

**Macroeconomics**

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**SOCIAL RESPONSIBILITY OF BUSINESS:  
THE NATURE AND THEORETICAL ASPECTS**

**Abstract**

The basic elements of mechanism of social responsibility of business are investigated in the article. The scientific approaches concerning determination of essence of the category «social responsibility of business» are generalized and offered its interpretation as author sees it. Basic stimuli that will assist the social orientation of entrepreneurial activity are defined. The main directions that will lead to more efficient mechanism of social responsibility of business are proposed.

**Key words:**

Social responsibility, entrepreneurship, mechanism, AIC, partnership.

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**Problem statement.** The transformation of Ukraine to steady economic development, its integration to the European and world community requires introduction of modern practice of co-operation of society, state and business, what would allow to strengthen mutual responsibility of all its participants, create conditions for further stable development of the country.

Taking into account public meaningfulness of social responsibility of business, this range of problems acquires the special actuality.

**Analysis of recent research and publications.** Various aspects of corporate social responsibility in recent years are reflected in the works of Ukrainian scholars, especially V. Vorobey, L. Denysyuk, A. Lazarenko, M. Saprykinoyi, V. Smirenskoho, M. Starodubskoyi and others.

However, the current phase of globalization makes it necessary to study the mechanism of the formation of the modern paradigm of corporate social responsibility and summarize trends of adaptation of international experience and its usage in the activities of domestic companies.

**The purpose of paper.** The aim of the article is research-and-development of basic elements of mechanism of social responsibility of business directions of increase of his efficiency.

**Exposition of basic material.** Conception of social responsibility of business, that consists of conscious attitude of subjects of economic activity toward the requirements of social necessity, social tasks, mental and ethical norms and values, understanding of consequences of the activity for society, state, consumers, business partners and workers, got distribution in the economically developed countries of the world (Strategy of assistance to development of social responsibility of business is in Ukraine).

In scientific literature social responsibility is also examined as advancement of practices of responsible business, that are of the business use and to society and assist to social, economic and ecologically proof development by maximization of positive influence of business on society and minimizations negative (Kotler, 2005, p. 23).

According to other determination, social responsibility of business means the achievement of commercial success ways that value mental and ethical principles of concord and environment (Mazurenko).

Social responsibility of business can be also defined and as a free choice of company in behalf on the increase of level of welfare of society by means of the corresponding going near doing business and grant of corporate resources. In the general understanding corporate social responsibility is all actions of company, that positively influence on society (Faidor, 2008, p. 67).

In more wide understanding under social responsibility one should understand responsible attitude of any company toward the product or service, to the consumers, workers, partners, active social position of company that consists in a harmonious coexistence, co-operation and permanent dialogue with society, participating in the decision of real social problems (Baffet, 2008, p. 35).

Thus, for today there is no the only scientific approach to interpretation of category «social responsibility of business».

For this reason, expediently, to our opinion, to agree with scientific approach (Fursa, 2012), that marked, that fundamental principle of research of phenomenon of a social responsibility must be understood as a forms of comprehension subject of it public essence and adequate to it the conscious activity.

In this context social responsibility can be examined in two measuring (Fursa, 2012, p. 67):

1. Social responsibility as duty of personality, management, organization, state structure means to make decision and undertake actions that promote the level of welfare, answer interests as societies, companies, communities, and separate personality that represents the ethics and mental aspect of public relations. Confession and acceptance of social responsibility are voluntarily for the organization and it is related to its desire to do a contribution into development of society, to what it is not obligated by neither economic reasons nor legal laws. It is actions, acts and measures of philanthropic aspiration that nobody requires and that does not provide to organization the perceptible benefit or income. In this sense, social responsibility is examined as a variety of public, next to economic and legal.

2. Social responsibility as a universal form of connection and interdependence of personality, state and society, their possibility to estimate the consequences of the activity for steady community development «represents the valued-legal aspect of public relations. Actualization of this idea carries an accent from responsibility of a person before society and state on social responsibility of the state before society and person» (Savchenko, 2007, p. 9). Social responsibility, as an optimal variant of interconsistency of interests, rights and duties of public subjects is the original method of mutual limitation of their actions in relation to natural, economic, social and cultural realities. Thus, relations between the state, business, society and personality must be formed on the basis of mutual responsibility. It appears in an acceptance and inhibition of each of the marked subjects of concrete obligations in relation to other, in particular in relation to «responsibility of public organs and public servants for non-fulfillment of their duties before society and personality, ... and from everybody – inhibition of the duties before society and state» (Savchenko, 2007, p. 9). Summarizing the above mentioned approaches, expediently, to our opinion; we can define social responsibility of business as process of conscious realization of complex of measures in the different spheres of public life, sent to the receipt of social and ecological effects.

Going out of the all above-mentioned, social responsibility of business is the voluntarily activity of enterprises of private and state sectors, sent to the observance of high standards of economic activity, social standards and quality of work with a personnel, minimization of harmful influence on a natural environment with the aim of smoothing of present economic and social disproportions; creation of partner mutual relations between business, society and state; an improvement of business effectiveness in a long-term period (Strategy of assistance to development of social responsibility of business in Ukraine).

In accordance with European practice, social responsibility of business spreads to seven basic directions (Strategy of assistance to development of social responsibility of business in Ukraine):

- observance of human rights;
- observance of requirements of legislation;
- business and corporate ethics;
- defence of natural environment;
- collaboration with parties concerned: by employees, consumers, shareholders, society, and all economic subjects;
- observance of international codes of conduct;
- transparency and accountability.

In Ukraine over 65 company see social responsibility as introduction of the social programs of improvement labour conditions for the personnel, development of personnel and it studies (63,2%), charity public help (56%), ethical attitude toward customers (49,5%) (table 1).

