by typical activities within the framework of business communication, defines typical strategies, models, methods and techniques of the interaction organization that allow its effective implementation.

A high level of business communication culture is provided by the following mechanisms: communicative attitudes; knowledge about principles, mechanisms, strategies, forms of communication; knowledge about the psychology of communication – categories, patterns, mechanisms of perception and understanding each other.

The following components can be distinguished in the structure of business speech culture:

a) linguistic correctness – knowledge and compliance with accepted modern practice speech norms (lexical, grammatical, stylistic, etc.);
b) language proficiency – the richness of an active vocabulary, the ability to select from the co-existing options the most accurate in the semantic, stylistic, expressive aspects that meets the communicative intentions;
c) language consciousness – a stable aspiration of a speaker to improve his own speech [4].

6.4. ROLE OF COMMUNICATION BARRIERS IN THE EMERGENCE OF CONFLICT DISCOURSE

Successful communication is an "ideal model" of interaction, which develops according to the scenario that benefits all participants while observing the communicative rules and allows to realize their intentions in a full-value.

However, the dialogue partners are the performers of certain communicative and social roles, which in principle cannot have the same attitudes, ideals, views, opinions and assessments; they have different degrees of communicative competence, its linguistic, pragmatic components, as well as non-identical knowledge.

Communication between people has a number of characteristics:

- the existence of a relationship between two individuals, each of whom is an active subject of communication. At the same time, their mutual information implies the establishment of joint activities. The specificity of human exchange of information lies in the special role for each participant of communication of this or that information, its significance. The information should be not only accepted, but also conscious and meaningful;
- possibility of mutual influence of partners on each other. The communicative influence, which arises here, is a psychological influence of one participant of the communicative process on the other with the purpose of changing his behavior, beliefs, knowledge, relations and the like;
- the possibility of the emergence of communicative barriers. In this case, the connection between communication and relations is clearly traced. Communication barriers (barriere in French is an obstacle) are obstacles on the way of adequate information transfer between participants of communication.

Since communication as a process includes a communicative factor (ensuring information exchange), a perceptual factor (organizing perception, interaction and reflection in communication) and an interactive factor (regulating interaction between the participants of the dialogue), barriers to communication may be related to shortcomings in the channels of information transfer, as well as be caused by social reasons.

This also includes lack of understanding of the communication situation, unequal perception and processing of information, i.e. subjective inability to fully implement the communication process.

Obstacles to communication can be barriers to understanding, social and cultural differences and barriers to relationships, and are subjective or objective in character. These are physical, cultural, social-role, psychological, logical, cognitive, communication barriers, the barriers of authority.

The *physical barrier* arises from the violation of personal space boundaries. For example, placing the interlocutors too close to one another is perceived as a challenge, an encroachment on personal interests, becoming annoying or depressing. When establishing contact with an interlocutor, one cannot ignore the spatial organization of communication, taking into account two factors: the distance of communication and placement, and the orientation of the interlocutor in space. Therefore, it is important to remember as follows:

- the correctly chosen communication distance sets the tone for the whole process of communication; when the interlocutor is too close ("overhanging" the partner) it causes a feeling of psychological discomfort, a desire to move away;
- people in a close relationship communicate at a distance of 50 cm (the so-called intimate distance) with friends, colleagues, communication occurs at a distance of 0.5 to 1.5 m – interpersonal distance;
- official communication (of the "supervisor-subordinate" type) takes place at a distance of 1.5 to 4 m (official distance). At this distance formal communication of all kinds is conducted;
- when communicating with an audience or a large group of people, the optimal distance is greater than 4 m (the public speaking or open distance option);
- the choice of communication distance is influenced by gender, age, social status of interlocutors, individual and national peculiarities of communication participants;
- children and elderly people tend to communicate at a shorter distance from the person they are talking to;
- men communicate at a greater distance than women;
- balanced people reduce their distance from each other, worried and concerned people increase their distance;
- if the interlocutors have approximately the same social status, they try to get close to each other, if different, to get distant;
- the greater the status of the partner, the greater the distance between them;
- it is easier to change the distance when communicating with a more authoritative person who is dominant and has the right to determine the roles of others;
- a flexible change in physical distance between partners also changes psychological distance; however, too much distance is perceived as a signal of detachment, alienation and too little distance is perceived as an imposition or aggressiveness;
- the place that we choose or offer to our interlocutor has a certain influence on how the information coming from us will be perceived;
- the position opposite the interlocutor has a competitive and defensive character in relation to the interlocutor, even if such placement occurs accidentally or through the official location of furniture;
- people who are in opposite contact with each other are more easily converted into confrontational relationships;
- if we want to establish a closer, more trusting relationship with a communication partner, we should sit at the table at the angle of 90° (as chairs in the doctor's office, which facilitates more open communication with the patient);
- like-minded people tend to sit next to each other at a small angle;
- the most neutral is the mutual positioning of the communication partners at some angle so that they can adjust themselves the degree of rotation towards each other. It is this placement that will most facilitate the psychological contact between interlocutors;
- for psychological contact, it is important not only how to sit down, but also what is to sit on. If the owner of the office sits in an armchair, it is not necessary to offer the guest to sit on a stool and on the contrary;
- if one person is standing, the other person should also stand up so that no one is dominated by the "top";

- certain furnishings, the placement of objects also affect the psychological distance, can produce both positive and negative effects;
- the table set with piles of paper; a computer monitor significantly increases the psychological distance; however, if partners use one ashtray, it reduces this distance.

The *social-role barrier* is related to the social role that a person "plays", which determines the style and nature of its interaction with other subjects. This includes the age difference, social and property status of communicators and their gender identity.

The social-role barrier is related to the barrier of authority, when an obstacle to successful communication is the perception of a dialogue partner as a person of a certain profession, nationality, gender or age. At the same time, the higher the speaker's authority in relation to the listener, the smaller is the communication barrier. Conversely, the lower the communicator's authority, the more critical is the information he or she is exposed to, the greater is the degree of distrust towards it.

The *cultural or socio-cultural barrier* is an obstacle to the understanding of interlocutors, which results from their differences in national cultures, values, level of education, religious affiliation, professional, social, political differences that lead to different interpretations of certain concepts.

The *psychological barrier* is connected with the peculiarities of the psychics of interlocutors, different psychological traits, physical and emotional state. The barriers to understanding the meaning of a communicative partner's statement are logical, cognitive, linguistic, and communicative.

The *logical barrier of understanding* arises when the logic of the speaker's reasoning is either too complicated for the listener or seems to contradict the inherent manner of evidence.

The *cognitive barrier* is caused by the peculiarities of the human thinking mechanisms, i.e. the presence in the consciousness of certain stereotypes, techniques, ways to draw conclusions from what it observes.

The *communicative, or language barrier*, is an obstacle that arises when interlocutors communicate in different languages, have different levels of communicative competence, do not worry about mutual understanding and use the vocabulary common to them, despite the fact that their communication partner is aware of it, etc.

6.5. WAYS TO OVERCOME AND PREVENT COMMUNICATION BARRIERS

In order to overcome and prevent communication barriers, it is necessary to create attitudes for mastering techniques in all situations of communication, to self-control and develop expressive speech skills, to develop general psychological features of the personality, to create prerequisites for successful mastering of speech skills and abilities, to develop such communicative qualities as correctness, clarity, accuracy of speech, appropriateness, expressiveness, conciseness, to possess non-verbal means of communication.

The ability to manage the attention, which involves attracting and maintaining the listener's attention to whom we are speaking, is also important. This is achieved by applying certain techniques. Thus, the reception of a "neutral phrase" is based on the fact that at the beginning of the speech the message is pronounced a certain phrase, which may not be

directly related to the main material, but for a number of reasons has meaning, sense and value for all present, so it attracts attention.

The method of "attraction" is used at the beginning of the presentation and finds itself in poor pronunciation, quiet voice, monotony, illegibility and the like. In this case, listeners should make an extra effort to understand something that predetermines the concentration of their attention, which the speaker should later support with adequate efforts. Another technique is to establish visual contact between communication partners. The method of "imposing a rhythm" is implemented by changing the tone, speed, timbre, tone of voice and the like.

Overcoming verbal barriers is also facilitated by effective listening techniques. The following are distinguished: attention, non-reflective and reflexive listening, attitude, non-verbal listening, memory. Attention as a technique of effective listening involves minimizing distractions with periodic short-term visual eye contact.

Non-reflective listening involves minimizing intrusions into a partner's language and covers minimizing responses and attentive listening. Reflexive listening is active. It involves establishing feedback from the communication partners by clarifying, paraphrasing messages and statements of the partner, reflecting his feelings and summarizing the information received. It is suggested that this type of listening is used in dialogues, when discussing problems and complex situations.

Attitude as an effective listening technique is based on a positive emotional approach to the communication partner as to the person. It contains approval (non-categorical, positive attitude towards the partner), self-approval (inner agreement of the partner with himself, his beliefs and views), empathy (empathy with the feelings of another partner that these feelings seem to be own).

Empathic listening also distinguishes as a technique, which increases the effectiveness of communication when there is a "reading" of positive (scenic) emotions (joy, pleasure, confidence). In situations related to the discussion of certain projects, new ideas, it is advisable to use directional critical listening, which provides a preventive critical analysis of innovative information.

Memory as a special technique of listening implies the ability to perceive, save and reproduce information. Information in memory is processed on the following levels: sensory, short-term, long-term. Sensory memory perceives information related to sensory traces (e.g. sharp sound stimuli) within one second. Short-term memory is associated with the capacity of the partner's attention and usually does not exceed half a second.

Long-term memory is connected not only with acceptance of new information, but also with its careful finishing, establishment of associations with accumulated information. An important method of effective listening to the partner is non-verbal – reading mimics, poses, gestures of the partner. Non-verbal hearing is the manifestation of non-verbal communication partners, which is carried out through imaginative, non-linguistic means.

Awareness, analysis of communication barriers and ways to avoid and overcome them contributes to the goals and objectives of communication, effective and fruitful interaction, harmonization of relations, establishing a business, healthy psychological climate in the team.

6.6. MEETING AS A FORM OF OFFICIAL BUSINESS COMMUNICATION

The meeting has traditionally been one of the most common types of business communication, as it can be considered from different aspects as a professional activity – as an element of interpersonal ethics, as a concept of sociolinguistics, as a linguistic phenomenon, as an oral form of business style, etc.

According to scientists' definition, a meeting is "a form of implementation of managerial decisions, the content of which is the joint work of a certain number of participants of managerial activity" [3, p.97]. Also, the meeting is called "such a type of private business communication, in which the internal culture and culture of speech are manifested particularly clearly" [2, p.120]. Different approaches to the interpretation of the meeting as a scientific concept also stipulate different approaches to their classification.

The following types of meetings are singled out for the purpose of holding them:

- a training (conference) aimed at providing participants with the necessary knowledge and skills;
- an informative meeting, which is necessary to generalize data and learn different points of view on specific problems;
- an explanatory meeting, in which management seeks to convince staff of the correctness needed to make decisions and take appropriate action;
- a discussion session, which is held in order to develop a method, to find solutions to existing problems [3, p. 97].

