

# ETHICAL NORMS OF BUSINESS ACTIVITIES IN E-BUSINESS

**Mykhailo Puzyrov, Academy of the State Penitentiary Service**  
**Oleksandr Tkachenko, Academy of the State Penitentiary Service**  
**Natalia Shamruk, Academy of the State Penitentiary Service**  
**Oleksandr Zvenyhorodskyy, Academy of the State Penitentiary Service**  
**Ihor Ivankov, Academy of the State Penitentiary Service**

## ABSTRACT

*Within the study framework, we determined e-business features that distinguish enterprises of this sector from enterprises of other industries, in particular: The use of information-and-communication, network and cloud technologies in all business processes, including those related to the management of the enterprise; multichannel activity of e-business enterprises; e-business is not limited by the borders of individual states or their unions; for e-business enterprises, the list of users of information is expanding, which requires information on various aspects of its activities. We performed an analysis of B2C indicator of the development of the e-business market in the EU countries. Based on an author's study, the importance of ethical standards for online business was justified.*

**Keywords:** Ethical Norms, E-Business, ERP-Systems, Business Model, Fraud Prevention Measures.

**JEL Classifications:** K21

## INTRODUCTION

Today, humanity is entering the information sphere of complex communication processes, in which the development of the World Wide Web occupies a significant place, and the e-business is increasingly gaining ground. In the nineteenth century, Internet-based payments are expanding at an amazing rate, since access to the information network allows you to get a whole range of services. But there is a question of legal regulation, consolidation of ethical norms, and prevention of the development of fraud in the electronic environment of entrepreneurial activity.

## REVIEW OF PREVIOUS STUDIES

Considering the issues related to the emergence of a new type of economy-information economy, it is expedient, in our opinion, to use the term “*information society*”, since the development of information-and-communication technologies has most influenced the emergence and development of a new type of economic activity-e-business. In the course of studying trends in the development of education, it is more appropriate, in our opinion, to use the

concept of “*knowledge society*”, since the very amount of knowledge accumulated in society and the need for it transfer predetermine qualitative changes in the learning process.

In the framework of a new approach to the knowledge of the world using supercomputers, humanity tries to master the sub nuclear world, which raises super high energy; explores the world of dark energy and dark matter; understands the secrets of the human genome; creates hyper computers with ultra-high computing performance; creates “*Internet of smart things*” (Setiawan et al., 2018), World Computing Grid WWG (Grid) (Simmert et al., 2017); practically implements such megaprojects as Nanotech, Biotech, Genotech, Nanomed, Infotech, Neurotech, etc. These achievements became possible thanks to new types of technologies that were introduced into scientific activity.

One of the priority areas of the impact of information-and-communication technologies on the economy, according to the consulting company Accenture, is the development of artificial intellect and introduction it into the practice (World Economic Forum, 2016)

The ultimate goal of companies-developers of artificial intellect is a significant increase in the efficiency of conduction of business using modern technologies (Tetiana et al., 2018). The introduction of artificial intellect in economic relations will affect the development of relations with end users, improvement of personnel work, optimization of all types of business processes, transformation of traditional products into high-tech services, and also will change existing business models.

## METHODOLOGY

Methodological basis of the research is a dialectic method that made it possible to establish the place of legal regulation and its importance for e-business enterprises, to determine its problems, directions of adaptation and improvement in the conditions of integration of the domestic economy into the global economic space, to evaluate approaches to the modern interpretation of elements of legal regulation. Using the methods of analysis and synthesis, the conclusions about necessity and possibilities of practical application of research results have been justified.

Transferring a part of business activity to the electronic environment allows enterprises to use the latest software products that provide efficient management of individual business-processes and business in general. In particular, the use of information-and-communication technologies at a production enterprise allows you to effectively plan enterprise resources using ERP systems. ERP (Enterprise Resource Planning) is an enterprise resource planning system using the next-generation software. In some cases, manufacturing companies find it worthwhile to cooperate only with distribution companies and not spend money on creation a sales system that will work with individual end-users. In this case, all expenses for the organization of a quality system of sales to end consumers are born by a trading company, but in the condition of use of the electronic environment, the final connection between the producer and the end user is not completely lost.