The analysis of practice of observance of principles of social responsibility of business allows us to define factors that influence on the effective functioning of its mechanism, including AIC.

1. The base condition of social responsible business is realization of conscientious business practice in relation to the basic groups of stakeholder. From one side, such practice envisages timely implementation of tax obligations in full that, directly, influences on forming of profitable part of budget of financing of the government social programs. From the other, – envisages transparency of business operations, including, opening of information on financial and social questions and verification of the corresponding accounting by independent public accountant companies, that, in turn, assists a gradual decline to the level of shadow economy in a country, to overcoming of fiscal deficit (Hamidova).

2. One of the urgent necessities of many industries of AIC is a necessity for introduction of the newest technologies, modernization of production capacities.

*Table 1*

**Component concepts and social responsibility of business**

Forms of display	%
Introduction of the social programs of improvement of labour conditions of firms' own personnel	65,5
Study of personnel	63,2
Charity	56,0
Implementatation in company politics principles of ethic and responsible attitude toward consumers	49,5
Participating in the regional programs of development	32,3
Realization of the ecological programs	29,8
Politics of observance of shareholders rights	20,8
An open providing of information about a company	18,7

Source: A report on the state of social responsibility of business in Ukraine, p. 8.

Management that is built on principles of social responsibility provides the innovative orientation of development to the enterprise. A process of search of ways of harmonization of interests of proprietors in relation to a price, quality, safety and eco-friendly is the direct catalyst of innovations, including the production capacities related to modernization.

Thus, distribution of practice of realization of social responsibility on the domestic enterprises of AIC can be examined as an additional level of stimulation of their innovative development.

Thirdly, development of social responsibility of home producers that are the leading enterprises of a country will help to promote authority of the state at an international level. It, in turn, envisages positive influence and on the investment attractiveness of Ukraine (Hamidova).

The government programs of support and stimulations of the above-mentioned processes, in that the state determines socially responsible behavior for business, are worked out in most countries of EU and functioning, attaches the companies of private and state sectors to general implementation publicly of important tasks, and stimulates business to socially responsible activity (Strategy of assistance to development of social responsibility of business in Ukraine).

According to the table 2, in Ukraine the decline of level of taxation is the most ponderable stimulus for realization of the programs of social responsibility of business. The second and third positions in rating of stimuli are the declines of administrative pressure and different programs from local government bodies.

*Table 2*

**Potential stimuli for the programs of social responsibility of business**

Stimulus	Small enterprises	Middle enterprises	Large enterprises
Decline of taxes	73,3	80,2	73,5
Decline of administrative pressure	51,2	56,7	48,4
Suggestions of from realization of the programs of social responsibility	21,6	25,6	37,0
Expansion of bank social and informative programs	14,9	18,1	17,9
Presence in MASS-MEDIA	17,2	14,5	15,7
More close connections with unprofitable organizations	6,6	4,6	6,2

Source: A report on the state of social responsibility of business in Ukraine, p. 49.

In the modern world socially responsible activity of business is the generally accepted tradition that the most of large, middle and even small enterprises adheres to (Strategy of assistance to development of social responsibility of business in Ukraine).

Development of social responsibility of business in Ukraine is consolidated around international organizations and projects, in particular: representative Offices of the UNO in Ukraine that in 2006 began and supports activity of the Ukrainian network of the Global agreement of the UNO that embraces over 140 organizations.

In Ukraine most companies (both large and middle) do not have certain strategy of social responsibility and are on the stage of observance of legislation and «point» charity projects. Leaders of Ukrainian business, in particular, of private ownership, carry out active charity activity (strategic charity) and use it as a tool of public relations (PR). Almost all large companies conduct the projects of increase of efficiency of business processes with certain social or ecological advantages, however majority does attachment of such business-projects to own social responsibility (Social responsibility - basis of business philosophy).

The basic tool of mechanism of social responsibility in Ukraine is: introduction of control system, implementation of the social accounting and verification of SRB; partnership organizations within the groups of influence, that allows to the enterprises to become familiar with the decision of certain thorny social and ecological problems due to the association of financial, human and administrative efforts on the transparent and clear terms; development of innovative commodities

and services that help to overcome concrete social problems; adaptation of international projects and strategies to the Ukrainian market (Vorobey, 2012, p. 16).

The basic factors of conducting the domestic enterprises SRB are (Vorona): firstly, positive reputation, as a method of competitive activity for TNK in Ukraine and companies that carry out international activity; secondly, own persuasions; thirdly, expansion of markets of sale; fourthly, possibility of access to the cheap financial resources that will appear at the estimation of possibility of receipt in relation to cheap credit resources for development of business, especially from international financial institutes; fifthly, increase of capitalization, that are the consequence of increase of attractiveness of enterprises before investors (Vorobey, 2012, p. 16).

**Conclusions.** Thus, on the modern stage for activation of processes in the field of social responsibility in Ukraine, first of all, a necessity is (Social responsibility - basis of business philosophy):

- a change of public consciousness in relation to understanding of maintenance, meaningfulness of social responsibility for development of the socially oriented state, and among businessmen – strategic value of socially responsible position for strengthening of competitiveness of companies at the market and long-term steady development;
- forming of legislative base, that will provide the personal business interest in inculcated social programs, and also normatively-legal acts that stimulate development of social responsibility;
- creation of partner network within the framework that participants get wide possibilities for advancement of corporate reputation on regional and macroeconomic levels;
- introduction of methodological bases of grant of help in planning and realization of concrete social projects and programs, realization of the corporate systems of social responsibility;
- creation of bank of these social and ecological initiatives, in realization of that would participate public bodies of power, public organizations and enterprise structures.

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