Business Ethics of a Leader of NGO for Children in Needs

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Abstract
The purpose of the research is to study the business ethics of a leader of non-government organization that provides the assistance to needed children. The study is conducted in Belgorod region (Russia) in May – June 2016. The targeted sample includes formal and informal leaders (n = 281) from 52 NGOs which provide services for children in needs. The main method of the research is a structured interview with formal and informal leaders of NGOs, located in Belgorod region. Currently, the total number of non-profit organizations in Belgorod region is 2141, but only 52 of them have been supported by the government. The results of the research has showed the following: first of all, most of the official leaders of non-profit organizations are people aged 40 years and older while the age of most informal leaders of NGOs is around 60. Secondly, 80% of regular employees of non-profit organizations have been familiar with their colleagues before they start working together; in most cases the person who is the initiator of the creation of the NGO, then has become its leader. Thirdly, the majority of regional non-profit organizations are relatively closed; more than 20 % of respondents indicate that they work together with their relatives, and the rest of the employees are people who fully share the moral and corporative values of the organization. Fourthly, on the one hand informal interpersonal relationships between employees promote trust and mutual assistance, reduce barriers in communication process, but on the other hand they reduce the development of the organization, prevent NGOs from the search for new ideas and resources. Fifthly, the main conditions that are allowed non-profit organizations to achieve their goals are an authoritative leader (70 %), his/her personal and professional experience (68 %), as well as a well-established reputation in professional sphere based on the business etiquette (62 %).

Keywords: business ethics, leader, non-government organization for children in needs, Belgorod region.

1. Introduction
The ethics of businesses is under greater scrutiny than ever and from many different directions. The main reasons for that are the following: the enormous growth of information available to the public on particular businesses' activities; business leaders become the part of celebrity culture and much more public figures than they used to be; a big change in the mix of investors that own shares in companies and in the kinds of return that has a big impact on the way that businesses are run and therefore on how they behave (Bones, 2014).
Using the theory of social constructivism and critical discourse, the researchers are analyzing the best practices described by the leaders, who implement business ethics. Issues of government business ethics' compliance are manifested at both micro and macro levels. This analysis contributes, firstly, to criticism of capitalism as a discourse, which appears to offers the opportunity for business and social change in the area of assistance to children; secondly, criticism of the development of ethical leadership through the relationship with the authorities, and through complex processes taking place within the organization (Fyke & Buzzanell, 2013).

2. Literature review

Attention to business ethics is the core of the mission of all modern organizations, including NGOs. The research and development of educational programs for leaders of organizations have been held in the Center for Business Ethics at Bentley College for more than 30 years (Driscoll, Kipp, Daly & Nash, 2001). In modern society, the ethics of NGOs' leaders is an important contribution to the development of the organization and social changes. Leadership in organizations with no business ethics can have a negative impact on the social situation.

Ethics can serve as a basis for the elaboration of guiding principles of organizations and help their leaders to achieve career growth, to promote desirable models of behavior for employees, working under their leadership. Nowadays, there are several ethical theories and principles that can be used as a guide for NGOs' leaders. However not every social theory works for every social situation because different people have their own moral standards and values that determine their subsequent decisions (Derr, 2012). Some of the researchers note that modern non-profit organizations and their leaders face with collaboration, trust and innovation problems (Vernis, Iglesias, Sanz & Saz-Carranza, 2006).

It is important to mention the role of business ethics of NGOs' leaders in the context of public confidence. For example, the results of the research, conducted by Information Agency "RosBusinessConsulting", showed, that only 14 Russian companies had the greatest social responsibilities. Among others the leading positions had "Gazprom" (12.3 %), "Sberbank" (6%), "Russian have Railways" (5.1 %). However, more than half of respondents (66%) said that Russia had no socially responsible business settings at all (RosBusinessConsulting, 2015). It is clear that in Russia only the large companies (telephone, oil production companies or leading banks) can be socially responsible, on the contrary small businesses are still faced with enormous financial difficulties and the tax burden in order to develop social programs actively and properly (Volkova, Besschetnova, Grebenikova & Chefonova, 2016).