The following types of meetings are distinguished by the way in which they interact:

- a dictatorial meeting – the head of the institution introduces his or her order or those coming from a higher authority, without an exchange of views;
- an autocratic meeting – almost synonymous with dictatorial (although each of the only few present answers the questions of the head, but does not enter into the discussion with him);
- a segregationist meeting (lat. Segregatio – separating, distributing) – reported by a pre-appointed person, the debate is attended by several participants elected by the chairperson of the meeting; it can cause a split within the collective, so it should be taken into account whether it is appropriate or not;
- a discussion – exchange of views and their own vision of how to solve the problem with a decision that is then approved by the management; sometimes after such a meeting, the manager makes the decision alone;
- a free meeting – a free exchange of opinions, without having to make a decision (occurs backstage of an official meeting);
- a problematic meeting – here the method of "brainstorming" is used to determine the problem of extreme importance; with obligatory reports, answers to questions, even debates (disputes) and decision-making;
- an instructive (informational) meeting – similar to dictatorial, but conducted as necessary to specify the tasks for the execution of orders received, setting a time frame and the volume of orders;
- an operative meeting – is spent for the purpose of reception of the information on a condition of industrial affairs, the decision is made by the chairman (often the

head of a top level) or offers certain help in the decision of discussed problems; it can have information-cognition, controllable, normatively estimated or creatively-search character.

When analyzing the meetings as phenomena, they highlight ethical approaches to their interpretation as forms of collective discussion:

- the result of the discussion at the meeting depends on the moral and psychological atmosphere that is created at the meeting;
- the moral and psychological qualities of the leader as chair of the meeting directly affect the behavior of those present and their participation in the discussion;
- the participants of the meeting on professional qualities and experience should be able to solve the problem and it should correspond to the intellectual and professional level of its participants;
- all the opinions expressed in the meeting should be carefully analyzed and taken into account;
- the task for a collective solution must be formulated in such a way that it can make a difference;
- the discussion should be free so that the thoughts can be announced at ease, without pressure from the manager;
- a decision made collectively, but which was then found to be erroneous, is corrected by a new collective consideration.

A meeting of any profile includes the following major preparatory stages:

1. Defining the agenda's themes.
2. Estimated composition of participants (the list of participants is specified in the process of preparation).
3. Date, start time and venue.
4. Preparation of the report.
5. Draft decision.
6. Regulations, procedure and technical means.

Speech is an important part of any meeting; the main stages of its development are as follows:

1. Definition of the topic.
2. The title of the topic, which should be clear, understandable, as short as possible, convey the content of speech, attract the attention of the audience.
3. Formulation of the goal. The speaker must have an idea of the purpose for which he is making the speech.
4. Selection of material. Main sources of data and evidence:

- official documents;
- scientific, scholarly and reference literature;
- facts from life and activity of local people.

5. Skill improvement – literature recollection, cataloguing, study of material.
6. Comprehension of what has been read, the main feature of which is the ability to convey the content of what has been read in words.

7. Writing down what has been read.
8. Forming of personal position.
9. Mastering the material of the speech. At this stage, you can use both the written text of the speech and the speech plan.

Both the head and each speaker at the meeting have the main task: to be heard, understood and supported. That is why a lot of attention is paid not only to factual support, but also to the verbalization of their own position, the presentation of thoughts. This is all the more important because it is what makes it possible to convey existing opinions and capture the audience.

The main requirements for the report are as follows:

1. Short sentences should prevail in the oral presentation.
2. It is preferable to use different insertion phrases that are specific to oral speech. The purpose of the application of these constructions is the interest of the listener in the subject of the conversation.
3. It is necessary to avoid frequent repetition of parasitic words that will distract the listener's attention and to position the speaker himself in an unfavorable light as a poorly educated person with a narrow language range.
4. Ensure that the language is constantly monitored: do not violate language standards. Speech should be built logically, consistently, it should be connected.
5. It is necessary to use gestures and facial expressions in a limited and adequate manner.
6. Speech rate is also very important.

The art of argumentation consists not only in proving the truth of one's own judgments, but also in the ability to disprove the views of one's opponent, showing the wrongness of his views. For this purpose, we recommend using special rhetorical techniques that are both effective and not too difficult to use. Psychologists identify several techniques that will help to successfully manage the discussion.

The *boomerang's method* is that the thesis or arguments are directed at the person who expressed them. In this case, the force of the blow becomes much greater. A variety of this technique is to use the catch of a replica – the ability to use the words of the opponent in order to strengthen own argument or to have a psychological impact on the audience.

Question-based method of attack is used to force the opponent to defend himself, to justify himself, to put him in a difficult position.

Appealing to an adversary or the public is a method of persuasion that allows you to influence the feelings, moral and ethical beliefs of the adversary or listeners instead of using arguments to prove the correctness of the thesis.

6.7. SPEECH ETIQUETTE IN BUSINESS COMMUNICATION PRACTICE

Speech etiquette in business communication is playing one of the defining roles. Among its main functions in the practice of information exchange and its assimilation are: establishing contact, asking requests, advice, expression of emotions.

The phenomenon of etiquette in speech is traditionally studied and used depending on the specific application by linguists, sociologists, philosophers. Today it attracts attention of specialists from the sphere of theory and practice of management, PR, business ethics and other communicative directions of society. In modern conditions of business communication speech etiquette is used as a means of creating an appropriate sphere, as well as for broadcasting the main principles of public morality.

Requirements of speech etiquette include a system of mandatory techniques through which information is exchanged during the negotiation process. At the same time, the ability to welcome, say goodbye, apologize, thank and show respect gradually becomes a social duty. According to the Spanish philosopher J. Ortega y Gasset, in such basic units as greeting and farewell, it is easy to analyze the essence of a social one.

The social manifests itself through the interaction of people, where as a result of the fact that other people's lives are faced, communication is problematic, but contact is possible. Thus, greetings and similar acts of speech etiquette, according to J. Ortega y Gasset, without exaggeration, are a social fact that is based on a "new", "direct" reality which is created by subjects that are communicating. Here, the essence of social fact is revealed through life and customs, among which, according to the philosopher, are "strong and rigid", such as those that find themselves mainly in manners.

The last include "the customs of language and thinking, which constitute the human speech" [3]. "Weak" and "soft" customs include acts of speech etiquette that directly affect the communication culture, becoming a universal language of interpersonal communication. In addition, there is another well-known research course by J. Ortega y Gasset, which is very important for analyzing the place of speech etiquette in business communication. According to the philosopher, social facts that have become common, namely greetings, farewells, expressions of request, wishes, receive the status of "social skills".

Because of frequent repetition and automatic reproduction, such social facts influence the formation of stereotypical behavior. Stereotypical behavior based on speech etiquette promotes mutual understanding between the negotiators, has a positive effect on dynamics, speeding up their progress and freeing them from unjustified spending of time.

Speech etiquette is based on the culture of speech. Speech culture testifies to the degree of mastering the native language, the ability to build a conversation using the established rules of pronunciation, accents, words, the ability to choose a stylistically correct variant of word organization. The culture of speech is also distinguished by the richness of lexical and intonation composition. The higher it is, the easier it is to establish contact, transmit and receive information. This peculiarity of communication with the help of language was clearly noted by J. Locke. An outstanding philosopher wrote that the art of good speech consists mainly in clear and correct reasoning. Clarity is achieved by correct use of appropriate time periods for ideas or thoughts that the speaker wants to transfer from his consciousness to the consciousness of another person.

Speech etiquette is a mandatory element in the strategic concept of business communication. In the behavior of its participants it emerges as a way of action or tact: to be able to listen to the interlocutor, to remain silent, to avoid answering or asking a question, to

choose a topic for discussion depending on the situation of behavior of the participants of negotiations, caused by speech etiquette.

The choice of words and intonations that accompany them is of great importance for speech etiquette. It happens that a steady verbal turn, taken without intonation, does not carry an emotional load, and taken in the sound design can be both politely courteous and offensively ridiculous orientation.

In this regard, Cicero wrote that "the conversation should be free from such motions of the soul, which may be anger or some passion, or laziness, or impotence and will be something like that, and most of all we should strive to show that those with whom we will have a conversation, we respect and love. It is primarily permissible to resort to mild judgments, but still with harshness - in order to avoid offending" [4].

The methods of speech etiquette contribute to the formation of correct and appropriate verbal expressions, which relate to evaluative judgments. Despite the fact that many verbal formulas include a sufficient degree of conditionality, in negotiations they contribute to maintaining a favorable moral and psychological atmosphere. Such requirements of verbal etiquette include, above all, the need to restrain oneself from ridicule and avoid those that may be negatively perceived by the negotiators.

"When talking to business partners, never spread any thoughts about your personal life", advises Jager, "and do not ask about someone else's, especially in the context of business negotiations" [5].

In the process of negotiations, the rules of speech etiquette extend to the logic of presentation of the thoughts of participating subjects. Consistent and probative reasoning is a necessary requirement of any negotiations. A defining place in such reasoning belongs to the following generally accepted methods of formal logic: no matter what is at stake, one cannot simultaneously assert or deny anything; one cannot accept certain arguments, however, not accepting everything that comes out of them; one should remember that it is impossible is not possible, evidentiary-doubtful, necessarily-prohibited.

Conclusions to Chapter 6

The analysis of the definitions of "business communication" and "professional communication" made it clear that each of them characterizes the type of communication that takes place in the professional environment and is not identical to each other. In relation to others, the definition of "professional communication" represents a narrow meaning of the phenomenon of communication in the labor sphere and indicates its signs concerning the interaction of professionals in relation to the performance of professional tasks. With the help of the definition of "business communication", it is possible to reveal the meaning of communication in the aspect of its connection with socially important activities.

Modern studies show quite significant development in solving the problem of forming professional business communication of company employees. At the same time, the analysis shows the ambiguity of conceptual approaches to the definition of the structure, content characteristics and peculiarities of manifestation of this phenomenon, indicates that this phenomenon is complicated. The specifics and functions of business communication in the professional environment are singled out.

The analysis of scientific literature from the concept of "culture of communication" and "culture of business communication" has provided an opportunity to substantiate the model and its structural components: motivational-value, speech information, operational-activity. The model of forming the culture of business communication is studied.

The attention is given to studying the question of subjective and objective communicative barriers, which lead to the deviation of the dialogue from the ideal scheme, to complete or partial communicative failure, to the loss of intentions of mutual agreement by the interlocutors, and therefore can provoke conflict.

The specifics of conducting one of rather important components of official and business communication, namely a meeting, are presented. Despite the different characteristics of the meeting as a phenomenon, one of the important factors in its implementation remains compliance with certain requirements, among which the linguistic ones are not the last.

In the broad sense, speech etiquette characterizes almost any successful act of communication. Therefore, speech etiquette is associated with the so-called postulates of speech communication, which make the interaction of communication participants possible and successful.

Ethics of business communication in general and business negotiations in particular relate to ethics – the science of morality and morals, relationships between people and responsibilities that are caused by these relationships. All people are different and have different perceptions of the situation in which they find themselves. Different perceptions often result in people not being able to agree on a particular situation. This disagreement occurs when the situation is of a conflict nature. A conflict is defined by the fact that the conscious behavior of one party affects the interests of the other party. Most often the conflict is solved through negotiations, business talk. Possession of the rules of business etiquette in today's business community is not a remnant of the past, but a mandatory demand. The quality and quantity of our business contacts, and therefore the result of our business activities, depends on how well we are able to be our own in any, even the most unusual, situation.

