

ISBN 978-83-959294-1-0
ISBN 978-83-959294-2-7 (electronic version)

Warsaw University of Technology
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www.pw.plock.pl

Selected Issues of socio-economic development in Poland and Ukraine

Warsaw University
of Technology



College of Economics
and Social Sciences

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Płock -2020

Scientific editing
Marlena Piekut
Nataliia Smentyna

Warsaw University of Technology
The College of Economics and Social Sciences

**SELECTED ISSUES
OF SOCIO-ECONOMIC DEVELOPMENT
IN POLAND AND UKRAINE**

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TITLE/TYTUŁ

Selected issues of socio-economic development in Poland and Ukraine

Wybrane aspekty rozwoju społeczno-gospodarczego w Polsce i Ukrainie

SCIENTIFIC EDITING/REDAKCJA NAUKOWA

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Cover design/Projekt okładki

Paulina Bąbalicka

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<http://www.pw.plock.pl/>

ISBN 978-83-959294-1-0

ISBN 978-83-959294-2-7 (electronic version)

The publication was created with the funds of PKN ORLEN S.A.

Publikacja powstała dzięki środkom finansowym przekazanym przez PKN ORLEN S.A.



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Chapter 5

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BUSINESS ETHICS IN UKRAINE AND POLAND: COMPARATIVE ANALYSIS

Abstract. The purpose of the article is to conduct a comparative analysis of the introduction of business ethics in Ukraine and Poland to prove that the involvement of business ethics in business processes has a positive effect on business and trade and leads to increased responsibility of entrepreneurs to society, deepening economic ties, cooperation, sharing experiences. The subject of scientific research is the study of the system of norms and rules of behavior of business entities, their interaction and communication. Theoretical perspectives include patterns of the relationship between economic and moral issues; analysis and evaluation of the involvement of business ethics in the business process to identify the relationship of goals and means of entrepreneurship, the impact of the entrepreneur's actions on the position of the company and its employees, as well as society as a whole. Based on the methodology of assessing the state of economic ethics, the current situation on the selected issue at Polish and Ukrainian enterprises has been tested. Through the use of quality methods of evaluation, development and conduct of questionnaires and mathematical processing of information, the analysis was conducted on the implementation of business ethics and the need to train employees in business ethics, the relationship between ethics and company image, the presence of moral standards in the enterprise. Questionnaires of employees of Polish and Ukrainian companies on the implementation of business ethics have highlighted the existing advantages in this process, due to the practical effect of increased interest in the general problems of entrepreneurship. Owners and managers of companies who have undergone special training understand the benefits of adhering to moral norms in business. The analysis proved the interest in the implementation of business ethics of Polish and Ukrainian entrepreneurs, who thus show their responsibility to employees, colleagues and society as a whole.

Keywords: business ethics, analysis, questionnaire, Ukraine, Poland, enterprises, ethical standards, ethical documents, training, control.

JEL: Z 100

INDRODUCTION

In the current conditions of the economy, there is a growing need to study the provisions of business ethics, which allow to form business relationships between partners in the domestic and global markets. The formation of ethics in professional activities is well traced in the field

of entrepreneurship, trade and exchange activities, where the need for the formation of moral rules of people behaviour or organizations is clearly defined. In conditions of fierce competition, issues of business ethics become extremely important, as they shape the image of the entrepreneurs, whether you trust them or their business, feedback and, in general, affect the development of the country's economy. Moral rules of conduct become the basis of market relations through the establishment of economic relations, negotiations, management relations and communication, universal consciousness and communication.

The urgency of the problem determined the purpose of the study, which was a comparative analysis of business ethics in Ukraine and Poland to deepen economic ties, cooperation in the field of entrepreneurship and trade, exchange of experience.

As a scientific hypothesis, it has been suggested that the involvement of business ethics in business processes has a positive effect on entrepreneurship and trade, leads to increased responsibility of entrepreneurs to society.

The subject of "business ethics" K. Homan and F. Blome-Dres (1992) define as follows: "Entrepreneurial ethics thematizes the relationship between morality and profit in enterprise management and deals with the question of how moral norms and ideals can be implemented by the enterprise in today's economy" (Homann, K., Blome-Drees, F., 1992). Therefore, the subject of scientific research is the study of the system of norms and rules of business entities conduct, their interaction and communication, as well as increasing the level of responsibility both at the level of individual enterprises and at the state level.