One of the reasons of this situation is the low public confidence in most major social institutions, such as business, military, government, media, etc. (Jones & Gautschi, 1988; Jones, 2015). According to the results on a June 2 – 7 Gallup poll that included Gallup's latest update on confidence in U.S. institutions, only the military (72 %) and small business (67 %) were the highest-rated institutions which were rated higher than their historical norms (Jones, 2015). The opinions of Russian citizens to the social institutions are very contradictory. The survey, conducted 23–26 September, 2016 by Y. Levada's Analytical Center showed the decrease of Russians' confidence to social institutions: 74 % of respondents trusted the President of the Russian Federation, military – 60 %, church and other religious organizations – 43 %, media – 27 %, political parties – 12 %, big business – 11 %. The highest ratings of all social institutions were observed in 2015, but during 2016 there was a declineof all indicators (Anon, 2016). According to the survey, conducted in February 2017 by Russian Public Opinion Research Center, there was the increasing public confidence to the main social institutions, such as military (88.6 %), church (72.7 %), media (64.3 %), and political parties (50.7 %) (Anon, 2017).

3. Research methodology

The purpose of the research is to study the business ethics of leaders of non-profit organizations which provide services for children in needs. The study is conducted in Belgorod region (Russia) in May – June 2016. The targeted sample includes formal and informal leaders (n = 281) from 52 NGOs.

We consider formal leaders those who are the official heads of non-profit organizations, while informal leaders are the founders, staff or those who play an active role at the organization.

The main method of the research is a structured interview with formal and informal NGOs' leaders, located in Belgorod region. Currently, the total number of non-profit organizations in Belgorod region is 2141, but only 52 of them have been supported by the government.

In order to interpret the primary sociological data the method of drawing up comparative tables was used. Comparative tables included the following materials of structured interviews: (1) the title of a nonprofit organization; (2) its mission; (3) the extent of the assistance; (4) categories of needed children; (5) leader's age; (5) leader's gender; (6) leader's education; (7) the respondents' answers regarding the quality of services provided by NGO and business ethics of its leader. The data listed in the tables were compared by columns (vertically) and rows (horizontally).

During the study, respondents were asked some questions related to business ethics of NGO's leaders: What personal characteristics are the most important for NGO's leaders? What are the factors which allow NGOs to solve their problems regarding helping different categories of children? What are the most effective measures for improving the NGO's efficiency? What kind of skills the NGO's leaders need and how they can be improved?

4. Results Comparative characteristics of formal and informal NGOs' leaders, assisting children

The results of the research have showed the following:

(1) Most of the official leaders of non-profit organizations are people aged 40 years and older while the age of most informal leaders of NGOs is around 60.

(2) About 60 % of formal leaders of NGOs, working with children are women, while 89 % of informal leaders are men.

(3) 85 % of leaders have a higher education; moreover 60 % of employees' education fits the profile of NGO's mission.

(4) For most employees the job in NGO is not the main source of income; 45 % of them work there part-time, and 27 % of them are retired.

(5) 60 % of non-profit organizations, located in Belgorod region perform their work with children in the socio-cultural sphere, and 40 % provide social services to different categories of children in need.

(6) 80 % of regular employees of non-profit organizations have been familiar with their colleagues before they start working together; in most cases the person who is the initiator of the NGO's creation, then has become its leader. On the one hand informal interpersonal relationships between employees promote trust and mutual assistance, reduce barriers in communication process, but on the other hand they reduce the development of the organization, prevent NGOs from the search for new ideas and resources.

(7) More than 20 % of respondents indicate that they work together with their relatives, and the rest of the employees are people who fully share the moral and corporative values of the organization.

(8) The most preferable personal characteristics of NGO's employees are imitativeness (78 %) and creativity (81 %).

(9) The main conditions that are allowed non-profit organizations to achieve their goals are an authoritative leader (70%), his/her personal and professional experience (68 %), and a well-established reputation in professional sphere based on the business etiquette (62 %).

According to the respondents' answers, one person can be formal as well as informal NGO' leader (51 %). In fact, the official leaders have their influence because of the social status and an occupied position in the organization. In the rest of the cases, the head of the NGO formally has the status of official leader, but does not actually perform its functions. There are several reasons for that: the head is elderly or has poor health (71 %); the supervisor has no professional

experience working with children and their parents or caretakers (63 %); the head has low personal social status in staff's interpersonal relations (22 %); the supervisor's acts do not motivate the employees to get NGO' goals (22 %); the leader is not enough interested in routine paper work (62 %); the head failures to cooperate with sponsors, government authorities and media (31 %).

Problems and perspectives of business ethics of NGO's leader, providing services for children

Problems of formal and informal leadership become most obvious in critical situations. In these cases, the informal leader is given the rights to make responsible decisions. Also social changes lead to unstable informal leader's position where the leadership can go from one person to another. The important personal characteristics are education background, professional experience, social interaction, and communication skills. In some cases the leadership can be partly divided into two or more persons. Therefore, the formal leader is responsible to identify informal leaders, to delegate them some power, in order to keep the integrity of the organization. The cooperation between the formal and informal leaders can contribute to the NGOs' development and expand the geography of its activities.