QUESTIONS FOR SELF-CONTROL:

1. Give a definition of "business communication" and "professional communication".
2. Describe the specifics and functions of business communication.
3. What is the structure of business communication culture model?
4. What are the components of the structure of the culture for business speech?
5. The role of communication barriers in the emergence of conflict.
6. Name the ways to overcome and prevent communicative barriers.
7. Features of organizing and conducting the meeting as a type of official business communication.
8. The essence of speech etiquette in business communication practice.

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Chapter 7. Business ethics of the company

7.1. BUSINESS ETHICS IN RELATIONS BETWEEN SUPERVISORS AND SUBORDINATES OF THE COMPANY

In today's realities business relations are always closely connected with various types of professional subject activities of people, including those through communication links. In the practice of doing business, various techniques and technologies of business relations are also implemented, which can contribute to the effectiveness of such interaction. Developing on the basis of these technologies and various forms of corporate communication, this practice contributes to the development of an objective base of business ethics of communication and the formation of effective relations between managers and subordinates in enterprises. The success of an enterprise activity mostly depends on its director and is determined by behavior and morality of its employees.

The basic ethical requirement to be maintained in business relations is the preservation of human dignity, regardless of its place in the hierarchical structure [1]. A Japanese newspaper once interviewed the presidents of large companies about what qualities and standards of behavior a director should possess. The study highlighted the following: broad-mindedness and a global approach to problems; forward-looking vision and flexibility; initiative and determination, especially in at-risk situations; hard work and continuous learning.

The ability to clearly articulate goals and attitudes; the willingness to listen to the opinions of others; impartiality, disinterestedness and loyalty; the ability to make full use of the capabilities of subordinates in the right way and treat them fairly; personal attraction; the ability to unite people and create a supportive atmosphere were among the personal qualities [2, pp. 76-77]. As we can see, the majority of personal qualities of a leader concern exactly moral requirements. And these requirements in the practical activity of a director stipulate his compliance with the rules of official etiquette. Despite the universal character of etiquette, there are certain features of its manifestation in the family, in public places, at work, etc.

Business etiquette – norms regulating work style, manner of behavior and communication in solving business problems; it is the established order and norms of relations in the service, with supervisors, in relations between colleagues, partners, clients.

The basis of etiquette norms is observance of a certain distance between employees of different ranks, tolerant attitude to the opinion of others, ability to admit their mistakes, being self-critical, ability to use arguments in a dispute rather than power or authority, etc. Business etiquette should be considered in combination with ethics, because only under this condition is it fruitful, it promotes effective interaction of the director with subordinates, employees among themselves, and employees of any organization with clients. A variety of business etiquette is service etiquette. Service etiquette is a set of reasonable rules of conduct where professional activity takes place (at work, in any organization).

The choice of strategy and tactics of behavior and communication of the director should be determined by the task of management. An example of such task is clearly formulated by A. Morita (Sony): "The highest task of a Japanese manager is to establish normal

relations with the employees, to form an attitude to the corporation as to a family, the understanding of the fact that the workers and managers have one destiny".

American scientists K. Thomas and R. Kilmann have developed a methodology that allows the manager to choose the strategy of behavior and communication in the organization:

- opposition (contention) – the director tries to retain a command role in relation to both subordinates and partners, based on his motivation to succeed and his desire to influence others. This contributes to the achievement of high results in the performance of the task, but human relations in this case will not be formed on mutual understanding;
- partnership – the director seeks to achieve a positive result, taking into account not only his own interests, but also the interests of others. This strategy is effective because it is built on respect for people;
- compromise – the director seeks to achieve success by taking a middle position between confrontation and partnership. However, this strategy is not always effective for achieving the set objectives;
- avoidance – the director seeks to avoid responsibility for setting and implementing tasks. This happens in the case of his lack of professional competence;
- adaptation – the director shows neither activity, nor interest, nor will to organize other people's work in the best possible way and obtain positive results.

In practice, communication between the supervisor and his subordinates is performed in the following forms:

- the subordinates. This form of communication is most often followed by a leader appointed from above. He or she is either not very distinguished by his or her intellectual abilities, or, on the contrary, he or she puts pressure on everyone with his or her intellectual merits. This form of communication is characterized by maintaining a distance between the supervisor and his subordinates;
- service-companionship. This communication corresponds to the established service roles and the division of professional authority. Such communication of a supervisor is characterized by respect for his subordinates and helps strengthen the corporate culture in the organization. In this way, he ensures his image and the respect of his subordinates;
- friendly. In the event of such form of communication, relations between the supervisor and his subordinates are "blurred"; control over the performance of professional duties and the state of production is lost.

One of the most important conditions for a supervisor's success is his communicative competence, which is determined by the way he is able to attract other people, to arouse their sympathy; to interest them in timely and useful information; to convince them of the importance of certain actions; to influence others in order to direct their efforts to achieve their goals, to gain and maintain confidence in their actions.

One of the reasons for subordinates' failure to perform their tasks, the emergence of conflicts in the organization (between the supervisor and subordinates, among subordinates) and deterioration of social and psychological climate in the organization is lack

of understanding, primarily between the supervisor and subordinates. That is a problem in achieving unity of positions between the supervisor and subordinates.

In order for subordinates to perceive the manager's position, it is necessary to show them that the actions he has to perform, not only do not contradict the principled views of subordinates, but also contribute to the satisfaction of their certain needs. Besides, people more easily perceive and better perform the tasks of the person to whom they feel emotionally positive attitude and, on the contrary, poorly perceive the task from the person to whom they have a negative attitude.

One of the important qualities of the supervisor is ability to prevent conflicts, and in the case of their occurrence – ability to analyze and solve them. In the case of interpersonal conflicts (between subordinates), the conflicting parties can solve the conflict themselves, and sometimes they have to do it with the help of a mediator. As a mediator, it is often necessary to act the manager. They spend almost 20% of their working time on conflict prevention and resolution. It has been established that losses from conflicts and post-conflict experiences make up 15% of a manager's working time [5].

A supervisor often has situations where he has to criticize his subordinates, make comments to them, so he should learn to do it in a way that does not cause them resentment and anger. According to the studies, people best perceive constructive criticism, which has subtext about respect for the person and belief in his abilities, knowledge and experience.

In world management practice there are rules prohibiting certain actions of supervisors because they violate ethical or moral-and-psychological requirements to communication. The following are among them [5]: one should not influence the subordinates with crushing criticism; one should not look for the guilty, it is better to look for the reasons and ways of overcoming the shortcomings; one should not humiliate the dignity of a person, one should analyze the actions of the employee; one should not make claims to the employee in the presence of others, it is better to express them in private; one should not be afraid to praise the subordinate, because success inspires; in the case of negative evaluation, the language should be kept only about the results of the employee's activity, and not about his personality; one should not restrict the independence and freedom of people, one should have confidence in the employee and should encourage the initiatives, the eagerness to generate ideas and etc.

At the early stage of an organization's creation, rules of conduct are established easily and simply. As the organization expands, it increases the number of employees and partners with whom it establishes certain relationships. Under such conditions, the standard of conduct of the supervisor changes accordingly in the direction of detailing the ethical norms and rules.

His formation in the position is carried out by the method of searching and making mistakes, acquiring his own experience. Practice of formation of modern manager shows that it is more difficult in comparison with re-equipment of manufacture and development of modern technologies, it is given to reconstruct psychology of people who are not used to work in severe market conditions.

7.2. CORPORATE CODE AS A MEANS OF CREATING A POSITIVE IMAGE OF THE COMPANY

Rapid globalization and development of the information society cause rethinking of such notions as ethics, values and culture. In practice, these processes are embodied in the change of management paradigm at the current stage, the wide use of the theory of corporate culture in the work of managers. An important and irreplaceable tool of qualitative change of business communication ethics, formation of organizational culture, and creation of positive image is the development of corporate code. The necessity to introduce the code is connected with the fact that "universal norms were not enough to regulate human behavior in specific situations" [1].

The corporate code is actually a form of embodiment of corporate norms, which in turn are rules of conduct established in the organization to regulate relations and aimed at achieving goals. In modern world "the code is a norm for serious business and is perceived as a step to improve corporate governance".

The essence of corporate code is derived from the general content of the category "corporate norm":

1. it regulates typical situations and relations that take place at a given enterprise according to the specifics of its activity;
2. the corporate code shall be repeatedly used during the term of its existence;
3. norms of the corporate code have the same non-personified character, i.e. they are applied simultaneously to all persons working in the enterprise and holding respective positions;
4. norms of the corporate code shall be binding for all members of the organization but shall be applied only to them (they cannot be applied to non-members of the organization);
5. implementation of the corporate code is provided by certain internal measures and mechanisms, including negative moral and material motivation, exclusion of a person from the organization members (exemption).

The corporate code is an effective tool for the formation of organizational culture, as it provides an opportunity to formalize the norms and principles important for the company, establishes limits of authority and responsibility of both employees and administration. That is why corporate codes are so actively implemented in developed countries. Most Western countries have state support for the implementation of corporate codes. The use of ethical requirements in everyday work is the key to successful work of a manager, that is why P. Drucker argued that high morality should become a component of the daily work of a staff member of administration [3, p. 150].

The establishment of ethical and psychological foundations of business should begin with a specific company. Increasingly, organizations for which public opinion about honesty and integrity is above the desire to maximize profits by any means, develop codes of ethics that show managers and employees how to act when making decisions based on value analysis; formally oblige all employees to take into account the ethical and psychological aspects of the decisions they make, and provide a basis for discussions on ethical behavior.

Each company develops its own code of ethics (corporate) with the appropriate title code of ethics, code of values, code of conduct, rules, set of values and principles. For example there is the code of business ethics ("Procter and Gamble"); the code of business ethics ("Unilever"); the code of business conduct ("Coca-Cola"); the set of general principles of the company ("Royal Dutch Shell") [9, pp. 63-65].

It should be noted that the first codes of ethics appeared in the USA in the early 20th century. They included concise formulations of ideas (examples: "To work for a better life, a better world for all", "The company adheres to the standards of the free enterprise system", etc.) and a list of some norms of conduct with clients and competitors. Since early 1950s, the process of adopting codes has extended not only to American, but also European, Canadian, and Japanese companies. They gradually included provisions on gifts, bribes, customer relations, environment, health and safety. Violators of the codes have been subject to sanctions (reprimand, dismissal). Employees were often required to give their written consent to comply with the code.

There can be no standard corporate code that would regulate relationships in any organization equally effectively. At creation of this document it is obligatory to take into account industry and specificity of activity of the enterprise, size of the company and world outlook of owners and founders.

The codes of ethics provide as follows:

1. image formation – the code is a means of forming a positive image of the company in the external environment. It provides an opportunity to increase its investment attractiveness, ensures effective public relations and supports the commodity brand;
2. improvement of governance efficiency – the code is a set of norms and rules of conduct in the company, an effective tool to regulate the behavior of the staff; it can improve the efficiency of internal corporate communications;
3. formation of corporate culture – this is what defines the mission and values of the company, its basic norms and rules; the corporate code is the main document that sets the value standards of the corporate culture of the company.