Theoretical perspectives of the study include the patterns of the relationship between economic and moral issues; analysis and evaluation of the involvement of business ethics in the business process to identify the relationship between goals and means of entrepreneurship, the impact of the entrepreneur's actions on the position of the company and its employees, as well as society as a whole.

LITERATURE REVIEW AND PROBLEM STATEMENT

The ethical problems of economics are based on the traditions of Aristotelian practical philosophy, which considered the problems of politics, ethics and economics in conjunction. Modern scientific research of these relations is based on a constructive approach, focus on the practical implementation of moral values.

K. Homan and P. Kozlovsky (2007), given the ambiguity of perception of business ethics in the business environment and among economists, propose a definition: "Economic ethics (or business ethics) deals with the question of what moral norms or ideals could mean

(for enterprises) in the modern economy and society" (Nomann, Koslowski, 2007). W. Beck (2000), M. Porter and M. Kramer (2011) insist that the well-being of enterprises was made dependent on social progress, raising social standards for the whole population. Yes, the latter put forward the idea of values that are common to business and society. The authors believe that business assigns social problems, at best, only the third place. If the priority for business is economic efficiency and profit, then the priority for society and the state is social order and social peace, because without the social world, there is no need to talk about any efficiency and profitability. And one of the means of ensuring the social world is social justice, observance of moral norms and principles (Beck, 2000; Weber, 2018). Modern business ethics is an attempt to restore the lost value, semantic unity of the world of economics and the world of culture.

In the conditions of deficit of legal norms the businessman if necessary is compelled to act at own risk and take responsibility. And the choice of a solution in business is due not only to considerations of expediency, but also values and moral constraints, which the businessman determines for himself. However, the existence of laws that embody moral values and requirements do not exempt from moral reflection: morality is always critical of existing law and public order, not everything that exists and is allowed by law is approved in terms of morality, legal and legitimate actions often do not match.

G. M. Thomas and R. J. Klonoski (1986) consider business ethics as the relationship of goals and means of entrepreneurship and human values, emphasizing that it studies the impact of individual actions on the position of the individual, firm, economic structure and society as a whole, emphasizing the study of accepted moral norms in business (Thomas, Richard, 1986, p. 165-172).

Business ethics, according to Polish authors, is both a descriptive discipline and a normative one. Descriptive – as its task is to identify and describe those phenomena of economic life in which moral aspects are especially manifested and which can be assessed from the standpoint of moral values. Normative because its purpose is to build a system of norms that determine the behavior in business, what is needed and what should not be done in business based on moral criteria (Lewicka-Strzalecka, 2007, p. 60).

Business ethics explores the peculiarities of the functioning and development of morality in the field of business, commercial activity and formulates appropriate recommendations for this area. The difficulty of performing these tasks is that moral and utilitarian relations are most incompatible, because the former are focused on the good, and the latter – is focused on benefit.

In the field of business relations, contradictions and conflicts often arise on this basis, the prevention or elimination of which are the focus of business ethics. But much of the contradictions and conflicts can be resolved at the request of the conflicting parties. Business relations cover not only the production, organizational and legal spheres, but also social, because often close people or relatives are their subjects. In general, business ethics examines the impersonal, practical and utilitarian relations of people in order to harmonize them, humanize them, fill them with moral requirements, which positively affects the course of economic activity and positive attitudes and relationships in the workforce and society.

METHODS AND METHODOLOGY

The methodological basis of the study of business ethics is based on the interdisciplinary integration of modern philosophical, ethical, economic, sociological and psychological concepts; use of scientific methods and modern methods. M. Weber (2018) formulates the ethical capital of the company – as a cost estimate of the total resource of cooperation with business partners, if its use contributes to the growth of business efficiency and additional income at the current level of resource provision. The amount of ethical capital is defined as the sum of the total annual effect formed by strengthening trust in business partners, honesty and job satisfaction of the company, moderation of requests of its owners and savings in transaction costs and costs of compensation for damage caused to anyone (Weber, 2018).

The basis of further research is the publication of O.M. Gugnin and G. Ostash "Business Ethics in Poland: Theory and Practice" (2009), which contains a method of assessing the state of economic ethics, which has been tested in Polish enterprises (Gugnin, Ostash, 2009, p. 55-56). The methodology is based on the application of qualitative methods of evaluation, development and conduct of questionnaires and mathematical processing of the information obtained.