According to the study, 57 % of non-profit organizations carry out their activities within as pecific locality (in our case in the city of Belgorod and its suburbs), 39 % works on the whole territory of Belgorod region and only 4 % spreads their activity on other regions inside Russia. Thus, the activities of most Belgorod NGOs are limited by the territory of the city or its suburbs that on the one hand limits the range of clients, but on the other hand gives the organizations opportunities to solve social problems of children living in a particular area. Many NGOs' leaders consider it unethical to develop their own activities in the territories of other regions. Therefore, they do help children from other regions only if they have strong cooperation with NGOs of this region.

The majority of non-profit organizations of Belgorod region (57 %) include more than 100 employees, but at the same time, the number of staff, working full time is very small (less than 5 people). The smallest NGOs are the organizations dealing with ecology and of environment protection problems as well as organizations, providing services for children, where the staff consists of 3 – 5 people. However, according to the study, leaders of these organizations better comply with business ethics in comparison with others. 75 % of Belgorod NGOs do not provide state or municipal services, although entitled to it under Russian law; 40 % of them work in the field of children's health, so NGO leaders devote considerable attention to the health of children in their region.

In general leaders of non-profit organizations for children in need in Belgorod region give a positive assessment of their relationship with the representatives of state and local authorities. About 55 % of NGOs' leaders characterize them as partnership, while 25 % considers them as "constantly developing". However, 45 % of respondents believe that these relationships are not strong enough and in some cases are not based on business ethics. Unfortunately, the respondents noted the limitations of state and municipal structures' activities that do not allow them to fully cooperate with NGOs.

Considering the interaction of NGOs with the external environment, it can be noted that the majority of non-profit organizations (61 %) interacts with children every week; less active (1 – 2 times per month) NGOs interact with local community (38 %), other NGOs (35 %), representatives of the local authorities (30 %), Internet sources (23 %), and (5) media (22 %). Interaction with TV (32 %), representatives of regional authorities (27 %) and local politicians (27 %) take place 3 – 4 times a year. The fundraising does not exist at all.

According to respondents' point of view, the most effective measures to increase the efficiency of NGO are: the increase of funding (63 %), the developing of social support policies of NGOs (44 %), the collaboration with the administration (44 %), the analyses of the successful experience of NGOs from other regions (24 %), and getting information in time concerning the NGO's activities (24 %).

The main conditions that enable nonprofit organizations more effectively address the challenges ahead, respondents identified the following: authoritative official NGO's leader (70 %); successful experience (68 %); an established positive reputation of NGO as a whole, as well as its formal and informal leaders (62 %); well-educated staff (59 %); collaboration with local (54 %) and regional (45 %) authorities; a good relationship with media (36 %).

According to respondents' answers, the employees' training is not an important aspect of the increasing the effectiveness of the organization. Still, the majority of them note the need for training for NGO leaders regarding the social projects development, strategic and current planning of NGO's work, productive interactions with state and local authorities, and the basics of business etiquette. In order to get new knowledge and skills, NGO's employees want to see as teachers both formal and informal leaders from other NGOs (63 %), representatives of administrations at different levels (50 %) as well as university faculty (45 %). The course "Business ethics of an NGO's leader" is seen as one of the most demanded in the curriculum.

5. Conclusions

The study of issues related to business ethics of NGOs' leaders showed the following. The greatest part of NGOs' leaders represents the age group of 40–60 years old people, both men and women, who are traditionally respected. The compliance with business ethics depends on age has some peculiarities: 60-year-old leaders are more focused on the ethics of personal relations, while 40-year-olds emphases the rules of business and professional ethics.

For 45 % of non-profit leaders, their work is not the main source of their income, many of them combine work in state organizations that often affects the compliance of business ethics when working with children in NGOs; 27 % of the NGOs' staff who have already retired, are carriers of the old norms of business ethics.

In modern management the role of a manager is not solely restricted by its basic functions, such as planning, organizing, motivation and control. Modern leaders also have additional important tasks: to play a leading role for their subordinates, to assist them, and to set moral orienteers. The findings of the study indicate that the main conditions which allow the non-profit organization to solve the problems are an authoritative leader with business ethics (70 %), working experience (68 %) and the established reputation based on the business etiquette (62 %). Regarding the role and the status of formal and informal NGO's leaders, it should be mention about the following pattern: if the official leader is not a carrier of business ethics norms, he/she will lose his/her social status; if the informal leader is a model of business ethics, he will gradually become the formal leader.

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