EFFECTIVE MANAGEMENT AND SUCCESS OF BUSINESS ETHICAL RELATIONSHIPS

Zurab Mushkudiani¹, Darejan Chkhirodze², Manana Bandzeladze³

¹) Guram Tavartkiladze Teaching University, Tbilisi, Georgia
²) Kutaisi University, Kutaisi, Georgia
³) Akaki Tsereteli State University, Kutaisi, Georgia

e-mails: ¹zurab.mushkudiani@gttu.edu.ge, ²darejan.chkhirodze@unik.edu.ge, ³manana.bandzeladze1@atsu.edu.ge

Received: 09 June 2022    Accepted: 01 July 2022    Online Published: 07 July 2022

ABSTRACT

The ultimate goal of human activity is to become successful and important person in one’s chosen field. It is impossible to do so without realizing that you are a strong person, strong enough to influence others. However, human will is not just limited to dominating others; it can also cultivate harmonious relationships and coordination in ways that exclude jealousy, mistrust, envy, and disagreement between “Me” and “others”. It’s in this context that the issue of a proper relationship between a leader and employees is reviewed.

Large companies value proper behavioral culture and provide guidelines that the management and higher ranking personnel must take into account. There are norms of behavior not only for employees, but also for leaders.

Objectives: Investigating attitudes of leaders and employees. Methods/Approach: Scientific analysis methods such as deduction, analysis and synthesis, analyzing graphic data, dynamic research, forecasting, and others. Results: As a result of the main analysis of the study the ethical issues surrounding business relationship. Opportunism as a business issue is addressed in economics and marketing literature as an important factor in transaction cost analysis and market governance. Management and business ethics scholars, however, do not address this issue in depth.

Conclusions: The Company needs a good market reputation, which first and foremost depends on its leadership.

Keywords: ethic, business, success, management, psychology, environment

JEL classification: J5, J7, M12

Paper type: Micro articles

Citation: Mushkudiani, Z., Chkhirodze, D., Bandzeladze, M. (2022). Effective management and success of business ethical relationships. Access to science, business, innovation in digital economy, ACCESS Press, 3(3): 232-239. https://doi.org/10.46656/access.2022.3.3(3)

INTRODUCTION

The last decade has been a significant increase in business ethics research and literature. Investigating the deterrents of ethical behaviour is important as is increases understanding of the factors associated with business ethics and ethical decision-making also comprise useful areas for business ethics research. In particular, there is a need to study organizational outcomes of business ethics. At a corporate level, much can

¹ Corresponding author, Zurab Mushkudiani –zurab.mushkudiani@gttu.edu.ge
be gained from understanding the association, if any, between a firm’s ethical behaviour and its performance. (E.g. financial performance) (Appelbaum, 2005). On an individual level, consequences such as job satisfaction, stress, motivation, commitment, or job performance, can have significant impact on organizations. Although, this area of business ethics research is potentially useful, little has been done to date. Traditionally, research in business ethics typically involves inquiry into the nature and ground and moral judgments, and standards and rules of conduct in situations involving business decisions (Murphy, 2007).

Ethics is different from efficiency but the two are interdependent. Having an ethical sense pushes one to be responsible and to act in the best way for the purposes of efficiency (Bandzeladze, 2011). In turn, efficiency in a business firm is a contribution to the common good. An efficient use of means provides material support to human life and better accessibility to economic goods. Through increasing competitiveness, efficiency also contributes to maintaining jobs, so providing the livelihood of many people.

**METHODOLOGY**

Descriptive and analytical research design is followed in the study. We conducted the study on the available information that was published on the social pages of the certain websites and libraries. The article describes the current situation of the business ethics and effective management at companies.

**RESULTS AND DISCUSSION**

**Relevance of the subject**

Human will is not just limited to dominating others; it can also cultivate harmonious relationships and coordination in ways that exclude jealousy, mistrust, envy, and disagreement between "Me" and "others". It's in this context that the issue of a proper relationship between a leader and employees is reviewed. A leader may use various ways of engaging people (Deshpande, 1996). There are leaders who use their position for dominance, physical or psychological. There are leaders who build relationships with employees based on confidence (Neimanis, 1997). The methods used by them will also be different: the first uses punishment that is not particularly effective, the second uses a form of incentivization. For good leadership, education is necessary, although knowledge alone is insufficient; it is important to use the accumulated knowledge properly (Kohlberg, 1984). An educated person in a proper relationship to another person is able to direct his or her actions without violating the interests of others.

Any person thinks that life is given to us for success and happiness. A wise person is trying to understand his or her potential and then try to achieve it. On the way to achieving it, it is important for a person to believe in himself. Then the right action is inevitable.

