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## CSR-ORIENTED MANAGEMENT OF ORGANIZATIONS: A CONCEPTUAL FRAMEWORK

*The article considers the conceptual basis of CSR-oriented management of organizations. The directions of CSR-initiatives implementation in organizations are presented. In the context of socioeconomic constraints the benefits of CSR-oriented management are proposed.*

*Keywords: corporate social responsibility (CSR); CSR-oriented management; socioeconomic constraints.*

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## КСВ-ОРИЄНТОВАНЕ УПРАВЛІННЯ: КОНЦЕПТУАЛЬНІ ЗАСАДИ

*У статті розглянуто концептуальні засади КСВ-орієнтованого управління організаціями. Представлено напрями реалізації КСВ-ініціатив в організації. Запропоновано переваги КСВ-орієнтованого управління в контексті соціально-економічних обмежень.*

*Ключові слова: корпоративна соціальна відповідальність (КСВ); КСВ-орієнтоване управління; соціально-економічні обмеження.*

*Табл. 1. Літ. 10.*

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## КСО-ОРИЕНТИРОВАННОЕ УПРАВЛЕНИЕ: КОНЦЕПТУАЛЬНЫЕ ОСНОВЫ

*В статье рассмотрены концептуальные основы КСО-ориентированного управления организациями. Представлены направления реализации КСО-инициатив в организации. Рассмотрены преимущества КСО-ориентированного управления в контексте социально-экономических ограничений.*

*Ключевые слова: корпоративная социальная ответственность (КСО); КСО-ориентированное управление; социально-экономические ограничения.*

**Introduction.** The sustainable development paradigm emphasizes the need to reconsider the basic principles of responsible management. Sustainability in products, processes and services has been increasingly emphasized by placing environment at the center of industrial transformations. These transformations are characterized by economic, social, ecological and institutional changes which have to be harmonized with the basic values of society. Many well-known corporations have been subjected to international pressure to ensure that the welfare of the employees manufacturing their products (generally in the third world countries) is considered and enhanced. Corporate social responsibility is the form of purposeful activity, carried out by organizations to attract strategic stakeholders (consumers, partners, employees, local community, public institutions). Despite significant difficulties in the development of socially responsible management in Ukraine, it is very important to understand the goals and perspectives of CSR-management of Ukrainian organizations.

**Latest research and publications analysis.** Conceptual basis for CSR-oriented management is represented in the works of the famous foreign scientists such as

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H. Bowen (1953), A. Carroll (1999), R. Steurer et al. (2005), M. Van Marrewijk (2003), M. Velasquez (2003) and others. CSR, stakeholder-theory, business ethics theory, and corporate citizenship were the major themes in M.S. Schwartz and A.B. Carroll (2003). Corporate social responsibility is not the same as ethical behaviour, but it is "an important component of such action" (Gail and Nowak, 2006). The European Commission has put forward a new, simpler definition of corporate social responsibility as "the responsibility of enterprises for their impacts on society" (The European Commission, 2011). At the same time the term of corporate social responsibility has been clearly defined in ISO 26000:2010. Due to this international standard social responsibility is the "responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization and practised in its relationships" (International standard ISO 26000, 2010).

**The object of this research** is the principles of CSR-management of organizations.

**The aim of the research** is to investigate the theoretical fundamentals of CSR-management and propose the core directions in its implementation.

**The methods of research** include system analysis comparison and contrast.

**The main objectives of CSR-oriented management.** CSR-oriented management aims to create conditions favourable to sustainable growth and employment generation in the medium and long term. The majority of companies in the former Soviet countries are not aware of their role and responsibility in the socioeconomic development of their countries. Social partnership between companies, business, government and community of Ukraine is characterized by fragmentariness and lack of systematicity. Nevertheless, the most successful enterprises start to pay attention to such aspects as company's reputation, corporate brand and corporate sustainability. Ukrainian businessmen suggest that social activity can improve the company's reputation but deny the necessity of CSR programs realization on the voluntary basis.

Taking into account the complexity of ensuring corporate social responsibility in the unsustainable environment, it is important to define and analyze social, economic and institutional constraints that impact corporate sustainability. This paper represents the research focused on the development of sustainability theory, the theory of constraints, CSR models and theories for investigation of the impact of corporate sustainability on company's reputation.