In the structure of the corporate code there are two semantic parts: ideological and normative [5]. The ideological part is general in nature, it covers information about the mission, main goals, principles of the company's activity, provides a brief overview of the history, expectations of the employer in relation to the employee, and also provides a brief description of the company's policy. The main objective of the ideological part is to describe the ethical principles of the company's activity, to form a certain positive image in minds of potential users of the corporate code.

The normative part contains two sections: 1) the obligations of the company regarding the internal environment and 2) external obligations. The first of these sections provides information about the requirements and obligations in relation to employees (rules of conduct, appearance, training and development of personnel, remuneration, guarantees and compensations), internal communication rules, rituals and traditions of the enterprise, safety rules, responsibility for violation of the corporate code.

The effectiveness of the corporate code depends on two important factors: 1) use of modern approaches to development of such document; 2) degree of use of the code in

the work of the enterprise administration, since development of the corporate code, as it has already been mentioned, can be carried out both by the enterprise specialists and external consultants.

An example of modern code development can be the code of business ethics of Procter and Gamble company, which defines the main moral and ethical values and principles of the company. The values on which the company's activity is based are as follows:

- a collective consisting of the best specialists in the world;
- the owner's attitude towards the company's property (as its own);
- striving for long-term success of the company's activity, for fulfillment of the set tasks, increase of work efficiency;
- honesty and openness in relations between employees; compliance with the letter of the law; making decisions based on full information and justifying its assessment based on possible risks;
- striving to be the best in the performance of the assigned tasks; to improve the quality of work; to be the leaders in their field;
- mutual trust in relations between colleagues, customers and users [10].

Principles and rules of conduct based on moral values are as follows: respect for the personality of each person; indivisibility of interests of the company and each employee; goals and principles are clearly defined and agreed upon; the basis of success is innovation; orientation in the production sphere towards consumers' needs, close, mutually beneficial relations with customers and affiliated companies; encouragement of employees' professional skills; attempts to be better in all areas that are of certain importance to the company; joint activities; joint activities in the production sphere.

Companies are increasingly establishing Ethics Committees, composed of senior management representatives, with the responsibility of monitoring employees' compliance with ethical principles and making decisions in case of controversial situations. For example, the Motorola ethics committee has the right to interpret and amend the main provisions of the code of ethics, to inform employees about changes made to the code, and to make decisions on employee that violate the code.

Some companies appoint a commissioner or an ethics commissioner. Companies widely use training programs aimed at disseminating ethics principles among their employees.

7.3. THE IMPORTANCE OF BUSINESS ETHICS COMPLIANCE BY THE HEAD OF THE COMPANY

The American authors of stress balance theory R. Blake and J. Mouton described in details the concept that considers the impact of many factors on executive efficiency:

1. **"Zero management":** the supervisor who uses this type of control is not interested in results or his subordinates. He is sure that he can always turn to an independent expert for help. All this will help him to avoid conflicts and create favorable working conditions for himself. However, such a manager is not a leader, and he is only the "keeper of his portfolio and chair".
2. **Social management**: in this case the supervisor pays attention to the needs of his subordinates, while staying away from production issues. In his opinion, in order to

achieve an effective work of the organization, it is enough to create a friendly microclimate in the team. Such a supervisor is loved by his subordinates, but based on them, he often makes unreasonable decisions.

3. **Authoritative management** (authority-subordination): this style of management means the manager's focus on production and service tasks. Social activity is not carried out by the supervisor, therefore, between him and his subordinates a mutual understanding is missing.

4. **Production and social management:** the supervisor is able to combine the solutions of tasks and social problems of subordinates, always ready to compromise. The decisions he makes are discussed with his subordinates and their proposals are accepted.

5. **Corporate management:** such a supervisor makes every effort to perform production tasks and to solve the problems of his subordinates. He tries to unite all employees and involve them in the process of making many decisions, which increases the pleasure of subordinates to do their work and achieves high efficiency of the whole organization. A favorable sign of moral and psychological climate in the team is the compliance of the moral attitudes in the team with the established moral qualities of the society. Lack of conformity contributes to the occurrence of conflicts. We propose to form a list of the following basic qualities and standards of conduct required by the supervisor:

   a) breadth of views and a global approach to problems;
   b) foresight and flexibility;
   c) proactivity and determination, especially in situations of force majeure;
   d) perseverance and systematic self-improvement;
   e) ability to clearly and intelligently formulate goals and attitudes;
   f) willingness to listen to the opinions of others;
   g) impartiality, disinterestedness and loyalty;
   h) the ability to make full use of the abilities of subordinatesby their proper placement and their fair treatment;
   i) personal charm;
   j) ability to unite and motivate people.

Given that the leader is in the spotlight, he is known, he is talked about, he is even exemplified by others, he must observe ethical standards of behavior, in particular:

- keep his promises (if something doesn't work, he should apologize and explain the reason);
- not to belittle the dignity of a subordinate, including controlling his speech, does not by allowing insulting and malevolent;
- not to show personal sympathy;
- be guided by justice in all situations;
- not to be afraid to praise a subordinate;
- trust and encourage initiative;
- not to look for guilty, but to look for reasons and ways to overcome shortcomings;
- not to provoke situations that may lead to interpersonal conflicts.

American researchers surveyed 800 managers and employees in 17 industries to find out what people's reactions were like due to unethical conflict situations caused by various

excesses. Here are some examples of what can happen in the company under poor leadership and omissions of the supervisor [61]:

- 48% intentionally reduced their work efforts;
- 47% intentionally reduced the time spent on work;
- 38% intentionally reduced the quality of their work;
- 80% lost part of their working time and are concerned about what happened;
- 66% said that their productivity had decreased;
- 78% said their commitment to the organization has decreased;
- 12% said they quit their jobs because they needed treatment;
- 25% admitted they suffered from the disappointment of visitors.

There are many other ethical requirements and features of a supervisor's job and he usually acquires them through his management activities. There have already been attempts to generalize the qualities and standards of behavior of domestic supervisors, but the ethical side of their work, the rules of etiquette in relations with subordinates have not been comprehensively worked out.

CONCLUSIONS TO CHAPTER 7

So, the business ethics of relations fulfills not only the function of moral assessment, but is also present in decision making, which allows to solve controversial ethical problems in the company. That is why the rules and requirements of business ethics of relations are developed and put into practice, which the future supervisor and his subordinates should learn, both in the process of training and in practical work. After all, it defines a system of moral values, criteria and parameters in relations between producers and consumers, between companies, enterprises and the state, as well as in relations between supervisors and subordinates and in the organization as a whole.

The corporate code is an important condition for the formation of an effective corporate culture, since it describes in a concentrated form the principles, objectives, mission, and norms in the enterprise. Without creating an effective corporate code, it is impossible to form a positive image of the enterprise both in the internal and external environment, to convey important information about the value and ethical basis of the organization's activity to all involved parties.

QUESTIONS FOR SELF-CONTROL:

1. Describe the specifics of business ethics in relations between supervisors and subordinates of the company.
2. What are the forms of communication between the supervisor and his subordinates?
3. Give a definition of the company's corporate code?
4. What is the main point of the strategy of behavior and communication in the organization developed by American scientists K. Thomas and R. Kilmann?
5. Give a definition of the main components of R. Blake and J. Mouton's theory of stress balance.
6. Describe "zero", social, and corporate management. What is their difference?

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Chapter 8. Business ethics of international relations

8.1. KEY ROLE OF NATIONAL PECULIARITIES FOR CONDUCTING INTERNATIONAL BUSINESS

In an era of globalization and business transnationalisation, with a diversity of cultures, it is difficult to do business, build business relationships and make business decisions. All companies entering foreign markets or already operating internationally face many challenges and problems related to certain national characteristics. In this regard, there is a need for cross-cultural research, which determines the relevance of this topic.

Different countries and regions have different governance styles, depending on religious, political, economic, climatic, historical, social and other factors. First of all, the culture factor in international business is manifested as a difference in cultural orientations of subjects of international economic relations.

There are many definitions of culture. Typical for domestic scientific literature is the following definition: culture is the fundamental life values and behavioral stereotypes adopted in the country and the conscious of the individual. They serve as guidelines for human activity and act as regulators of social behavior.

Founder of the study of cross-cultural management G. Hofstede defines it as "collective programming of the human brain that distinguishes members of one group or category from the other". That means it is not given to a person at birth, it cannot be inherited. Cultural habits can only be acquired, they are formed by the social environment.

It embodies the characteristics of people brought up by the same social institutions and life realities. Undoubtedly, national culture seriously influences the negotiation process, management, leadership style, motivation, ways of conflict resolution and many other elements of management. Therefore, this factor is explored through the category of national business culture.

In the context of intercultural management, it is defined as implementation of cultural peculiarities of a certain nation in business, although there is no single interpretation of this concept. Some scientists interpret this term as a culture of profit distribution in an organization between employees and other stakeholders who took part in its formation. However, a more common view is that business culture refers to certain rules of conduct in business activities, organizational traditions and customs, business ethics and norms of conduct.

The combination of international business and business cultures are the two parallel processes:

1. The combination of personal interaction of company employees with other stakeholders and other factors of production (in particular information) is a process that demonstrates key competencies, creative initiatives of people and the like.
2. Interaction of companies in international business, which is materialized in long-term relationships by the collective experience of international cooperation, is a process that shows the value of corporate citizenship (social responsibility) and sustainability factors of economic development of society.

From the point of view of international economic relations, culture is formed by such basic components as material component, production and business communication, which is

probably the main component in international business. And language, geography, religion, economy and history are the main features of intercultural differences.

The culture of business communication is an integral system of elements, which covers the culture of speech, behavior and etiquette. Of course, the key role in business communication is given to the language. In a company with representatives of different cultures the language barrier can lead to inconsistency, and sometimes to serious problems.

Non-verbal tools include time, place, friendship models and business agreements, where gestures, facial expressions, eye contact and so on are important elements. Today, there are many approaches to studying and measuring national business culture depending on various indicators and criteria.

In our opinion, the classifications of the national business cultures of G. Lewis (by type of behavior), C. Clakhon and F. Strodbeck (theory of value orientations), G. Hofstede (based on the basic differences in values), E. Hall (based on the context ranking) and F. Trompenaars (type of cultural measurements) are of the greatest interest.

Let's take a more detailed look at them. According to H. Lewis's model, the characteristic representatives of all cultures of the world can be divided into the following:

1. mono-activists – introverts focused on tasks and clear planning of activities (have a balanced character, are devoted to their work, plan future actions, are punctual, willingly submit to timetables and schedules, accurately adhere to the facts, give preference to information from official sources);
2. semi-active – extroverts, oriented to people (are impulsive, impatient, inclined to informal communication, easily and quickly move from one case to another, do several cases simultaneously, are not punctual, prefer oral information at first hand, actively gesticulate during the conversation, are looking for protection);
3. reactive – introverts, focused on maintaining respect (are silent, respectful, able to listen well, adhere to a flexible schedule, are punctual, attentive, take care of the reputation, plan and make decisions slowly, avoid confrontation in business communication).

Thus, G. Lewis's model takes into account the characteristic attitude of this or that nation to space and time, the determination of the status of other people, the reaction to different types of leadership, the organization of public activities and business, as well as the language factor, which the author considers the most important means of communication.

