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FORMATION OF CORPORATE SOCIAL RESPONSIBILITY

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ФОРМУВАННЯ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ БІЗНЕСУ

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ФОРМИРОВАНИЕ СОЦИАЛЬНОЙ ОТВЕТСТВЕННОСТИ БИЗНЕСА

The article deals with an approach to strategy of formation of corporate social responsibility of enterprises. The proposed approach will allow the enterprises with the limited budget to plan and achieve good results for the social environment.

Keywords: corporate social responsibility, strategy development, social activities, economic impact.

Fig.: 2. References: 13.

У статті розглянуто підхід до формування стратегії корпоративної соціальної відповідальності підприємств. Запропонований підхід дасть змогу підприємствам з обмеженим бюджетом планувати й досягати вагомій для соціального середовища результату.

Ключові слова: корпоративна соціальна відповідальність; стратегія розвитку; соціальні заходи; економічний ефект.

Рис.: 2. Бібл.: 13.

В статье рассмотрен подход к формированию стратегии корпоративной социальной ответственности предприятий. Предложенный подход позволит предприятиям с ограниченным бюджетом планировать и достигать значимые для социальной среды результаты.

Ключевые слова: корпоративная социальная ответственность; стратегия развития; социальные мероприятия; экономический эффект.

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Formulation of the problem. The transition of Ukraine to sustainable economic development, its integration into the European and world community requires the introduction of modern practices of interaction between the state and business, as well as business and society, which would allow to strengthen the mutual responsibility of all participants in public life, create conditions for the further stable development of a society based on taking into account the widest range of interests.

Modern requirements for social responsibility necessitate the integration of social policy and corporate strategy. Different approaches to the understanding of social responsibility by top management of the enterprise, inconsistency of actions and the lack of mechanisms for targeted management of socially responsible behavior determine the unstable platform for further development of Ukrainian enterprises.

Analysis of research and publications. The theoretical questions of corporate social responsibility, its economic, institutional and legal aspects are discussed in the works of such foreign and domestic scholars as H. Bowen [7], A. Williams [8], V. Vorobey [1], F. Kotler [3], T. Savaeva [5], N. Shiroy [6], R. Freeman [9], and others. However, under the current conditions of global economic challenges, the need for new approaches to the formation of social responsibility of business, the mechanism for its functioning, and the application of world experience of corporate social responsibility in the activities of national enterprises has become more urgent. In addition, constant updating requires an analysis of the principles on which the social responsibility of the business is based.

The earlier unsolved parts of the general problem. The urgency of developing a strategy of social responsibility is determined by the number of economic problems and the increase in the level of competition between economic entities, as well as the increase in the importance of consumers in the process of relationship seller-buyer. As a rule, social responsibility of the business is confirmed only by the "minimum set" - timely payment of taxes, regular payment of dividends, provision of social package and individual charitable actions and shares. But, as

various studies in the area of social responsibility show, in order to meet the emerging demands of society, it is necessary to base not only on individual social measures but also to formulate a comprehensive policy of business in the field of social responsibility.

Creation of special units and coordination groups for the implementation of the system of social responsibility of business, introduction of the corporate governance structure of enterprises by the vice president of corporate social responsibility, introduction of ethical codes and corporate culture, permeated with the spirit of social activity and responsibility, development of social investment projects, preparation and publication of social (non-financial) reports - far from being a complete list of managerial innovations that are now widespread and used in practice as businesses and other organizations.

The purpose of the research is to study the basic principles of the formation of social responsibility of business, which is oriented to meet the social requirements of the external and internal environment of enterprises.

Main results of the research. For the period of existence of the concept of "social responsibility" many of its definitions were proposed. But in 2010, when the International Standard ISO 26000 "Social Responsibility Guide" came out, most experts stopped saying that "social responsibility is the responsibility of the organization for the impact of its decisions and activities on the environment through transparent and aesthetic behavior [13].

From the scientific point of view, F. Kotler's approach defines the corporate social responsibility as a business commitment to promote economic development, working with wage workers, their families, the local community and society in general in order to improve the quality of life [3]. The corporate social responsibility of the business is also considered in the form of a voluntary initiative by the owner of the company or the founders of the organization for the development and implementation of certain socially-oriented, non-profit activities aimed at qualitatively improving the external and internal environment of the enterprise.

In our opinion, the social responsibility of business is to be considered correctly through a system built on the constant interconnection of enterprises with stakeholders.

The subject of social responsibility is an enterprise that performs various roles: an enterprise acts as a participant in a civil society, producer of products and / or services, an employer, an investment object, an investor, a participant in a competitive struggle, an element of social development. According to such roles, the content of social responsibility includes compliance with the regulatory framework, norms of public life, care for the material situation of workers, protection of investors' interests, stimulation and support of innovations, the refusal of unethical methods of competition, etc.