Implementation of these initiatives requires enhancing CSR-management of organizations aimed at:

- development of socially oriented management system based on the socially oriented mission, vision, organization values, core competencies, social and health policy, institutional norms for enhancing social sustainability;
- defining the existing social, economic and environmental constraints of sustainable development of industrial enterprises;
- measuring the level of social sustainability in manufacturing; simulation of the impact of social sustainability on company's reputation;

- applying the competency approach to develop core skills of managers for enhancing social sustainability due to social, health and environmental policies;
- planning and implementation of corporate social responsibility strategy to create conditions favourable for sustainable growth and employment generation in the medium and long term;
- development of internal formal institutions which structure social interactions between strategic stakeholders and influence social sustainability;
- performance management of sustainability-oriented enterprises in which people are treated equally, everyone has the opportunity to participate, and everyone's health and functional capacity is supported.

**The directions of CSR-initiatives implementation in organizations.** Defining the directions of CSR-initiatives implementation depends on socioeconomic constraints for CSR-management. The theory of constraints (TOC) is a philosophy of management and improvement of organization's effectiveness. Let's note that under "socioeconomic constraints" we understand economic, social and institutional factors that define the limitations of optimal use of company's potential in unsustainable environment. A measure of sustainability orientation can be evaluated on the basis of bringing into proper correlation between the harmonization of organization's goals and the expectations of managers, staff, investors and other strategic stakeholders. Development of social sustainability in manufacturing under the conditions of socioeconomic restrictions defines the institutional norms of people's behaviour and structure the social interactions between managers and workers. Due to the core statements of TOC we'd like to propose the directions of CSR-initiatives implementation in organizations:

*1. Development of socially oriented management methodology and concept applied in coordination and support of social sustainability in manufacturing:*

- development of socially oriented management concept based on sustainable development paradigm, stakeholder theory, institutional theory, theory of constraints, social responsibility doctrine and competency approach;
- integration of conceptual principles of sustainable development and corporate social responsibility into the social sustainability concept;
- development of interactions between functional and structural elements of socially oriented management system to ensure the effective implementation of social and healthy policy at industrial enterprises.

*2. Defining socioeconomic and environmental constraints of sustainable development of industrial enterprises.* This can be achieved through:

- analysis of dynamics of core social, financial and environmental indicators of industrial enterprises;
- defining the limits of the most tangible changes of core indicators which allow making decisions on the acceptability and sustainability of socially oriented management system;
- development of the statements of constraint's theory in the process of defining institutions for social sustainability enhancing.

*3. Measuring the level of social sustainability in manufacturing according to socioeconomic and environmental constraints:*

- analysis of challenges and opportunities for social sustainability in Ukraine;
- analysis of the approaches to understanding the mission and CSR goals of industrial enterprises by top managers;
- defining the challenges and incentive measures for promoting business social responsibility in Ukraine;
- defining the basic characteristics of socially oriented companies;
- modelling the impact of social sustainability on company's reputation due to the set of quantitative and qualitative indicators of socially oriented management at industrial enterprises; forecasting the level of company's reputation on the rising scenario basis etc.

*4. Development of the competency approach for enhancing social sustainability of a management system:*

- applying the competency approach to develop the level of knowledge, skills and awareness of managers to implement social and health policies;
- increasing awareness of stakeholders as for social and environmental problems solving under the new paradigm of sustainable development;
- improving cooperation between business and government agencies and community organizations;
- development of educational and training programs for industrial businesses on the environmental management systems;
- increasing awareness on the environmental issues and corporate social responsibility;
- involving Masters and PhD students to the process of social sustainability development;
- increasing the life quality level of engineers in manufacturing.

*5. Development of internal formal institutions which structure social interactions between strategic stakeholders and influence social sustainability:*

- defining and structuring formal and informal institutions at macro- and microlevels;
- identifying the functions of formal and informal institutions which characterize social sustainability of industrial enterprises;
- identifying the interrelation between formal and informal institutions to define main social, economic and environmental constraints which influence the decrease of social sustainability;
- development of performance management of sustainability-oriented enterprises in which people are treated equally, everyone has an opportunity to participate, and everyone's health and functional capacity is supported.