In 1967-1969 and 1971-1973, Dutch scientist G. Hofstede identified "cultural dimensions", or indexes, based on an analysis of differences in workers' attitudes:

1. The "power distance" index (PDI) reflects the degree of unequal power in an organization. The measure of this unevenness is the centralization of power and the autocratic nature of leadership. The peculiarity of this index is that it shows not only how far the idea of centralization of power is penetrated by leaders, but also how deeply it has penetrated into the culture of society as it is perceived by ordinary workers.
2. Uncertainty Avoidance (UAI). This index measures the extent to which a society is threatened by an uncertain or ambiguous situation. The larger this index is, the

greater the desire to avoid such a situation due to greater stability in professional career, creation of formal rules, intolerance to dissent and deviant behavior, belief in absolute truths. At the same time, there is a high level of anxiety and aggressiveness in such societies, which creates a strong internal desire for hard work.

3. Individualism (IDV) index. The third dimension is represented in G. Hofsted's scale, one of the extreme points of which is individualism and the other is collectivism. This scale reflects the relationship between the individual and society as a whole. Moving towards individualism means that the individual tends to take care of himself and his family in the first place. Collectivism presupposes belonging to a group as the main value and, accordingly, mutual care of the members of the group (collective) in exchange for loyalty.

4. Masculinity (MAS) index is considered by H. Hofstede as the dominance in society of traditional male values such as success, money, material values. This dimension is also called "feminism/masculinity" because it reflects the transition from the dominance of traditional female values (care for others, quality of life) to the dominance of male perceptions.

5. Longevity of orientations. This index is measured by long-term or short-term orientation in the behavior of members of society. Long-term orientation is characterized by a vision of the future and is expressed in a desire for savings and accumulation.

Short-term orientation is characterized by a view of the past and the present and is manifested through respect for traditions and heritage, through the fulfilment of social obligations [2].

Edward T. Hall's research is one of the classic works to which all scientists are referred in intercultural management. He focused his attention on the examples of communication available in culture and described four parameters by which cultural societies can be compared [9]:

1. Time (mono or poly-activity of culture).
2. An information flow that has a different structure and speed of communication between individuals and/or groups.
3. Personal space for carrying out communication.
4. The context or quantity of information needed to successfully transmit a message or to carry out a communication.

Note the latter criterion, as it is considered only in E. T. Hall's theory. The perception of this or that event (message) depends on the context, i.e. the information not contained in the message that is understandable to the observer (recipient), but closely related to the event. High-contextual and low-contextual cultures have different relations between the information actually provided and a given context of a message.

For cultures with a low context, understanding depends more on who communicates the information. The success of communication is ensured by the skill of accurate and detailed description. The cultural prerequisite for this type of communication is usually a high degree of individualism, freedom and mobility.

For a high context culture, a significant number of implicit communications in the process of communication, non-verbal language, visual contact are important. Members of this culture are usually laconic and leave much to be desired in the expectation that the

person concerned will understand the message from the context that is determined by the environment, the situation, the people involved, etc.

The studies by the Dutch scientist F. Trompenaars are also very well known. He singled out the following five cultural dimensions, which can be considered as analogues to Hofstede's indexes [10]:

1. Universalism/specialization – means that ideas and practices can be used anywhere without any modification. Specialization is the result of the belief that circumstances dictate how ideas and practices should be used. In cultures with a high universalism index, the focus is more on the formal rules than on relationships, and business contracts are considered very narrowly. In cultures with a low universalism score, personal relationships and trust are more important [10].

2. Individualism/communitarianism. For F. Trompenaars, the first concept refers to those people who feel that they are unique personalities. And the term "communitarianism" refers to people who assess themselves as part of a group. In the case of a high index of individualism, decisions are made individually and authority is delegated. In "communitarian" cultures, group decision-making prevails; committees, commissions, etc., are created. [10].

3. Neutral/emotional cultures. In neutral cultures emotions are usually controlled. In this sense, such different cultures as Japanese and English are the same. Representatives of these nations do not show their feelings, they stoically endure difficulties. Emotional cultures express their feelings openly and naturally.

4. Special/diffuse cultures. Special cultures imply a strict separation between public and private space of the individual. Representatives of special culture strive to increase their public space, they willingly share it with others, easily enter into contacts. At the same time, they protect their privacy by letting only their closest friends and colleagues into it. Diffuse culture is characterized by the combination of public and private spaces. Accordingly, representatives of this type of culture treat their public space more strictly, because access to it also means entering the private sphere of an individual.

5. Culture of achievement/culture of belonging to a group. The culture of achievement is characterized by the fact that the status of a member of society is determined by the success of its functions. In the culture of belonging status is determined by a person's belonging to this or that group on the basis of blood, family or professional criteria. High status in the culture of achievement is guaranteed to innovators or the most successful sales managers. In the culture of belonging, for example, the very fact of working for a long time in the company gives the employee a significant advantage. In such cultures, status often depends on age, education, circle of relatives and friends.

6. Time (understanding and attitude towards time). F. Trompenaars notes the presence of two approaches: sequential and synchronous (which is similar to the classification of "mono-active/poly-active culture"). In the first approach, time passes from past to future, each moment of time is unique and inimitable. In cultures where there is a consistent approach, people exactly adhere to the appointed time of business meetings, prefer to strictly follow the developed plan. Cultures with a synchronous approach tend to do several things at the same time, business meetings are scheduled

      approximately and can be changed depending on the circumstances. Another point that divides cultures is whether the focus is on the past, present or future.

7. Environment. In relation to the environment, F. Trompenaars divides cultures into internally and externally managed ones. The first type of culture believes in the possibility of controlling the results obtained and therefore focuses on the management of internal resources. People belonging to the second type of culture believe that events take their place and that it is only possible to adapt to them.

8. Based on analysis of these theories of classification of business national cultures, it can be concluded that they have much in common and each of the researchers of cross-cultural management has made a significant contribution to the creation of a common methodological framework.

8.2. CHARACTERIZATION OF BUSINESS ETHICS IN INTERCULTURAL NEGOTIATIONS

In recent years, the number of multinationals, international companies is growing rapidly, more and more countries are becoming interdependent and the number of international contracts is increasing. Today we are witnessing the exchange of technologies in various fields of activity in different countries of the world. The fact is that any type of international business relations implies intercultural communication and mutual understanding with representatives of this or that culture.

The main barriers in international relations can be mentality, values and religion of representatives of different cultures, which in turn create a problem in conducting successful business together. Consideration of the main features of intercultural negotiations remains relevant as representatives of different countries with different cultures are increasingly communicating in the modern world.

Intercultural communications reflect their essence in the national peculiarities of communication, include a set of certain traditions, standards, norms of behavior inherent only in a certain nation. Many of its participants see such a difficulty in determining the content of intercultural communication as the fact that the culture of each nation is constantly evolving according to objective laws and at the same time the content of intercultural communication is also changing.

Intercultural negotiation is a process in which at least two parties that have different cultural values, beliefs, needs, viewpoints, try to reach an agreement on a topic that is of mutual interest to them.

Each culture has its own set of behavior templates, which are adopted by default with education. In large and mixed commands, cultural differences in business are smoothed out over time and become less visible as there is multinational corporations' budget for training and research to reduce rash project and policy decisions based on misunderstandings between cultures. In small joint ventures, cultural differences are more pronounced.

We cannot now develop our culture according to the models that were used in the industrial era, which influenced our perceptions, cultural values and behavior. There is a need to create new management strategies, new business models that are more adapted to the modern post-industrial era.

In today's world, most American managers believe that learning foreign languages and other cultures does not occupy a significant niche in doing business. Managers wrongly believe that more attention should be paid to national competition than to foreign competition. At the time, Japanese and Europeans expect increased international competition. Managers of these countries believe that more than half of the turnover will be sold on foreign markets and the advantage will be given to high quality products and ability to innovate.

Training in intercultural communication is primarily aimed at learning about the culture, customs and values of one's own people as well as those of ancient peoples. The interaction of many cultures is quite common, as we go on holidays, conferences, business trips, etc. Increasingly, our employees correspond with foreign business partners. Learning intercultural communication for all kinds of meetings, exchanges and cooperation is becoming a major task for a growing number of people. Therefore, in international negotiations it will be useful to consider cultural aspects and understand the attitude of the interlocutor to the choice of participants, their values and priorities.

Intercultural negotiation is an assistant that helps people from very different cultures to reach consensus and successfully negotiate an operation or a deal. Compliance with the rules of such negotiations leads to a successful end result, because communication with the knowledge of the culture of your partner has a great influence on the success of negotiations.

In the course of international business negotiations, different cultural differences are encountered. When preparing for such negotiations, it should be taken into account that in every nationality, every people and country there are some peculiarities of negotiations such as:

- the role of the eye. We are used to the fact that during negotiations, during business meetings, it is very important to look into the eyes of the interlocutor, which in turn makes it clear that you are sincere and confident in yourself. This tactic is used in the US, UK and most Western European countries. However, in some Eastern countries, direct eye contact is not welcome. In South America, direct eye contact makes it clear that the client is creditworthy.
- distance between partners. In Europe and North America during negotiations the interlocutors are usually at a certain distance from each other. In South America or the Middle East, there is no such clear policy on keeping a certain distance during communication. In these countries, an acceptable handshake or pat on the shoulder is acceptable. In Japan or China, it is unusual for people to stand at a distance of more than 1 meter from each other.
- punctuality and time. In Western countries, people are punctual and do not like to be late for a given place at a given time. Time is money, so it is very important to be punctual. But in South America, southern Europe and the Middle East, people do not take punctuality that seriously. If, for example, one of the participants in a meeting is a few minutes late , it is not considered an insult, but, on the contrary, it is quite normal.
- greetings. Most businessmen around the world greet each other with a handshake. In some countries, a handshake is inappropriate if one is man and the other is woman. Besides, different people have different perceptions of the power of

a handshake. In some countries, it is better to congratulate a person by name or surname, and in some countries for academic degree.

- gifts. In Japan and China, it is considered common to give gifts at a business meeting, because it is usually part of the rules of business ethics. However, it should be noted that gifts are not acceptable for US and UK businessmen.

In order to avoid conflict situations in the process of intercultural communication, some authors highlight the following obstacles [3] that stand in the way of effective intercultural communication:

1. Admission of similarities. The cause of misunderstanding in intercultural communication can be the assumption by people that they are all similar enough to communicate easily with each other.
2. Linguistic differences. When communicating in a language that is not native to a person, the word, phrase or sentence often has only one meaning – that which it is intended to convey.
3. Erroneous non-verbal interpretations. In any culture, non-verbal behaviors make up the majority of communication messages. Misinterpretation of non-verbal behaviors can easily lead to conflicts or confrontations that disrupt the communication process.
4. Prejudices and stereotypes. Undue reliance on stereotypes can prevent us from objectively assessing other people and their messages and finding clues to help us interpret these messages in the manner in which they were intended.
5. Aspiration to evaluate. Cultural values also influence our attribution to others and to the world around us. Different values can cause negative assessments, which are another stumbling block to effective intercultural communication.
6. Increased anxiety or tension. Episodes of intercultural communication are often associated with greater anxiety and stress than with familiar internal cultural communication situations. The use of stereotypes and prejudices should be carefully considered in view of the current situation of intercultural contacts. A person should be aware of their influence on the effectiveness of interpersonal and intercultural communication, because stereotypes and prejudices can create unpredictable consequences, generated by their unity with a number of specific historical social determinants [3].