RESEARCH RESULTS

Modern entrepreneurial activity is based on the principles of cooperation, integration and globalization, so its effective development is impossible without a system of ethical norms, principles and rules.

As J. Rybak and W. Shapoval (2009) emphasize, modern Polish business is characterized by a tendency to pay more attention to issues of social responsibility and corporate ethics (Rybak, Shapoval, 2009). These aspects have long been an integral part of the

image of modern Polish companies and success in competition. The idea that financial well-being and ethical standards are incompatible has long been refuted by real practice, which has proven that proper ethics is a successful business. Otherwise, a negative reaction from consumers, partners, investors, competitors and other stakeholders will inevitably lead to a loss of reputation and, ultimately, to a significant reduction in the company's profitability. Thus, social responsibility has become one of the priorities of Polish companies' strategies. In addition, it is not only an opportunity to form a stable business, significantly increasing its value and reputation, but also to actively influence the formation of civil society. So, it's not just a tribute to market trends, it's a matter of strategic importance". For Ukraine, this path is just opening up and how the state will pass it will depend on its future relations in domestic and foreign markets.

Acceptance for realization of the long-term purpose of activity of the enterprise is connected, first of all, with necessity of formation of its moral image. And this requirement is determined by public approval of the firm. In Poland, adherence to moral factors (rules of fair play with competitors, choice of means of economic growth, responsible attitude to employees and the environment) led entrepreneurs to the need to form an appropriate culture of organization and implementation of ethical principles. Scientists from the Institute of Philosophy and Sociology of the Polish Academy of Sciences studied the situation at 800 Polish companies and calculated the probable accuracy of the results, which amounted to 0,95 (ABR SESTA). Employees received questionnaires developed by the Institute, which contained the following groups of questions:

1. training of employees in the field of business ethics;
2. the ratio of ethics and image of the firm;
3. moral standards in the enterprise.

The results of the survey allowed us to draw the following conclusions:

1. More than two thirds of enterprises operating on the Polish market have not conducted training on business ethics. Such trainings were conducted by 30% of firms, of which 11% – several times a year, 12% – annually, and 7% – less than once a year.

Firms that cooperate with foreign partners conducted such training more often (34%) than those that did not cooperate and no longer plan such cooperation (27%).

Large companies more often organize such training: in firms with more than 250 employees, the percentage of training is higher (43%) than in firms with up to 100 employees (24%). A positive correlation is also observed in the ratio of the number of ethics courses

conducted: 37% of enterprises conducting development training, 31% – stable, 17% – with deteriorating market position.

2. Slightly more than half (56%) of firms publish information on the state of morality in information and advertising materials, and more often it is firms that conduct training in business ethics (74%), compared with firms where such training is not conducted (48 %).

Most often, materials affecting business ethics are submitted by large enterprises (61%), as well as enterprises that cooperate with other EU countries (61%). The covered materials most often publish data on the company's mission – 62,2%, its social responsibility – 55,4%, moral codes – 45%, the rest – 7,1%. Information and promotional materials published by 41% of Polish companies that do not contain elements of ethics.

Around 88,5% of firms do not participate in competitions related to the ethical dimension of entrepreneurial activity. Only 1% of them plan to take part in one of these competitions in the future. Every tenth firm takes an active part in such competitions (Gugnin O.M., Ostash G., 2009, p. 56-57):

- in "Fair Play" – 4,6%,
- in the "Reliable Partner" – 1,5%,
- in the "Investor of human capital" – 1,1%,
- in other competitions – 4,3%.

3. Studies have shown that 49.8% of firms declare compliance with ethical standards in their environment, but in most of them, i.e. 78%, these standards are established by custom, and only half of them are documented.

Ethical standards are presented not only in special codes or codes of exemplary behavior (14,6%), but also in internal regulations (63%), company charters (32,9%) or other documents (11%). And again, as in previous cases, such documents are more often accepted in firms which carried out training in rules of ethics of economic activity.

Compliance with the Labor Code and the impact of this factor on the financial success of the firm is on the border between ethics and law. Respondents were divided into three groups, which differ slightly: 38% believe that strict compliance with the Labor Code has a positive effect, 30% – negatively, and 32% believe that it does not affect the company's profits.

A significant number of Polish firms (83%) declare their readiness to help the local community, and only 3% of enterprises provided such assistance under pressure "from above", 13% did not help at all.