**Social and economic benefits of CSR-oriented management.** The results of our researches allowed defining the expected results and socioeconomic constraints (Table 1). It should be mentioned that there are different types of benefits of CSR-oriented management: economic, social, organizational benefits; benefits of a commercial nature and benefits in relations with stakeholders.

*Economic benefits* related to improving the productivity of managers and engineers at industrial enterprises; enhancing company's business reputation on the basis of socially sustainable policy implementation.

Table 1. Expected results of CSR-oriented management, developed by the author

Key Results Expected	Description of Expected Results	Socioeconomic Constraints
<p>1. A new methodology approach to the development of corporate social responsibility policy due to current and future societal challenges in Ukraine.</p>	<p>Socially oriented management system is based on the socioeconomic mission of organization, values, principles of sustainable development, core competencies of organization, competencies of employees, accountability system, ecological safety and social institutions for improving quality of life. Development of social cohesion and intergenerational solidarity in companies.</p>	<p>Lack of national comprehensive ideology to do socially responsible business in Ukraine. Low level of employers' motivation in the development of socially oriented business. Lack of appropriate tax incentives leads to the loss of interest in Ukrainian companies to implement socially responsible programs.</p>
<p>2. Active labour market strategies of companies for youth.</p>	<p>Employment generation strategies due to literacy and numeracy programs, equivalency degrees, and accelerated learning programs. Development of basic competencies including job-relevant skills (basic skills, technical skills, behavioral skills, entrepreneurial skills). Supporting and encouraging future-oriented visions of young talents in local and global contexts.</p>	<p>Low level of "official" wages. Lack of financial resources to provide youth with temporary housing. Low rate of economic growth with its high volatility doesn't guarantee social benefits. Low level of employers' motivation for mentoring and coaching young talents. Emigration of young talents. Demographic crisis. Increased death rate from diseases of tuberculosis, cancer, AIDS, cardiac anomaly etc.</p>
<p>3. Development of social environment.</p>	<p>Harmonization strategies for social and economic development of businesses including ethical business conduct; policies specific to employees; policies specific to the group; fair employment practices; workplace health and safety; environment policy and so on. Identifying transformative processes in societies and their effects on different generations.</p>	<p>High level of corruption. Aging nation. Ukrainian population falling as birth rate drops and emigration rises. High tax wedge. Unregistered/informal economy. Unfair competition. Limited labour mobility. Absence of acceptable migration legislation.</p>
<p>4. Supporting sustainable development of civil society in Ukraine</p>	<p>Innovation and ecological interventions in the activities of companies. Maintenance of international quality standards in the area of ecology, occupational health and safety. Company as a corporate citizen must ensure the development of morality and ethics between strategic stakeholders. Developing the culture of philanthropy. Development of national and cultural identity.</p>	<p>Corruption in public healthcare system. Worsening of ecology leads to increased deathrate from diseases. Unregistered/informal economy. Limited labour mobility.</p>

*Social benefits* related to increasing the responsibility of staff for compliance with socioeconomic, environmental and institutional constraints, motivation and improved employee morale, staff training or improving company's reputation.

*Organizational benefits* related to improving the institutional structure of enterprise, the quality of internal procedures, information and control, which can ultimately lead to ensuring full compliance with legal and regulatory requirements interests of stakeholders.

*Environmental benefits* related to ensuring the compliance with environmental constraints and environmental performance improvement, energy and materials usage efficiency improvements as well as the result of implementation of socially sustainable policy.

*The benefits of commercial nature*, such as the appearance of new customers or opportunities to develop green business, the status of a preferred supplier, the contribution to positive environmental reputation in the creation of a competitive marketing advantage, or in satisfaction of existing customers.

*Benefit in relations with stakeholders.* For example, a positive image in the eyes of general public, improving access to capital of investors taking into account environmental factors, or improving the relations with government.

**Conclusions.** The current paper represents the main ideas on the development of a conceptual framework for CSR-oriented management of organizations through different constraints. Taking into account the complexity of ensuring corporate social responsibility in the unsustainable environment, it is important to define and analyze social, economic and institutional constraints that impact corporate sustainability. The comparison of CSR-initiatives with socioeconomic constraints allowed defining the benefits of CSR-oriented management.

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