According to I.Y. Miazova's s research, one of the factors that can be an obstacle to effective intercultural communication is the phenomenon of ethnocentrism. It is on the verge of positive and negative factors that affect intercultural communication. It should be considered that the phenomenon of ethnocentrism is a norm of everyday functioning of society and an organic component of public order and peace. That is why it plays an ambiguous role in intercultural communication: the positive aspect is to maintain the identity and integrity of ethnic groups, while the negative aspect is to reject other ethnic groups. A peculiar synthesis of positive and negative sides of ethnocentrism is multiculturalism, which is affirmed as a factor of unity of individual and social freedom of a person and signs of cultural diversity of society.

8.3. WAYS OF SOLVING INTERCULTURAL PROBLEMS, CONSIDERING THE PROVISIONS OF BUSINESS ETHICS

Business communication can be meaningful only if there is knowledge of basic rules, ethical norms and traditions of business relations based on diplomatic protocol, as well as national-and-cultural and ethnic differences in the negotiation process.

Classification of negotiation behavior styles:

"Internal" negotiations (usually of a local business nature) tend to anticipate their results and make it quite easy to resolve issues in the sphere of intercultural communication. In the conditions of aggravation and tension of negotiations with a foreign partner, the behavior of a business person in both verbal and non-verbal relations is often conditioned only by intuition – the culturally significant motivations embedded in each of us since childhood. Therefore, without proper experience in international negotiations, the parties, as a rule, are confident in the acceptability of their own national style of behavior, and adhere to it, not taking into account that the cultural "basis" of the partner is quite different.

To avoid "intercultural" problems during negotiations, one can use the method proposed by G. Wederspan, which allows anticipating the course of negotiations, possible conflicts and defining strategic ways of their solution. Styles of partners' behavior during the negotiations in this method are determined depending on the following two main factors [35]:

- the final result is suggested by each party;
- how partners behave when discussing the issues.

Behind the first factor (the final result of negotiations), negotiating styles can be conventionally represented as a spectrum along which the reference points are placed – from those based on "position" to those based on "interest".

Negotiations based on the "position" are based on the "win-loss" principle. It is believed that the more one side achieves, the more the other side must give up. It is also assumed that both sides will strive to achieve their own goals and try to maximize their advantages. In doing so, the partners focus on the demand, promotion and protection. Any concessions will only be compensated by other benefits. Objective reasons are invoked to justify their claim. In the course of negotiations, various tactical actions can be used: pressure on the partner, dramatic techniques, delaying negotiations, unannounced order of day, premature withdrawal from negotiations, taking the partner out of balance, etc.

Negotiations based on the "position" are limited to stacking one profitable deal at a time. If a contract is concluded as a result of negotiations, for example, on delivery of goods, it is signed to details.

Negotiations based on the "interest" are a very different approach and imply a mutually beneficial agreement, which will have a long-term character. The purpose of these negotiations is the principle of "win-win", ensuring mutual understanding and trust between partners, establishing clear and objective rules of honor.

This atmosphere of negotiation promotes openness and free exchange of information between partners, and is oriented towards mutual respect, mutual assistance, understan-

ding of needs, problems and aspirations of each party. During "interest-based" nego-
tiations, a favorable atmosphere is created for the exchange of technical innovations and
achievements in the chosen field, the economic results of the company activity, the
readiness to immediately make the necessary payments is considered and etc. If
a contract is signed as a result of negotiations, it is flexible and able to adapt to possible
market changes. An example of "interest-based" negotiations is business relations with
Japanese companies.

With regard to the second factor (partners' behavior in the communication process),
negotiating behavior can be conventionally depicted as different points along the
spectrum from a position where the basis is "deep meaning" to a position with a basis of
a "broad context".

Communication "behind deep meaning" is characterized by a relatively insignificant
emphasis on words, information, ideas, i.e. on the external, formal side. The focus shifts
to the content of communication, which is given a paramount importance. The style of
such communication is objective, direct and clear, and a great importance is attached to
accuracy and literal interpretation. This style can be described as "left-minded" (active
and talkative people who mainly seek to deal with problems in a logical way).

In negotiations "with deep meaning" the parties use documents, written draft transactions
(often previewed), and clearly define the terms. They would rather draw conclusions
than produce new ideas and, in fact, would rather improve an existing process or product
than invent something new.

Negotiations based on "deep meaning" can be compared to a well-focused light spot.
This style of communication is preferred by partners in the USA and Western European
countries.

Negotiation based on "broad context", provides that contextual factors such as relation-
ships, place, time, attitude and feelings are of paramount importance. The purpose of
communication is to "read" your partner sympathetically and accurately and to visually
diagnose his or her behavior.

Partners who use this style focus on what is said and how it is said. Their style of
communication is subtle, can be said to be partially indirect, it can be described as "right-
brain" style. This style uses hints, ambiguous replicas, veiled sentences, and many
problems are solved intuitively. A broad beam of spotlight can serve as a symbol of
communication with the basis "on a broad context".

8.4. A COMBINATION OF BEHAVIORAL STYLES

Each of the above communication styles has its own features. The most common
characteristics of communication styles are summarized in table 8.1.

Table 8.1. Characteristics of behavioral styles

№ 3	The basis of "On position"	The basis of "On interest"	The basis of "On content"	The basis of "On context"
11	Taking personal interests into account, protecting your "mainstream"	Commitment to cooperate, open up to data exchange	Clarity, clearness and literal interpretation of the evidence presented	A genuine study of the partner, examination of his behavior

22	Compensation of the receipt at the expense of another benefit	Partner respect, desire to help him	Problem resolution at logical way	Emphasis on internal expression of communication meaning
33	Pressure on partner, drama tricks, tightening of the negotiations, partner withdrawal out of equilibrium	Mutual understanding between partners, establishment of objective norms, honesty, a demon-stration of trust	Using documents, patterns, of written agreements, deadline setting	Use of hints, ambiguous replicas
44	The clarity of the contract, its detailing	Flexibility of the contract, its adaptability to changes in tasks, intuitiveness	Left-minded problem-solving	Right-minded problem-solving
55	Single agreement	Long-term agreement	The symbol of "focused light spot »	The symbol of « broad beam spotlight »
66	The slogan: "win-lose"	The slogan: "win-lose"	Focus on agreement	Focus on relationships

By combining these styles, it is possible to set up four quadrants of negotiation and communication styles, which are listed in table. 8.2.

Table 8.2. Behavioral combination styles

| I. Based on the context / interest * Japan * Korea * China | III. Based on the context and position * Mexico * Spain * Egypt |
| II. Based on position and content * USA * Canada * Australia | IV. Based on interest and content * England * Sweden * Ireland * |

Partners, whose culture allows the use of each of these styles, quite easily solve problems that arise in the process of communication. Contradictions and conflicts can, as a rule, appear between partners, whose styles of behavior belong to opposite quadrants of the qualification scheme. It follows from table 8.2.:

I – perceives the II – as impudent, aggressive, impatient, naive, dull and bounded;

II – perceives the I – as inattentive, difficult to understand, deceiving, and evasive of problems;

III – takes the IV – as arrogant and serious, officially cold and inflexible;

The IV is perceived as manipulative, talkative, and untrustworthy.

Everyone who negotiates internationally must not only understand the problems that have arisen when communication styles diverge, but must also be able to solve them, thus creating the prerequisites for a foreign partner to properly understand his or her style of communication, and therefore reach real understanding.

The given schemes of styles of communication at negotiations to a certain extent correlate with the models of behavior of businessmen working at the international markets offered by R. Ghesteland [13], which are summarized in table 3. The problems

in negotiations arise when partners do not understand cross-cultural differences. Thus, for example, Spanish businessmen who are oriented to the transaction will consider the relations between the Chinese to be incomprehensible, and those, in turn, will find their partners to be assertive and aggressive. Germans, according to the Slavic, spend too much time planning their meetings, almost everyone has an approximate plan of negotiations that provides possible deviations and possible consequences and results.

The interests of Turkish businessmen, even after explaining them to the Hungarians, will still remain incomprehensible. The Hungarians will not consider them flexible enough. But this does not mean that the Turkish side is unwilling to understand another viewpoint. Of course, there are other methods to study the partners – visual psychodiagnostics, social analysis, etc.The following methods should be used:

Table 8.3. Models of partners' behavior in negotiations (on R. Gesteland)

I. Focus on relationships	
Group A	Formal, polychromic, discreet. Indians, Vietnamese, Thais.
Group B	Formal, monochrome, restrained. Japanese, Chinese, Koreans
Group C	Formal, polychromic, expressive. Arabs, Turkish, Mexicans, Peruvians.
Group D	Formal, polychromic, variant-expressive Russians, Polish, Romanians, Slovaks
II. Focus on agreement	
Group E	Formal, variant-monochrome, restrained French, Italians, Spaniards, Hungarians
Group F	The focus on the arrangement in moderation, the rest is the same. Lithuanians, Estonians, Latvians
Group G	Formal to moderate, monochrome, restrained. Englishmen, Irishmen, Swedes, Finns, Germans.
Group H	Informal, monochrome, variant-expressive Australians, Canadians, Americans

In conclusion, it must also be said that wherever there is an interlocutor, he should always be a worthy representative of his country. He should be extremely attentive to the customs and traditions of foreign partners. It is recommended that he should not engage in unnecessary political or religious-philosophical discussions, respond badly about their homeland or criticize the order of the country he is in.

CONCLUSIONS TO CHAPTER 8

A large number of different factors influence international economic activity, one of which is culture. In order to effectively establish business relationships, it is very important to consider the national characteristics of each country. There are several approaches to defining the national business culture. On the basis of their generalization, we have concluded that the national business culture is the certain rules of conduct in the sphere of business activity, traditions and customs, business etiquette and norms of conduct adopted in a particular country and conscious to an individual. The analysis of the structure of national cultures has shown that the culture of business communication is the basis of any national culture and an integral system of elements, which covers the culture of speech, conduct, external culture and etiquette.

On the basis of a detailed analysis of classifications of national business cultures, we have identified the main criteria and indicators to assess the essence of a particular business culture. In our opinion, the classifications of R. Lewis and G. Hofstede are of great scientific interest as they allow a broad and deep enough study of various features and characteristics of business culture.

By reviewing and identifying the main obstacles that may arise in international negotiations, successful outcomes, contracting and cooperation can be achieved.

There are quite a few factors that have to be taken into account before entering into negotiations with businessmen from a completely different culture and with different approach to business. Learning and understanding the importance of intercultural negotiations will help businessmen to negotiate properly, prepare project presentations for clients and keep the situation under control.

Business contacts with representatives of different cultures require taking into account and paying attention to national peculiarities in the process of intercultural communication.

Identification and discussion of important aspects of communication between business partners of different cultures allow to achieve a successful result in international negotiations and overcome intercultural barriers. Scientists believe that the art of negotiation is an acquiring phenomenon.

QUESTIONS FOR SELF-CONTROL:

1. Name a classification of negotiating behaviors.
2. What is the peculiarity of combining the styles of behavior in negotiations?
3. Describe the style of communication.
4. Name the ways in which international business and business cultures can be combined.
5. Describe the division of cultures according to R. Lewis's model.