The object of social responsibility has a complex structure - an enterprise responsible for the nature and outcome of its activities to shareholders, employees, managers, creditors, consumers, the public, business partners, government and management bodies.

According to our beliefs, social responsibility of a business is possible provided that the sustainable development of independent and responsible enterprises, consistent with their long-term interests, contributes to the achievement of social peace, security, well-being of citizens, preservation of the environment, observance of human rights, etc., is possible.

The implementation of social responsibility should take place without the interference of the state and its relevant bodies with the operational activities of enterprises. Excessive regulation of such activities deprives corporate social responsibility of the spirit of voluntariness, socially-oriented enterprise activity. One of the ways of developing and regulating corporate social responsibility activities is the dialogue between the state, public organizations and business representatives. Therefore, a policy of social responsibility can be developed and implemented as a result of social dialogue, and in this process the key role belongs to the employers' organizations.

International practice shows that corporate social responsibility helps businesses to improve their business reputation, establish trust relationships with the state and society. According to the study of Cone/Roper, 78 % of respondents said they were more likely to buy a product that is associated with a social initiative that is indifferent to them, while 66 % were ready to change their brand thinking in support of such an initiative [12].

Consequently, social responsibility of business is a necessity both for owners of enterprises and for workers, consumers of goods and services, business partners, state institutions and society as a whole. The combination of the interests of all these parties reflects the need for corporate social responsibility, which is aimed at achieving social harmony.

They allocate external and internal corporate social responsibility (Fig. 1).

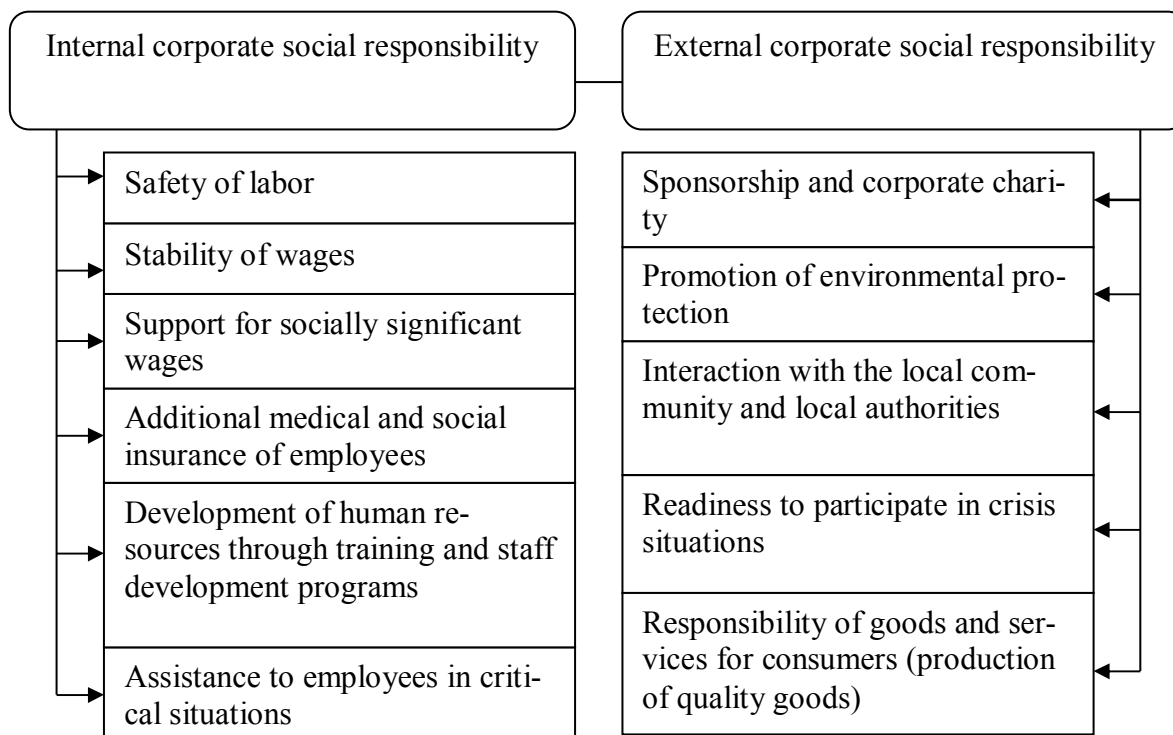


Fig. 1. Types of corporate social responsibility

Source: [4].

Among the main factors that urge corporations to implement socially responsible measures, the front lines are internal beliefs: moral considerations and internal motivation. However factors such as company sales growth, copying of competitors' actions and demand from local authorities are quite significant.