In Japan, it is widely believed that the cornerstone of success is the right relationship with another person. Psychologists advise that the key to the way to success is belief in one's own strength. Simply setting the primary goal based on an idea and then taking action will not bring the desired results. The road is not easy and people have to overcome certain obstacles (Simpson, 2017). On must take into account and be guided by
the principle of respecting the interests of another person, should put aside hatred, envy, suspicion, attitude, irony (Williams, 1985). All of these factors are impediments on the way to success.

In any activity it is desirable to lead by the following principle: treat people the way you want to be treated. Or never do to other people what you don't want to be done to yourself. That is, on the way to success, it is important to have a relationship with another person. This is an art in itself. Self-control and self-awareness are also important factors in this regard (Fritzche, D. J. and H. Becker, 1984). Making the right choice is an exhilarating risk. The right choice is only half the battle, however; the driving intention and psychological understanding accompany every successful step, creating desire for new success. The result is the perfection and growth of personal qualities.

Among the basics of success, communication is the most important. Today, it is often claimed that success is conditioned not by professionalism, but by human relationships.

If a person wants to leave a good impression on another and make him a loyal partner, it is important to use the following methods in relationships:

1. People are magnetized by mention of their names. It causes favor and pleasant emotions in them. When mentioning someone's name, we emphasize this person's personality. Most people have a desire to be perceived not only as a human being, but also as a person. The person's mood changes and seeks to get closer to those who cause positive emotions in this regard. It is desirable to remember the name of the people you often have to communicate with.

2. Smile - If you want to gain someone's positive disposition, smiling at them is a surefire way. It is an indispensable means of forming bonds. Faking a smile is hard. Keep in mind that the more often you smile at people, the more you will win their favor and achieve success.

3. Compliment - a sincere, proper compliment is the shortest way to a human heart. The more often a person hears "you deserve more", the more he or she will do. A faked compliment is undesirable but still pleasant to listen to.

The aforementioned methods are used not only in everyday activities but also in business relationships.

One may wonder about the art of properly holding a business conversation, however. What is the optimal way? There are many answers to this question; below you may find some of them.

The main method of drawing more attention from the opposite side to create a smiling, pleasant, emotional environment. At the meeting, the conversation is started by the highest ranking representative of one of the sides with "The purpose of our question/meeting is...". Everyone meets this moment in silence and hears the introduction out.

The initiative of starting a business meeting belongs to the host side, but finishing it is the privilege of the guest side. If one of the party's suggestions are not acceptable, the situation should be relieved by a positive gesture or an appropriate question. It is inadmissible to express threatening or excessive emotion or use expressions such as "the only way", "I do not want", "necessary". It is best to use the following expressions instead: "Maybe we should try", "Wouldn't it be better" ...
The opposing sides are trying to convince each other in the advantage of their respective proposals. In this regard, human action is different: there are people who find a way out of any situation and manage to defend their opinion. Some lean on the authority of their rank during negotiations, some make the most of their ability to take some risk. There are those who manage combine their own interests with the opposing party's. What matters is that the agreement is made by individuals with a competent, professional, personal image.

The important part of the business conversation is to make the right decision in a timely manner. A protracted decision causes distrust. Efficiency is vital. Eventually everything is affirmed by a contract. Both parties are obliged to calculate the expected negative result, to avoid uncertainty. Sometimes, for a successful conclusion, small compromises are also desirable. The more intelligent and rational the compromise, the more desirable the result.

For proper conduct in any field, the style of governance is as important as interpersonal relationships. It affects not only the activity itself but also the fate of human beings involved. Proper styles of governance allow each employee a means of self-identification.

Large companies value proper behavioral culture and provide guidelines that the management and higher ranking personnel must take into account. There are norms of behavior not only for employees, but also for leaders.

**Within the framework of the study, employees of medium and large companies were interviewed. The main question was «What should the management's etiquette be like?» The received feedback was as follows:**

**A leader's etiquette must be aimed at:**

1. Earning each employee's trust, regardless of rank;
2. Determining the share and contribution of each employee to the company's overall profits;
3. Integrity;
4. Discipline;
5. Acknowledging and incentivizing creative and innovative activity of certain employees.

Why does business succeed? A successful business owner requires more than a brilliant idea and hard work. You have to learn how to manage and develop your business. In this process you will find many challenges and the ability to satisfy them will be the main factor of your success (or failure) (D&B, 2008). In order to give your business a fighting chance, you have to do the following:

Knowing your job sounds obvious, but successful businessmen really understand what they are doing. They know about the industry in which they operate and know who their competitors are. They know how to attract customers, who are the best suppliers and distributors and understand the impact of technology on their business.
You need to know the basics of business management. You can start a business based on an excellent idea, but you need to understand the functional areas of business - accounting, finance, management, marketing and production. You have to be a salesman, a decision maker and a planner.

