Chibisov A.

**Social Ranking as a Tool for Improving of Ethical Behavior in the Markets: Experience of China and its Use in Other Countries**

The social rating instrument as well as social rank are nowadays intensively implemented framework for the counteragent’ s reputation monitoring and control. In order to make the people’s behavior transparent, understandable and, what is more important, manageable PRC Governmental Institutions are implementing new solutions in the sense of social ranking in order to, in fact, manage citizen’s behavior on the territory of PRC and out of the country- in the global world.
One of the facets of social ranking framework application is the Social Credit System, aggregating and processing people’s behavior as the big data massive of different types of information. Under monitoring is People’s purchasing behavior (marketing aspect), law obedience (legal aspect), societal activeness (social aspect) etc. The main purpose of this type of control is to receive the complex information about the behavior of each individual and to get this aspect of life been manageable and controllable (Mäki-Teeri, 2017).

Now on the market exist the pool of several mechanisms, pushing the companies to abstain from unethical behavior, which is expressed in the behavioral expression, which decreases the welfare of other parties. First mechanism is the mechanism of reputation- company is interested and striving for ethical behavior practice due to the threat of refusal from cooperation, expressed by stakeholders. In order to save the longitude relationships with the stakeholders, company has to abstain in non- ethical actions (Storchevoy, 2019). This mechanism appears to be efficient due to, firstly, none of additional investments, needed to be covered by the society. The effect becomes even more remarkable, when famous trademarks are launching the operational strategy with their own production. However, this mechanism makes company be sensitive to the reputation losses due to decrease of the behavioral ethics. Market giants such as Apple or Unilever are showing off their ethical behavior in the prevention from consumer loyalty and market trust losses (Storchevoy, 2019).

The second mechanism- the state regulation- tends to appear to be efficient due to its strongest power in enforcement to the rules obey. Norms are becoming compulsory to be respected by all of the market participants by law and its respectfulness is supported by the system of sanctions from financial fines up to the imprisonment of the decision- makers, violating on the honor of the companies ethical protocol of doing business (Storchevoy, 2019).
The third mechanism is self-regulation which is in fact the transfer of the “state regulation framework” on the micro level (the level of market self-regulation). The correct functioning of this self-regulatory system is supported by: system of benefits for each of the firm in case of all companies performance in this system; assistance and support from regulatory institutions; active strategy of the leaders, relative easiness of norms and rules observation, and observability of the fact of violence and its measurability (Storchevoy, 2019).
However, each of these mechanisms has its shortcomings. Some of the shortcoming, such as the following are the most frequently met in the research papers:

1) Deficit of information- these mechanisms appear not to be efficient in case of non- disclosure of the information either about the self- disrespect of the stakeholder or of the deficit of skills in the field of business- ethics;

2) Little stimules which are expressed in laissez- faire policy on cooperation proceeding with the company, violating the rules of ethics and the codes of behavior, because of profits’ overcoming of negative consequences (Storchevoy, 2019).

The purpose of the presented research is to determine the grade, in which social rank is ethical and applicable instrument as the way of the company Goodwill Increase on the market of PRC and to understand how the social ranking system and company’s presence in it can be efficient in the sense of increase of corporate fairness and its responsibility as well as in the construction of its positive CSR brand in the global market- in other words, elaborate the pool of ways, how corporate positive imaging in the social ranking system in PRC can be applied to the doing business in other countries of the entreprises operational activity.

The presented term paper has the research character and then is anticipated to be proceeded as the Master Thesis qualification paper.

Keywords: social credit system, social rank, social ranking platforms, PRC, goodwill, doing business.