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Chapter 9. A leader and leadership: business researches to improve culture, morality and ethics

9.1. THEORETICAL ASPECTS OF LEADERSHIP DEVELOPMENT

The history of the development of society shows that its progress is related to the ability of the individuals to improve themselves, to meet the need for activities that are beneficial to the human community. Business, like any other activity, requires people of a certain type, with certain character traits, those who have talent for it. The social division of labor, along with the social cooperation of various activities, made the leadership issue one of the oldest and at the same time always topical problems, the solution of which was constantly changing both in content and form.

Among the largest Western European schools, which significantly influenced the development of leadership problems in the 20th century, are the following ones: psychoanalytical (Z. Freud, A. Adler, K. Jung), who studied unconscious factors of the leadership process; Jelske (G. Lassuel, B. Skinner, W. White), who studied the features of consciousness of political leaders; Frankfurt (T. Adorno, G. Marcuse, E. Fromm), who developed the concept of "authoritarian personality" and analyzed the problem of relationships between charismatic leaders and their followers.

However, the philosophical aspect of leadership remains less developed than the psychological and socio-political one. On the other hand, research on business leadership problems is mostly conducted in the USA – at the International Institute for Applied Research and Development (Denver, Colorado), Center for Social Science Research at the University of Mississippi, Washington Institute for Policy Research (Seattle, Washington) – and is characterized by predominantly applied directions.

Leadership is the ability to bring human performance to higher standards, and the ability to shape individuals beyond their usual limits. For the first time the superhuman leader theory was developed by the German philosopher F. Nietzsche. In his works he tried to substantiate the necessity to create a higher biological type – human leader, superman who ignores the established moral, cultural, and political values.

Nietzsche considered his contemporaries the lost generation, his heroes were the heroes of the future. Man must overcome everything that promotes peace and laziness, get rid of everyday life, be above it to become able to own and manage. He wrote: "The purpose of humanity is to be its highest representative... Humanity's goal is to work tirelessly to give birth to great men – in that, and in nothing else, is his task" [1, p. 286].

French sociologist H. Tard believed that the leader is the engine of social progress, a force that stimulates and, to some extent, guides the development of human history. In his opinion, the majority of the population is not capable of creativity, understanding the essence of historical, political, social development, so this role is played by the leader. "The great leader", writes Tard, "is an accident, a higher level of social development" [2, c. 260].

According to his views, the majority of the population is incapable of independent social creativity. The only source of society's progress is discoveries made by original and enterprising individuals.

According to the theory of leadership traits, a leader should have such traits of character: to think deeper and more widely, to be able to quickly find a way out of certain situations, and so on. His quality advantage is the ability to generate ideas. A man must

master the ability to avoid conflicts, and to solve them if necessary; to influence people, to solve their problems. The leader is also characterized by a high level of intelligence, non-standard thinking. All this should form a new quality in the applicant for leadership, providing the leader with the ability to skillfully solve the whole complex of problems, taking into account not only the current situation, but also the possible consequences of his actions in the future.

At the same time, there were other points of view within the "theory of lines". Thus, American researchers R. Christie and F. Geiss [3] created so-called M-scale, where "M" means "Machiavelli", or "manipulator. Taking the concept of Machiavellianism as a basis, they focused on discovering what personal qualities the leader possesses. As a successful leader they saw a man with a high Mc -coefficient. In their opinion, such a person has first of all an inherent "indifference syndrome": goal orientation, control, calmness, rationality, etc., which is the main characteristic of a leader.

There are also known psychological concepts of leadership. In particular, the famous Austrian scientist Z. Freud saw the libido in the basis of leadership, which was manifested in the desire to overcome his own complexes and taboos to achieve more. A leader needs to maintain a balanced relationship with masses, be able to restrain aggressive moods [4].

As a result of numerous researches carried out by scientists in the middle of the 1950s, a list of identified leadership skills was compiled, among which the following were specifically mentioned: a sharp mind or outstanding intellectual abilities, the ability to master the attention of others and subjugate them to their will, self-confidence, activity and energy, knowledge of their business. However, many people who possessed these traits did not reach significant leadership heights and remained just followers of their leader.

An interesting result was obtained by an American professor Sheldon, who tried to explain human behavior based on the structure of the body (constitutional theory). Having made about four thousand measurements of the human body parameters, he divided them into certain somatotypes by the set of features. Studying the behavior of people who were before this or that somatotype, the scientist saw the essential dependence between the structure of the body and the type of behavior. Thus, people of asthenic structure (ectomorphs) are subtle, vulnerable natures, more inclined to isolation, manifestations of sociophobia.

Their antipodes – endomorphs – are obese, they are with an overdeveloped middle part of the body, emotionally balanced, good-natured, love good food and comfortable relationships. Neither of them claims to be a leader among the others. Another thing – mesomorphs – people with strong proportionally developed physique, fast reactions, confident in movements, able to strong resistance. They have a clear desire to dominate others, they seek power, are not afraid of risk, they are aggressive and ruthless. Strong leaders come out among them.

In his study, Sheldon concluded that it is worth paying attention to the peculiarities of the structure of human body as a child and not to try to break its character, preparing for the activities for which its psychological type is suitable. However, exceptions certainly exist – the examples of Napoleon, Hitler, Roosevelt confirm the fact that persons with an inappropriate somatotype can become very powerful figures.

The studies of W. Benis were also quite effective. He studied the life and work of ninety successful leaders and found, in his view, groups of leadership qualities, i.e.:

- attention management, that is the ability to present results or consequences, goals or direction in such a way that it would be attractive to followers;
- value management, that is, the ability to convey the importance of an image, idea or vision created in such a way that it is understood and accepted by followers;
- trust management, that is the ability to act in such a way that it is consistent and coherent to gain the full trust of its followers;
- self-management, that is the ability to know and recognize one's strengths and weaknesses so well in time that one can safely attract other resources to strengthen one's weaknesses.

As one of the important conditions for effective leadership W. Benis considered the ability to share power in an organization to create an atmosphere in which people feel both their own value and the importance of their work, so that they better perform it, making a significant contribution to the common cause [5].

Generalization of the research results in the direction of studying personal qualities of a person, allowing to become a leader, provided an opportunity to combine them into the following groups: physiological (height, weight, build, state of health, energy, etc.); psychological (emotional qualities, which are manifested in the character of the leader); intellectual (ability to make the right decisions) and business (ability to perform their functions).

However, with time it became clear that the presence or absence of the mentioned traits in a certain person cannot unequivocally testify in favor of the fact that the person will certainly not become a leader. Therefore, further research in this direction has lost its relevance – it did not allow to create an unambiguous image of the leader, and therefore, to lay the foundations of relevant theories. Because of the impossibility to measure the degree of manifestation of different leadership qualities in a particular person, it was also not possible to achieve its practical application – to develop a training program that allowed to form these traits in those who prepare themselves for leadership work. Although today's leading business schools offer training and courses to develop leadership traits and qualities, they are mainly concerned only with improving existing ones.

Studies of leadership behaviors that focus on what and how the leaders do, rather than on who is the leader have been more promising in this context. An important difference between the concepts of leadership behavior and those of personal qualities was that it included the possibility of training leaders in specially designed programs.

The most famous researchers of leadership behavior are K. Levin, D. McGregor, R. Likert, R. Blake, J. Mouton. In their work, they studied leadership behavior, which in the context of management is called leadership style. In general, a leadership style is the habitual way a leader behaves towards his subordinates in order to influence them and induce them to achieve organizational goals. It depends on how much he delegates his authority, on the type of authority applied, on what the leader primarily cares about – the establishment of friendly relations in the team or the performance of production tasks. It is quite understandable that behavior of this or that manager cannot always be attributed to a certain style, because in each organization the environment is formed, characterized

by a certain set of goals and tasks, people with different abilities, character traits, worldview system and the like work in it.

Thus, leadership is a process of unequal interaction between subjects, characterized by relations of domination and submission.

9.2. THE ESSENCE OF THE CONCEPTS OF "LEADER" AND "LEADERSHIP"

It is well known that science aims to reveal the laws according to which objects can be transformed into human activity. What distinguishes science from other forms of cognition is a substantive and objective way of considering the world. This feature of objectivity is the most important characteristic of science. It should be borne in mind that scientific thinking is essentially a denial of what seems obvious at first sight.

It is in the context of this thought that we will try to investigate the difference or identity of the notions of "leader" and "leadership" and designate their components.

The scientific analysis of leadership began with the leaders themselves. What are the features or traits that make a person a leader? This is the main question, answer to which was tried to be found back in Ancient Greece and Rome, because the problem of leadership back then was of great importance both theoretically and practically.

Its solution is essentially related to the study of the essence of different approaches to defining these concepts. In modern discussions about the definition of the concepts of "leader" and "leadership" dominates a complex and semi-spectral view on them.

In spite of the considerable amount of scientific works on this issue, because for the first time the word "leader" appeared in English approximately in 1300, and "leadership" approximately in 1800, these concepts are still debatable in the science of public administration, as they are used by different sciences to explain the qualities of personality, social phenomenon, psychological features, etc. The definition of a concept for a specific study depends to a large extent on the approach of the researcher and the goals that it is trying to achieve.

Before proceeding to the study of concepts, we consider it appropriate to recall the definition (lat. "definitio" – definition, precise indication, requirement, prescription; from "finitio" – restriction, completion). It is a brief definition of a phenomenon by enumerating its main, most essential features, qualities and properties in order to clarify the boundaries and narrow the content of the concept, which means this phenomenon. Depending on the accuracy of the concepts we can distinguish strict definitions, which are possible only in mathematics, and definitions-descriptions, which consist of a simple list of features and concepts of indications. Definitions may have an analytical or generalizing, synthetic character; they may explain one concept through another by comparison, designate a phenomenon by means of a symbol, and replace it with a conventional sign [2].

The Encyclopedia of Public Administration defines a leader as an authoritative member of an organization or a small group, whose special influence allows him to play a significant role in social processes or situations. It also indicates that the leader is a person who is able to influence others to integrate cooperative activities that serve the interests of a given society [4].

From the political point of view, the Encyclopedia of Public Administration outlines a political leader as a participant of a political process, endowed with real power and authority, which produces a legitimate influence on the society or a certain part of it, an individual capable of consolidating different groups for solving the problems of social development most significant in terms of group interest [4, p. 447].

Sydney Hook writes that "only leaders can influence the development of mankind, which is mainly not freed from the dependence of parents and then teachers, so the crowd is looking for a leader who would perform in society the role like the father in the family" [3].

The author notes that "to be a leader means to show others the best, shortest, safest way". In his opinion, the leader "not only leads and guides his followers, but also wants to lead them, and his followers not only follow the leader, but also want to follow him" [10, p. 12].

In psychology, it is common to perceive the leader as a member of a group, to whom it gives the most responsible decisions concerning the interests of the whole group.

The Oxford Dictionary of Psychology provides several definitions of leadership, in particular:

- leadership is the influence on other people;
- leadership is the implementation of organizational management, which is implemented by the top management [7];
- leadership encompasses (but is not limited to) the development of vision, planning, decision-making, motivation, organization, development, empowerment and direction of people to achieve specific goals.

The vocabulary of conflictology defines leadership as a way to influence a group based on personal authority, recognition of the leader's personality [9, p. 49].