Have appropriate attitudes. If you are going to devote the time and energy to turn the idea into a successful job, you must have a passion for your job. You have to believe what you are doing and have a strong responsibility towards your business.

You need to get adequate funding. Business in its initial phase (which can last for more than a year) requires a lot of money. You may have the most brilliant idea in the world, the best marketing approach and a talented management team, but if you run out of money, your career as a business owner can be short-lived. Plan long-term and work with lenders and investors to make sure you have enough funds to open and expand.

You should be able to manage money efficiently. You will be under constant pressure to find money to pay salaries and taxes. Therefore, you should keep an eye on the movement of cash - inflow and outflow. You need to control the costs and accumulate money. In general, you need to know how to collect the financial information you need for your business to function.

Manage time effectively. The new business owner can work over sixty hours a week. If you want to develop a business, you will inevitably have to give up some control - allow others to do their share of. So you need to develop time management skills and learn to delegate responsibility. Proper timing is 48% of success. This includes demand for the business at the market and timely and operational implementation of appropriate financial operations.

You need to know how to manage people. Hiring, maintaining, and managing good people is crucial for success of your business. As it grows, you will also grow more dependent on your employees. You need to form a positive working relationship with them, properly train them, and motivate them to produce quality goods or services.

Keep your customers happy. You may attract them with impressive advertising campaigns, but you will retain them only by delivering quality goods or services.

You should be able to gain a competitive advantage. Find your niche in the market, keep an eye on your competitors, and get ready for changes in the market. History of business (and life in general) can be summarized in three words: "Adapt or die."

So why do businesses die?

If you pay attention to the operation of shopping centers for several years, you will notice that retailers come and go with an amazing frequency. The same thing happens with restaurants. Starting a business - small or large - is risky. A third of small businesses that have employees disappear within the first two years. More than half of small businesses closes within four years and 70 percent do not last to celebrate their seventh anniversary.

No matter how bad these business survival statistics look, some fields are worse than others. If you want to stay in business for a long time, it's wise to avoid some risky fields. And while your friends may think you
make the best pizza in the world, it does not mean you will succeed as a pizza joint owner. Opening a restaurant or bar is one of the most risky cases (and therefore difficult to get initial funding for). You can also rule out the transportation industry. Owning a taxi may seem profitable until you find out how much a taxi license costs. And while it may differ from city to city, in New York, for example, it exceeds $400,000. Creating a retail store may also prove quite difficult. A single bad sales season may spell the end for your business. The same goes for stores that sell communication devices: all shopping centers and malls have one or more mobile phone stores, so competition is tough and business can be very difficult (Pharell, 2011).

Businesses fail for many reasons, but many experts agree that the overwhelming majority of failures are the result of the combination of the following problems:

**Poor business idea.** Like any idea, a business idea can be flawed in both concept and performance. If you set up a snow factory on Hawaii, your competition might be minimal, but you would still be doomed to failure.

**Monetary problems.** Too many new businesses are underfunded. The owner borrows enough money to set up a business, but does not have enough extra cash to start the initial phase when very little money flows in, but a lot flows out.

**Managerial inexperience or incompetence.** Many new business owners have no business experience; many only have limited management skills. The owner may know how to make or sell the product, but he might not know how to manage. The owner may not be able to attract and retain talented employees. The owner may also have poor leadership abilities and fail to plan in advance.

**Non-customer-oriented approach.** The main advantage of a small business is the ability to pay special attention to consumers. But some small businesses fail to make use of this advantage. The owner may also fail to take into account the needs of the customer or to outdo the competitors who are doing the same.

**Failure to grow.** You think the sales growth will be good. Often this is the case, of course, but sometimes it can be a major problem. When the company grows, the role of the owner changes. He has to hand over the job to others and build a business structure that will handle the volume of growth. Some owners fail to make this transition

**CONCLUSION**

The results of the study allow for the following conclusions:

The company needs a good market reputation, which first and foremost depends on its leadership. The leader's etiquette begins with a greeting. He greets all employees, regardless of rank. The leader should feel comfortable at work, which means he must identify with the collective. At the same time, he must be an individual and should be respected for who he really is.

If the leader is guided by strictly defined rules of etiquette in his relations with staff and other company representatives, success is guaranteed, which is the ultimate goal.
The reputation of the leader and the company is inseparable. We tried to list the components that a good leader should have to ensure the success of the company. discuss the importance of the work, and/or suggest possible applications and extensions of the further research.