Around 51% of firms participated voluntarily in promoting environmental protection, 11% under external influence, and 37% did not participate. 66% of firms were voluntary sponsors, 4% were "forced", and 29% of firms did not sponsor.

Respondents noted the existence of sanctions for misdemeanors: for "unethical behavior" in 57% of companies employees were punished (up to dismissal). Most often punished for alcohol abuse – 32,1%; fraud – 23,3%; theft – 21,8%; profanity – 12,2%; lies – 10,1%; abuse of office – 11,1%; bribery – 2,2%; other moral violations – 8,6%. Moreover, the same trend is observed as in previous studies: the percentage of penalties is higher in enterprises where staff have learned the basics of business ethics.

Relevant research was conducted by us at Ukrainian small and medium business enterprises. 450 companies took part in the survey. The probability of accuracy of the results was 0,75.

The main blocks of questions included similar to Polish interpretations:

1. the availability of employee training in business ethics; at what cost the training was conducted and at what time; the existence of motivation for such training;
2. compliance with the ethics and image of the company; openness of information about the ethical behavior of the company in domestic and foreign markets and in relation to social problems;
3. the presence of internal documents that ensure moral and ethical standards, compliance with the rights of employees; open information about penalties for ethical violations of all employees of the company, without exception.

The results of the survey at Ukrainian enterprises led to the following conclusions:

1. More than 70% of small and medium enterprises did not receive training in ethics. Such trainings were conducted by 16% of firms, of which 1% – several times a year, 6% – annually, and 93% – less than once a year.

Enterprises that cooperate with foreign partners conducted such training more often (84%) than those that did not cooperate and do not plan such activities in the future (16%).

Medium-sized companies are more likely to organize business ethics training. In enterprises with 50 to 250 employees, the percentage of training is higher (63%) than in firms with up to 50 employees (37%). A positive trend is also observed in the ratio of the number of ethics courses: 87% of companies that conduct training are companies that are constantly developing and have a stable profit, 13% – companies that have an unstable market position.

Employees of the companies noted that 56% of training was conducted at the expense of enterprises and 78% were trained outside working hours.

As motivation quality for training in business ethics are: promotion with increased pay (36%); increase in payment (27%); trips abroad (18%); mandatory condition for all employees (10%), other (9%).

2. Small and medium-sized enterprises publish information on the state of morality in the media, on professional websites, in social networks (72%). Typically, this is done by companies that provide training in business ethics (76%).

Most often, materials related to business ethics and social issues are provided by companies that cooperate with foreign countries (68%). The submitted information most often publishes data on the strategy and mission of the company – 82%, its social responsibility – 14%, moral codes – 2%, the rest – 2%. Information and promotional materials published by enterprises about their activities, as a rule, do not contain elements of ethics (98%), and the other 2% contain similar information for commercial purposes. 50% of respondents said that there is a mismatch between the ethics and the image of the company; there is concealment of existing unethical facts; there are no penalties for moral violations; sheltering other troubles; non-observance of employees' rights, etc. 23% of employees answered about the openness of information on ethical violations in the company.

3. Processing of existing information showed that 52% of firms declare compliance with ethical standards in their environment, but in most of them, i.e. 87%, these norms are established by customs, mentality, traditions, only 67% are documented, (i.e. enterprises have its statute, code of ethics, rules of procedure or similar documents). As a rule, medium-sized enterprises have a charter, while small and micro enterprises do not. 87% of respondents noted the availability of relevant documents, but stressed their incapacity.

Some companies already have some experience in organizing ethical and psychological support for employees (37%): some ethical services (6%), and others (31%) – protocol services that ensure compliance with etiquette when working with foreigners, especially during the establishment contacts and formal negotiations. However, such experience is still being implemented slowly.

Respondents mentioned the widespread practice of implementing a video surveillance system (76%) or checking corporate mail (18%), in order to verify compliance with quality and integrity during working hours.

Ukrainian law notes that when misconduct is recorded, individuals, rarely, are able to use information such as evidence in court due to legal restrictions. Thus, according to the Civil Procedure Code of Ukraine, when considering a dispute, the court does not accept evidence if it was obtained in violation of the law. As stated in Art. 307 of the Civil code of

Ukraine, in most cases video surveillance of the person is allowed only if it agrees to it. However, there are no exceptions to this rule for employers or employment relationships in general, which companies do not always remember, so usually monitoring the work of staff can not be used for what it was originally implemented. And often it has only a psychological effect.