Implementation of the principles of corporate social responsibility involves the development and implementation of a sound strategy for enterprise management, monitoring its activities, compiling corporate social reporting.

Formation of the system of corporate social responsibility is a complex process that takes a long period of time and requires enterprise-focused efforts. The model of corporate social responsibility proposed by D. Wood is shown in Fig. 2.

The corporate social responsibility strategy is a systematic approach to social activity, which a lot enterprises have been pursuing for a long time.

Smartly planned and implemented strategy of corporate social responsibility can bring benefits to enterprises, it affects share value and brings profit.

When formulating a strategy for corporate social responsibility, it is necessary to clearly identify the key indicators of successful implementation of the activities, including the effect on the reputation of the enterprise.

Principles of corporate social responsibility
<ul style="list-style-type: none"> • Institutional principle of legitimacy: <i>Society provides business legitimacy and gives it power. In the long run, this power is lost by those who, in terms of society, do not use it responsibly.</i> • Organizational principle of public-legal responsibility: <i>Organizations in business are responsible for the results that relate to the areas of their primary and secondary interaction with society.</i> • Individual principle of freedom of managerial choice: <i>Managers are moral agents. In each area of corporate social responsibility, they are obliged to use the freedom of choice available to them to achieve socially responsible results.</i>
Processes of Corporate Social Responsiveness
<ul style="list-style-type: none"> • Evaluating the business environment [context] • Stakeholder management [actors] • Managing problems [interests]
The results of corporate behavior
<ul style="list-style-type: none"> • Impact on society • Social programs • Social policy

Fig. 2. The model of corporate social responsibility

Source: [11].

As fairly recognized by experts, socially responsible enterprises can afford to be only when investors are guaranteed an adequate return on their deposits [1]. Today, Ukrainian enterprises have successfully structured their tangible assets and came to find the tools to manage intangible assets – human capital and reputation.

The development of a corporate social responsibility developing strategy should include the implementation of measures taking into account the external and internal environment of the enterprise.

It is expedient to include in the components of the external corporate strategy of social responsibility: credits (grants) for charitable purposes; financial and material assistance; scholarship programs; work in associations on legislative initiatives; retraining courses for workers; partnership projects with authorities, educational institutions; volunteer activities and activities of civic organizations. Components of the internal strategy of corporate social responsibility: social investment; scientific and practical developments; ecological program; ethical and other work standards; career growth of personnel; transparency and concreteness in reporting; stimulation of workers (bonuses, allowances, compensations).

A balanced and well-grounded corporate social responsibility strategy should consist of the following steps:

1. Conducting analytical work (analysis of the internal and external environment of the operation of the enterprise. This stage provides possible directions of investment of funds, analysis of the development of the external and internal environment of the operation of the enterprise, which will justify the position of the enterprise in the «sectoral coordinate system», identify its strengths and weaknesses parties, to develop possible directions for the development of socially responsible behavior.

2. Definition of strategic alternatives for development (formulation of scenarios for the development of corporate social responsibility of the enterprise). Taking into account the results of the strategic analysis, the enterprise's mission, as well as medium and long-term goals, are determined based on which alternative target programs are developed, which consist of interconnected blocks of measures aimed at achieving the goals and thus defining a specific strategy for the development of corporate social responsibility.

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3. Formation of a set of criteria for assessing the quality and effectiveness of the implementation of programs, directions, projects.

4. Assessment and selection of the optimal strategy for the development of corporate social responsibility. Generated probable business development scenarios should be analyzed using criteria that can determine the effectiveness of each block of social programs (scenarios). At the given stage it is expedient:

- identify the persons responsible for the implementation of programs, areas, projects that are an integral part of the implementation of the strategy of corporate social responsibility;
- to conduct training and counseling of those responsible for implementation of programs, directions, projects of persons.

5. Official documentation of the chosen strategy of corporate social responsibility and consolidation of responsible for its implementation and achievement of the planned results and developed indicators of individuals efficiency.

6. Implementation of measures included in the strategy approved by the strategy of corporate social responsibility.

7. Submission of interim summaries of each stage of the strategy implementation and assessment of the results of the implementation of the target programs, with the necessary adjustments taking into account the changes in the external and internal environment of the enterprise.

8. Creation, submission and publication of reports on the implementation of corporate social responsibility.

The strategy of corporate social development must be formulated taking into account the purposeful establishment and development of relations with the main groups of interested persons.

Conclusions. Introducing corporate social responsibility strategies at the enterprises provides them with specific benefits, in particular, improvement of management through risk prevention; improvement of reputation management; increase in sales volumes and market share; motivation of employees; optimization of operational processes and cost reduction; loyalty of investors; improvement of financial performance indicators; establishing relations with the public sector and society, etc.

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