## RESULTS AND DISCUSSION

The steady growth of the market by e-business enterprises is due to an increase in the demand of end users. Obviously, the number of end consumers of products and services of e-business enterprises amounted to 1.61 billion for 2016. It should be emphasized that it makes up

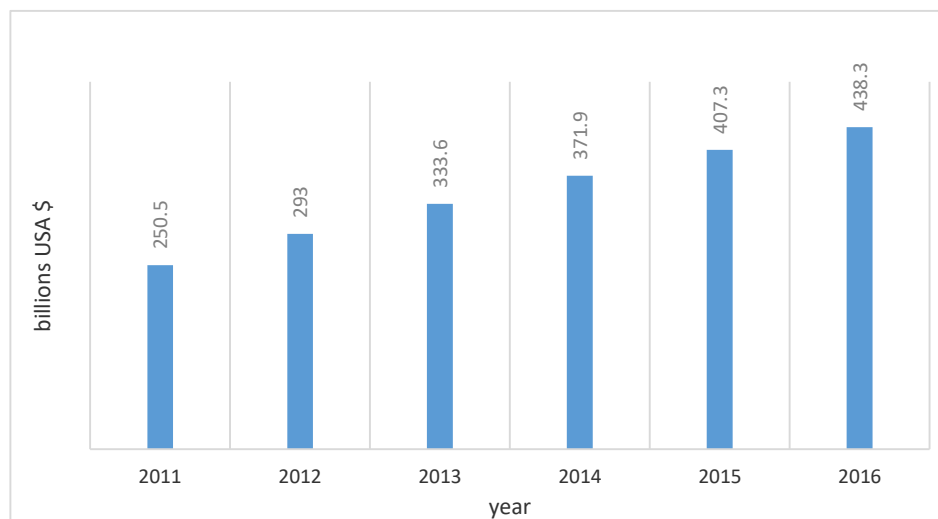
20.0% of the world population. In addition to the intense population growth projected by the United Nations Population Fund, it is evident for experts that the share of final consumers of e-business in the total population will increase to 27.2% in 2019. In 2019, more than 2 billion people worldwide are expected to buy products and services on the market where e-business is operating (against 1.32 billion people in 2014).

The e-business market is steadily growing in the EU countries. If the volume of the e-business market of the EU countries was amounted to 250.5 billion US dollars in 2011, than we should say about 438.8 billion USD in 2016, which indicates the growth of the index in 1.7 times (Figure 1).

By the number of purchasers who make purchases through e-business means, Germany, France and the United Kingdom unite more than 60% of all Europeans who purchase products and services in the virtual space.

The most intense growth of number of consumers of goods and services that are sold by e-business enterprises is observed in Italy. Since 2011, the number of consumers of e-business in Italy has increased by 58.1%. In 2017, the growth of consumers is projected to increase by 10.6% compared to 2016.

According to the UNCTAD study, according to which the most developed e-markets of different countries based on B2C index (UNCTAD B2C e-commerce Index, 2016) were determined. Six European countries are among the top ten leaders under this index, namely: Luxemburg (1<sup>st</sup> place); Iceland (2<sup>nd</sup> place), Norway (3<sup>rd</sup> place), Finland (6<sup>th</sup> place); Great Britain (ranked 8<sup>th</sup>), Switzerland (9<sup>th</sup> place). In addition, the three countries of the Asia-Pacific region and one from North America were also included in the list of the top 10 countries. To calculate the B2C index, the following indicators are used: number of Internet users; security level of servers; penetration of credit cards; parcel reliability index.



Source: Built by the author according to (<https://www.statista.com>).

**FIGURE 1**  
**THE TURNOVER OF E-BUSINESS ENTERPRISES IN THE EU COUNTRIES FOR 2011-2016**

European countries are very effective in developing e-business. The positive results of these countries are closely linked to the creation and use of competitive advantages. For example, Luxembourg offers business entities and their potential customers a well-developed financial sector for e-business. Despite the lack of access to the sea, Luxembourg has a developed logistics network; this country ranks second in the B2C rating on the reliability of parcels.

Iceland is in the second place in the B2C rating. The level of Internet penetration in this country is extremely high, its residents can use different types of credit cards, which contribute to the development of international online trade; Iceland has a widespread network of post offices. Norway and Finland are two Scandinavian countries that are in the top 10. There is a high level of Internet penetration and a high level of credit card distribution.

Switzerland, like Luxembourg, has a strong financial sector; there is also a high level of communication and high coverage by post offices. The United Kingdom has a relatively high level of Internet penetration, while B2C ranking reflects a well-developed e-business market (Britain has the highest share in the total cost of products and services sold online in Europe).

Online stores in the UK are extremely attractive to foreign buyers, 85% of sales come from them. Canada has a high level of credit card distribution. Businesses operating in the field of e-business receive significant competitive advantages from the proximity of such a powerful sales market as the United States of America. Two of the three Asia-Pacific countries in the top ten ranking, the Republic of Korea and Japan, have a widespread network of trusted post offices. New Zealand has high scores for all four indicators.