In addition, there are no clear rules in Ukrainian law on the permissible interference with the privacy of employees at work. In contrast to the rules on the investigation and prevention of tax criminal offenses, where the permitted measures are quite clearly defined, for the field of labor algorithms must be derived from the general rules of law. Therefore, you can use the correspondence with the consent of not only the sender but also the recipient and other people, if it contains information about their personal lives. Yes, the employee has the right to secrecy of correspondence and telephone conversations – it is guaranteed by Art. 31 of the Constitution of Ukraine. And it can be during working hours and at the workplace, because it has a constitutional right to do so. With correspondence is not only paper letters in the traditional sense, but also any electronic messages. In addition, under the law, everyone has the right to secrecy of their personal life. Their disclosure is possible only in a limited number of cases, in particular with the consent of the person. It is logical that an employee who received corporate equipment at work (computer, telephone) is not deprived of his personal rights. The employer has no grounds to freely view or listen to his telephone calls at his own discretion. Moreover, this applies to cases where the correspondence is personal or conducted through personal mail or social network accounts. When reading personal messages, the employer may violate the secrecy of correspondence and personal life not only of its employees, but also of those people to whom the messages were sent or they appeared in the correspondence (Article 306 of the Civil Code of Ukraine). The ethics of employee correspondence analysis raises questions and controversies – but interception is widely used. The main task in this case is to protect the company's confidential data from insider threats; Internal communications analysis is often used to identify disloyal employees.

However, legal restrictions do not mean that companies cannot control the work of employees at all. It's just that the line between managing one's personal life and performing one's job functions is very thin. For example, both personal and corporate mailboxes can contain both personal and work correspondence. The key is whether the employee knew about the control and agreed to it. In particular, the need to report on-the-job monitoring is a generally accepted standard in the field of human rights protection. It is confirmed by the case

law of the European Court of Human Rights. 62% of respondents say they are aware of the presence of video surveillance in the workplace.

82% of employees stated that they were aware of the company's internal instructions or control provisions, and 37% read such documents. As a rule, all this happens when hiring, and the new employee is asked to give his written consent on this issue. If the control was introduced after the employee started working in the company, he was still warned about it (52%) and received his official confirmation (48%). Here it is necessary to pay attention, to what extent such planned control concerns work and work process. 89% of workers indicated 100% control over the workers at the firm.

Depending on the specific circumstances, the existence of clearly defined control rules may give the employer the right to use the received materials as evidence of violations. There is a plus for the employee: if the forms of control are clearly spelled out, the person, if he is accused of something, will be able to prove that it is not true.

Employee control is necessary for both the manager and the employee. Employee control encourages staff to work better, improves work discipline, helps to systematize the data of working time and correctly calculate wages. However, excessive control of employees can negatively affect motivation. This requires a competent combination of loyal control of employees and tangible and intangible motivation, so only 28% of employees noted the positivity of such control.

52% of the company voluntarily participated in promoting environmental protection, 12% under external influence, and 17% did not participate. 16% of firms were voluntary sponsors, 74% were "forced", and 10% of firms did not sponsor.

Respondents noted the existence of sanctions for misconduct: for "unethical behavior" in 62% of firms, employees were punished (up to dismissal). Most often punished for alcohol abuse – 35%; fraud – 25%; theft – 26%; profanity – 12%; lies – 1%; other moral violations – 1%. Moreover, the same trend is observed as in previous studies: the percentage of penalties is higher in enterprises where staff have learned the basics of business ethics.

58% reported abuse of office at work; 27% of the survey participants indicated the absence of indications for some employees of the company.

Thus, the survey of employees of Polish and Ukrainian companies on the implementation of business ethics allows us to point out the advantages in this process, due to the practical effect of increased interest in the general problems of entrepreneurship. Owners and managers of companies who have undergone special training understand the benefits of adhering to moral norms in business. The analysis shows a gradual interest in business ethics

in both Poland and Ukraine, as entrepreneurs thus in practice show their responsibility to society. An important stimulus for the introduction of ethical documents in companies in Poland was the country's accession to the European Union and the inclusion of the Polish economy in a single European market. In Ukraine, special attention is paid to moral norms by enterprises cooperating with foreign partners.