Author Contributions: Conceptualization, M.B, D.Ch.; methodology, Z.M.; formal analysis, M.B.; investigation, M.B. Z.M; project administration, D.Ch; data curation, Z.M.; resources, Z.M.; supervision, M.B.; validation, Z.M. D.Ch; writing - original draft preparation, M.B. D.Ch.; writing - review and editing, Z.M.

All authors have read and agreed to the published version of the manuscript.

Institutional Review Board Statement: The study was conducted according to the guidelines of the Declaration of Helsinki and approved by the ethics committee of the (Guram Tavartkiladze Teaching University/ Faculty of Business and Social Sciences), (approval number: N4, 24/05/2022).

Informed Consent Statement:
Informed consent was obtained from all the participants involved in the study.

Data Availability Statement: The data presented in this study are available on request from the corresponding author. The data are not publicly available due to privacy issues.

Conflict of interests
The authors declare no conflict of interest.

References

Appelbaum S. (2005). The relationship of ethical climate to deviant workplace behaviour. https://www.researchgate.net/profile/Steven-Appelbaum/publication/235278155_The_relationship_of_ethical_climate_to_deviant_workplace_behaviour/links/0a85e52f14569d0221000000/The-relationship-of-ethical-climate-to-deviant-workplace-behaviour.pdf

Bandzeladze M. (2011) “Ethics and Etiquette” Georgia

Deshpande, S. (1996). ‘Ethical Climate and the Link between Success and Ethical Behavior: An Empirical Investigation of a Non-Profit Organization’, Journal of Business Ethics 15, 315–320

Fritzche, D. J. and H. Becker: (1984). “Linking Management Behaviour to Ethical Philosophy”, Academy of Management Journal 27, 166–175.

Impact on business-to-business sales performance (2014) https://brainmass.com/business/b2c-and-b2b-marketing/impact-business-business-sales-performance-439806

Kohlb, L. (1984). The Philosophy of Moral Development (Harper & Row, New York).

Kurmanov N.A., Toksanova A.N. Mukhamedzhanov A.A., Syrlybayeva N.Sh.; M.M., Petrova. (2018). Analysis of efficiency of innovation activities in the countries of the Eurasian Economic Union. The Journal of Economic Research & Business Administration, [S.I.]. v. 126, n. 4, p. 35-51AL-FARABI KAZAKH NATIONAL UNIVERSITY, Available at: https://be.kaznu.kz/index.php/math/article/view/2026
Lipovka, A., Islamgaleyev, A., Badjanova, J. 2021. Innovation capability of women and men managers: evidence from Kazakhstan. Access to science, business, innovation in digital economy, ACCESS Press, 2(1): 91-102. https://doi.org/10.46656/access.2021.2.1(7)

Murphy P. (2007) An Ethical Basis for Relationship Marketing: A Virtue Ethics Perspective https://epublications.marquette.edu/cgi/viewcontent.cgi?article=1013&context=market_fac

Neimanis, G. (1997). “Business Ethics in the Former Soviet Union: A Report”, Journal of Business Ethics 16, 357–362.

Simpson P. L. P (2017). “The Great Ethics of Aristotle”1st Edition, ISBN-13:978-1138516007, ISBN-10: 1138516007, UK

Williams, B. (1985), Ethics and the Limits of Philosophy (Harvard University Press, Cambridge, MA)

About the authors

Zurab MUSHKUDIANI
Leading researcher BBA/MBA program supervisor and Professor at Guram Tavartkiladze Teaching University, Batumi Navigation Teaching University and International Teaching University of Management and Communication Alterbridge. He received his PhD from Akaki Tsereteli State University in 2015 and has worked on plenty of local and international educational projects. Also, he worked in Kutaisi City Hall as a PR senior specialist and maintained relationship with public. His specialties are Management, Finance and Education.

ORCID ID: https://orcid.org/0000-0003-0987-3564

Darejan Chkhiodze
Doctor of Technical Sciences, Professor at Kutaisi University, Georgia.

Research interests: Social psychology, Ecology, Business ethic and environmental education. She has supervised numerous masters theses at Kutaisi University She has been taking participation in different international and local conferences

ORCID ID: https://orcid.org/0000-0002-3711-8331

Manana BANDZELADZE
Doctor of Philosophy and psychology Professor, Head of Philosophy and Psychology at Akaki Tsereteli State University, Georgia.

Research interests: Social psychology, philosophy, Business ethic and education. She has supervised numerous masters theses at Akaki Tsereteli State University She has been taking participation in different international and local conferences.

ORCID ID: https://orcid.org/0000-0002-1862-0334