Following the global trends will lead to increased competition in the domestic e-business market. There will also be a further increase in the number of consumers of the e-business market. In addition, the small-scale segment of e-business remains to B2B that needs for development.

We conducted an author research on the interest of online shopping in goods and services on Chinese websites. It's worth to note the fact that during online shopping consumers shows more interest in Chinese products and services from foreign online stores. The consumers believe that Chinese online stores have the following advantages: more attractive offers for goods and services; better conditions of making purchases; wider assortment of products; higher quality of products and services; positive recommendations of friends about making purchases in specific online stores.

There are also some restrictive factors that affect the number of purchases made by consumers in Chinese online stores, namely: Satisfaction with the products offered by domestic online stores (30%); long delivery time (29%); unsatisfactory conditions for returning goods (27%); the difficulty of perceiving information in a foreign language (17%); a part of buyers never used the services of foreign online stores (14%).

In addition, taking into account the difficulties of individual buyers that arise during delivery, payment and return of products purchased abroad, some online stores open new business areas.

The results of our study are confirmed by the following studies. The ultimate goal of companies-developers of artificial intellect is a significant increase in the efficiency of conduction of business using modern technologies (Setiawan et al., 2018). The introduction of artificial intellect in economic relations will affect the development of relations with end users,

improvement of personnel work, optimization of all types of business processes, transformation of traditional products into high-tech services, and also will change existing business models.

## CONCLUSION

So, let's remark that e-business is a popular type of economic activity, which has fast pace of development all over the world. E-business is one of the most promising areas for business development, since it has significant advantages in terms of selling products and services to potential consumers in comparison with other types of economic activity.

E-business requires a significant transformation of business processes of the enterprise, its organizational structure and, accordingly, approaches to enterprise management. The development of e-business takes place in two directions: gradual transfer of part of business processes of operating enterprises into the electronic environment; creation of new businesses in the field of e-business from the very beginning of starting business.

Let's look at the first way of gradual transfer of business-processes from off-line to the on-line environment. For example, a manufacturing company can start its business in an electronic environment by creating a website and organizing a product sale system over the Internet. Finished products can be sold through the web-site both to end users and intermediary companies, which greatly facilitates the organization of sales activities of the enterprise, and, therefore, contributes to the growth of activities.

If you are forced to transform your business models and adjust them to the information economy, then newly created e-business enterprises use a new business model from the very beginning of their business to move their business from offline to online business. The business model of an e-business enterprise is considered as a conceptual, textual or graphical scheme of presentation of production and financial mechanisms of its activities.

## RECOMMENDATIONS

E-business requires a significant transformation of business processes of the enterprise, its organizational structure and, accordingly, approaches to enterprise management. The development of e-business recommendations has two directions: gradually transferring part of business processes of operating enterprises into the electronic environment; creation of new businesses in the field of e-business from the very beginning of starting business. Let's look at the first way of gradual transfer of business-processes from off-line to the on-line environment. For example, a manufacturing company can start its business in an electronic environment by creating a website and organizing a product sale system over the Internet. Finished products can be sold through the web-site both to end users and intermediary companies, which greatly facilitates the organization of sales activities of the enterprise, and, therefore, contributes to the growth of activities.

## REFERENCES

- Setiawan, M.I., Hasyim, C., Kurniasih, N., Abdullah, D., Napitupulu, D., Rahim, R., Sukoco, A., Dhaniarti, I., Suyono, J., Sudapet, I.N., & Nasihien, R.D. (2018). E-Business, airport development and its impact on the increasing of information of communication development in Indonesia. In *Journal of Physics: Conference Series*. IOP Publishing.

- Simmert, B., Ebel, P., Bittner, E.A.C., & Peters, C. (2017). *Systematic and continuous business model development: Design of a repeatable process using the collaboration engineering approach*.
- Tetiana, H., Inna, N., Walery, O.K., Olga, G., & Svetlana, D. (2018). Innovative model of economic behavior of agents in the sphere of energy conservation. *Academy of Entrepreneurship Journal*, 24(3), 1-7.
- Tetiana, H., Karpenko, L., Fedoruk, O., Shevchenko, I., & Drobyazko, S. (2018). Innovative methods of performance evaluation of energy efficiency project. *Academy of Strategic Management Journal*, 17(2), 112-110.
- UNCTAD B2C E-Commerce Index (2016). *UNCTAD technical notes on ICT for development*. Retrieved from [http://unctad.org/en/PublicationsLibrary/tn\\_unctad\\_ict4d07\\_en.pdf](http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d07_en.pdf)
- World Economic Forum. (2016). *White paper digital transformation of industries: In collaboration with Accenture, digital enterprise*. Retrieved from <http://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/digital-enterprise-narrative-final-january-2016.pdf>