An important element in the institutionalization of business ethics in Ukraine was the signing by leading Ukrainian and international companies, associations and non-governmental organizations of the UN Global Compact, which was presented on April 25, 2006, with the support of leading Ukrainian and international companies. The signatories of the Global Compact in Ukraine have stated their desire to create a network and principles of the Global Compact in Ukraine, which is a platform for promoting corporate social responsibility, the sources of which are the Universal Declaration of Human Rights, the Declaration of Fundamental Principles and Workplace Rights, labor organizations, "Rio Declaration on Environment and Development", "UN Convention against Corruption". The most important domestic source of business ethics for entrepreneurs is the Constitution of Ukraine, Codes of Ukraine, laws and national regulations governing moral and ethical relations in the economic sphere, corporate documents, as well as generally accepted norms and principles of international law and international treaties of Ukraine.

In Ukraine, the current law "On Entrepreneurship", in Art. 4 which specifies the restrictions in carrying out business activities; in St. 9 the rights of employment of employees and social guarantees at use of their work are specified; in St. 10 indicates the provisions of liability of business entities. The last article states that "an entrepreneur is obliged not to harm the environment, not to violate the rights and interests of citizens, enterprises, institutions, organizations and the state, protected by law. For the caused damages and losses the businessman bears property and other responsibility established by the law". Moreover, in Art. 16 outlines the activities of foreign entrepreneurs who "enjoy the same rights and have the same responsibilities as citizens of Ukraine". In the Law of Ukraine "On Protection against Unfair Competition", in Art. 33 "Rules of professional ethics", states the ability of economic entities to "develop rules of professional ethics in competition for the relevant areas of economic activity, as well as for certain sectors of the economy." These rules must be approved by the Antimonopoly Committee of Ukraine and "may be used in concluding agreements, developing constituent and other documents of economic entities." The Law of Ukraine "On Consumer Protection" regulates "relations between consumers of goods, works and services and producers and sellers of goods, contractors and service providers".

The International Business Ethics Institute has formulated four areas in which companies must operate to establish their reputation:

- first, it is honest work with investors and consumers;
- secondly, improving the situation within the team – increasing the responsibility and motivation of employees, reducing staff turnover, increasing productivity, etc.;
- thirdly, professional work on the reputation, as its deterioration will inevitably affect the results of the company;
- fourth, competent work with regulations and finances – only strict adherence to the "spirit" and "letter" of the law allows you to create a long-term future for the company.

The presence of a convincing business ethic is not yet an absolute prerequisite for perfect legislation in business, high morale of entrepreneurs. However, it can play a significant role in curbing inhumane, unjust economic passions, humanizing the state's economic policy, forming civilized humane norms in the field of entrepreneurship, establishing rational principles of business organization, management, distribution and use of its results. Otherwise, it is doomed to the exploitation of demagogic phrases, empty speculations that cover the thirst for wealth and the pursuit of profit, extortion, economic exploitation, destruction of nature, appropriation of national wealth by a limited number of people, neglect of socio-economic and other human rights, immoral behavior seller of goods and services.

The formation of high entrepreneurial morale involves the subordination of individual actions to the universal standard of relations in the field of business, the use of national traditions of business interaction.

CONCLUSION

The following interpretations of the hypothesis of increasing the responsibility of entrepreneurs to society by involving the provisions of business ethics in the processes of management and positively affecting business and trade may be:

- there is a certain mentality of the country, which is difficult to change and therefore have to adapt to the peculiarities of management and relationships;
- conservative approaches to the management and organization of the production process in enterprises require strictly established rules and regulations, so the introduction of ethical criteria can lead to a violation of the established process;

– comparison of the attitude to business ethics at the enterprises of the two countries by means of questionnaires is not enough; you need to use other methods.

As a result of the conducted research the urgency of introduction of principles of business ethics at the enterprises is proved; comparative analysis of the introduction of business ethics in Ukraine and Poland confirms the scientific hypothesis on the significant role of the impact of business ethics on positive changes in business and trade, which leads to increased responsibility of entrepreneurs to society, deepening economic ties, cooperation in business and trade .

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Literature reference proposal:

Baldzhy M. (2020). Business ethics in Ukraine and Poland: comparative analysis. [in] Piekut M., Smentyna N. (ed.) Selected issues of socio-economic development in Poland and Ukraine. Politechnika Warszawska, Kolegium Nauk Ekonomicznych i Społecznych, Płock.