In social psychology, leadership is defined as the activity of a person who leads a group to achieve a goal and who is given the right to take the most responsible decisions concerning the interests of the group. And also, leadership is seen as the influence of relationships in the process of interaction based on personal characteristics, where the fact of domination and subordination is traced.

Psychologists note that leadership is a socio-psychological phenomenon that occurs everywhere where a group is formed [5].

The author views leadership as a specific phenomenon that occurs in the interaction between the leader and his subordinates, at the junction of two problems: the psychology of an individual (leader) and the psychology of groups, small and large [8].

The scientist proves that leadership is a specific type of management relations based on social influence, or rather on interaction in an organization. He sees leadership as a type of managerial interaction (between the leader and followers) based on the most effective combination of different sources of power for a given situation and aimed at inducing people to achieve common goals [1].

David Matsumoto in Psychology and Culture views leadership as a process of mutual influence between the leader and his followers to achieve group, organizational, and social goals [6].

David Myers suggests that leadership should be seen as a process in which certain members of a group lead everyone else.

J. Terry explains leadership as an influence on groups of people, which encourages them to achieve a common goal.

P. Daft interprets leadership as a relationship between a leader and group members that influence each other and collectively seek real change and results that reflect shared goals.

I. Weschler, F. Massarik, and R. Tannenbaum define leadership as an interpersonal interaction, which is manifested in a particular situation through a communication process and aims to achieve goals [11, p. 49].

So, defining the concept of a "leader", we proceed from the assumption that the person-leader is always an active subject of the leadership process (unequal interaction) and also performs, by virtue of his position, certain functions. The function of regulating relationships through various forms of domination-subordination is the most essential and general characteristic of the leader. Thus, there is a psychological understanding of the leader – this is the subject of the process of interaction, who performs the basic function of regulation of relationships through various forms of domination-subordination in order to achieve certain goals of an individual, group or society.

9.3. SITUATIONAL MODEL OF FORMING AN EFFECTIVE LEADER

In addition to the roles of leader and group, the leadership theories have increasingly focused on the situation. The situation approach was originally called *Zeitgeist* (German term for "the spirit of time") where the leader was seen as the product of time and situation. It was necessary for the leader to become a person possessing certain qualities and traits, which are in demand in a given situation. However, later on, researchers focused on the situational aspects of leadership and began looking for situational variables that affect the leadership roles, skills, behaviors, and the satisfaction and performance of their followers. Many situation variables were found, but they did not develop into a general theory until Fred Fiedler proposed a theory of effective leadership that was widely accepted.

Fiedler's *contingency model of effective leadership* covers leadership style and the appropriateness of the situation.

Fiedler described it using the following three empirically selected parameters:

1. The relationship between leader and group members; this is the most important variable in assessing the appropriateness of a situation.
2. The degree of structuring of the task; it is the second most significant factor in assessing the favorability of the situation.
3. Position power of the leader, determined by his formal powers; it is the third most important parameter of the situation [19, p. 77].

Fiedler and his colleagues provide that:

1. More intellectual leaders develop better plans, make better decisions and produce better strategies of action than less intellectual ones.

2. Intellect is more important for the group's activities.
3. Interpersonal conflicts distract the leader from the task, and his intellect is more useful if his relationship with subordinates is conflict-free [20].

So, Fiedler's situational theory proves that leadership styles, in order to be effective, must fit or match the specific situation.

9.4. KEY MANAGEMENT FUNCTIONS OF THE LEADER

In modern business it is no longer enough to be just a leader, i.e. a person who has the authority to organize.

The need for leaders who know how to manage change in a dynamic, uncertain business world becomes obvious. Both the former and the latter perform management functions, but the way they implement them has a number of differences.

According to research by Canadian professor G. Minzberg, a typical manager performs about 600 operations a day, which J. Cotter, Harvard Business School professor, categorized in the following three main management functions:

1. *Decision on what needs to be done.* As a rule, a leader-leader defines strategic priorities and formulates the goals of the organization, he leads the organization in a certain direction. The leader-leader collects a wide range of information, analyzes trends and interdependencies. He or she must decide what to do in the long term, how the organization should look like, and make strategic decisions about its activities. In other words, the leader determines the main direction. Usually people strive to make their dreams come true, but it is not that simple. The big dream of a leader will not become a reality if you just do something better than your competitors. You have to do something fundamentally different from what is happening in the business world, and not only by increasing operational efficiency. Big goals and big dreams are achieved through expressive, differentiated strategic steps of the leader. At the same time, a leader must make sure that his image meets the interests of consumers, owners and co-owners, and this dream can be expressed in a real and competitive strategy.
2. *Creation of a support chain.* When it comes to building a support chain, the leader must target people, communicate the organization's strategy, its values, bring them together into one team, attract and interest them. Moreover, the support chain is not only outside the organization (customers, shareholders, suppliers, government agencies), but also inside the organization (management team, subordinates, colleagues). Another important aspect of motivating people is to strengthen organizational culture. The leader is the person who should form the values and principles of the organization, implement rituals (meetings, quality control procedures, personnel selection and promotion systems, employee certification).
3. *Achieving results.* The task of a leader-supervisor is to charge everyone with positive energy and inspire them with his or her own example. There are various ways to motivate people: give everyone the opportunity to prove themselves, involve employees in decision-making, listen to their opinion, create opportunities for professional development. It is important to encourage and reward employees, and this is not just a material aspect. In monitoring implementation, it is important to

identify the key, essential tasks and to provide people with everything they need to perform them. Thus, it can be concluded that a truly successful leader must:

- be able to manage your time perfectly, because the correct time management can be much more beneficial;
- radiate energy. A leader cannot be tired or upset. In order for his team to feel confident, comfortable and to work well, the leader must constantly share with it the positive energy, while receiving the benefit of the team itself;
- inspire others and get inspired by their success. The desire to work does not arise from nothing. What is needed is an idea, a spark, a fervor that will give strength to overcome problems and obstacles on the way to accomplish the leader's mission;
- have own charisma. Charismatic people are capable of leading nations. A leader does not need a team of many thousands behind his back, but those people who really stand behind him must feel "chosen" and feel the peculiarity of their leader;
- have an intuition based on experience;
- have an inner sense of what's right. The support of like-minded people is important for achieving team results. And when a businessman communicates with a client who has a different understanding of ethics, then the question arises: is it better to shift to the client's values, or to abandon him?
- have a perfect knowledge of the industry and the work environment. To feel the right movement of the company in general, the team in particular, the manager needs to check both his own and team decisions. And for this, he needs to have a thorough knowledge of the market and society;
- be the best. A person who does the work of his or her life puts all of himself or herself into it;
- take care of his employees. A team is, above all, people. They require attention and understanding, support and trust;
- learn all the time. All information tends to become outdated, as does knowledge. Every hour, every day, every week, new things happen in the world, open up, explore.
- be innovative, not afraid of change and look to the future. A leader-leader must know how each of his team members sees the result of his work, and be able to use it. The person who does not see the effect of his work (a concrete project result, additional motivation or just positive emotions from the work) goes and looks for a new place where this effect will be obvious.

The second point is to use the potential of younger generation, because it is from them you can get a good push for creative and non-standard solutions.

CONCLUSIONS TO CHAPTER 9

This theme presents the poly-variant views on leadership and the leader, makes it possible to state that leadership is a unique phenomenon of public life, which permeates all spheres of life and is associated with the exercise of power functions. It is ideal for leadership to use an effective combination of both components of power: position (formal power) and personal qualities.

Theories of leadership prove that a leader must have many qualities, but the most important thing for today is the intellect and the ability to feel the situation, because

people are not static and do not behave the same in all situations – on the contrary, they are constantly changing and adapting.

It is proved that the presence of a certain combination of features does not yet make an individual a leader. Observation and practice have shown that the leader in a group is the one who better understands the tasks faced by the team and the ways to meet them. Therefore, it is more likely that leadership is of a complex nature and depends not so much on the personality's qualities as on its place and position in the structure of the relationships in the group.

Leadership, therefore, is not so much a function of a person or a group, but the result of a complex and multifaceted influence of various factors and situations. We consider the most general definition of leadership to be explanation of this phenomenon as a socio-psychological process in a collective or group based on the impact of a person's personal authority on the behavior of its members to achieve a certain result on a mutually beneficial basis.

QUESTIONS FOR SELF-CONTROL:
1. Describe the theoretical aspects of leadership development.
2. Identify the essence and components of the concepts of "leader" and "leadership".
3. Specifics of the situation model for forming an effective leader.
4. What are the main managerial functions of the leader, what is their essence?

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Conclusions

The dynamic economic environment requires the implementation of new value-based approaches to the system of management relations aimed at coordinating human resources in the strategic development of companies. The above-mentioned problems created an urgent need in communication with employees, partners, and consumers, which contributed to the formation of the basic principles of business ethics.

Interest in the formation of ethical standards in the enterprise is due to the impact of corporate culture and ethics on the life of the company, its position in the outside world, in turn, plays an important role in mobilizing its resources needed to achieve the objectives. After all, the success of any company or team is conditioned by various factors, where one of the dominating ones is the formation of corporate ethics of the company.

In many Western countries, discussions about the ethics of entrepreneurship continue. There are many supporters of the opinion that in business the concept of justice is not interpreted in the same way as it is required by the moral laws of mankind.

In today's conditions, managers and entrepreneurs quite often have to be in situations that can be described as ambiguous, and it is difficult to get out of them when the time limit is set, and the difference of views based only on generally accepted criteria of behavior. Therefore, both the entrepreneur and the manager and the civil servant should know the importance that their partners attach to business ethics, honesty and decency.

Even well-educated, well-mannered managers and entrepreneurs, who are familiar with the laws of ethics, quite often cross the limits of the moral code when there is an opportunity to make big profits. Therefore, a reliable guarantee of the country's economic development should not be legal but ethical legitimization of business, the advantage of ethics over the desire for enrichment in any cost.

In life, everything is interconnected, interdependent. Now it is undeniable that the culture of work, life and service is directly related to the moral behavior of company employees in specific circumstances.

The culture of business, business ethics communication help to preserve the loyalty of customers. According to specialists' calculations, to keep the old clients is six times cheaper than winning new ones. Therefore, the modern enterprise completely should be focused on the consumer.

For this purpose, it would be advisable to put a lot of effort and money into shaping the image of the company and training its employees. It is pointless to invest huge amounts of money in an advertising campaign or some innovations if these efforts will come to naught because of the unprofessional nature of the staff.

Every employee should feel involved in the company's results and be constantly honest, attentive and reliable, because everyone gets their salary from the profit. It takes years to get a good reputation, and you can lose it instantly and quite often because of trifles: not answering a phone call or letter in time, not sending a fax, which is expected, showing another form of ignorance. Everything is important for a good reputation – culture of speech, manners, clothes, office interior. Contacts break down as soon as the incompetence, dishonesty exist.

Entrepreneurship is the skill, the mind, the culture that result in a mutually beneficial business. Highly developed entrepreneurship is impossible without the establishment of humanistic principles in life, otherwise it will grow into the usual theft, deception of a partner, that cannot last long.

This manual book is devoted to the issues of establishing business ethics in management and entrepreneurship, the rules of moral and ethical business conduct, the problems of forming effective partnerships.