



MANAGEMENT OF CORPORATE SOCIAL ACTIVITY IN THE ORGANIZATION

Mariia Dykha

Department of Economics of Enterprise and Entrepreneurship,
Khmelnysky National University, Khmelnysky, Ukraine

Yuliia Cheban

Department of Accounting and Taxation,
Mykolaiv National Agrarian University, Mykolaiv, Ukraine

Olena Bilyk

Department of Administrative and Financial Management,
Lviv Polytechnic National University, Lviv, Ukraine

Zinoviy Siryk

Department of Administrative and Financial Management,
Lviv Polytechnic National University, Lviv, Ukraine

Olena Khytra

Department of Personnel Management and Labor Economics,
Khmelnysky National University, Khmelnysky, Ukraine

Alla Dudnyk

Department of Management,
Dnipro University of Technology, Dnipro, Ukraine

ABSTRACT

The article discusses the theoretical and practical aspects of corporate social activity management.

An algorithm for CSA management in the organization is proposed, in which the place for evaluating the effects of CSA is defined and the criteria for the evaluation management model are formulated, including mandatory prerequisites, the presence of stages and the possibility of making changes in the management of corporate social activities in accordance with the evaluation results.

A methodology for analyzing and evaluating CSA is proposed and tested using a real example, which allows you to really assess the level of ongoing social work at the levels of individual areas, CSA areas and the social development management system

of the enterprise as a whole. All this allows not only to increase the efficiency of reproduction of the human potential of the organization but also to strengthen the market position of the enterprise through the formation of its positive image and increase investment attractiveness.

Keywords: Assessment, Efficiency, Corporate Social Activity (CSA), Corporate Social Responsibility (CSR), Government Organization, Management

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1. INTRODUCTION

With the development of technology, increasing both business profitability and the general well-being of people, regions, countries, volume management began to pay attention to other aspects of the external and internal functioning environment (Dzwigol et al. 2020; Suray et al. 2019; Kwilinski 2019; Kovalenko 2014; Olshanska 2011).

Corporate Social Activity (CSA) issues are becoming more and more relevant to Ukraine every year, due to the following groups of reasons: First, businesses are increasingly exposed to the external environment and have to respond to its challenges, in particular with regard to social guidelines (Prokopenko et al. 2020); secondly, as the intellectualization of work increases, the role of human capital is gradually changed by the employees' understanding of the concept of decent workplace, fairness of remuneration for work, efficiency of employment, and their demands on the company of the employer increase (Gryshchenko 2010); third, the dissemination of the principles of openness and transparency of company activities makes available to employees and consumers any information about the functioning of the company, therefore, the value of good image is increasing (Bondarenko et al. 2018); fourthly, the interest of potential investors in information about the company's competitiveness, environmental concern, social responsibility and more is increasing (Tkachenko 2019).

2. CORPORATE RESPONSIBILITY OF VARIOUS ORGANIZATIONS: PUBLIC, PRIVATE, BUSINESS

The problem of social responsibility as responsibility for actions and actions before society and its institutions, responsibility associated with moral and spiritual potential, internal culture, has long been in the field of view of both scientists and practitioners (Seth 2019).

There are several approaches to the management of corporate social activity that can be divided into three groups (Fig. 1).

2.1. CSR Classification

For a more objective disclosure of the characteristics of CSR as an innovative management system, justification of the specifics of social accounting, it is necessary to further develop its classification using new and refined classification features. The solution of these issues can greatly contribute to the development of the theoretical provisions of CSR, the practice of its use in the activities of organizations, as well as the theoretical and organizational provisions of accounting (Galetska et al. 2019 Tesfom et al. 2014).

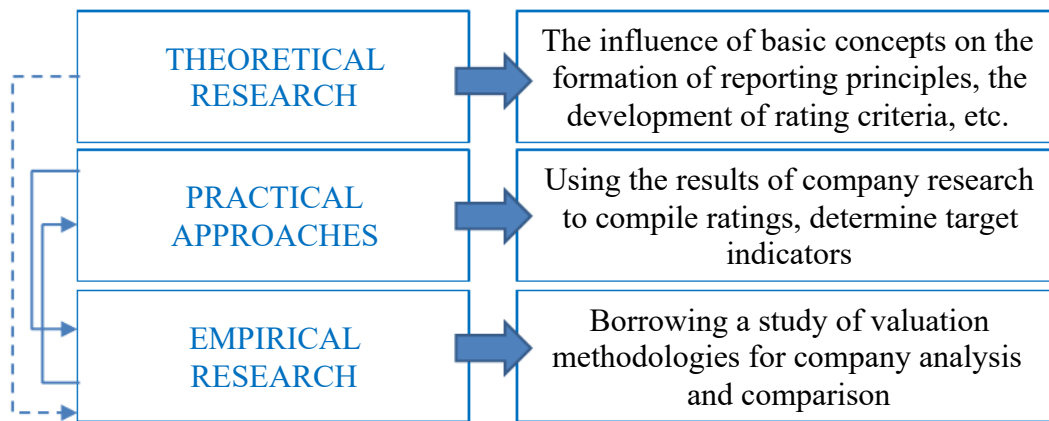


Figure 1 Directions of development of approaches to managing the assessment of the effects of corporate social activities

Let us present in tabular form the complete classification of CSR on the basis of a generalization of its characteristics according to the characteristics that are contained in well-known publications, refinement of individual ones, as well as the development of new classification features (Table 1).

Table 1 CSR classification

Classification characteristic	CSR type
<i>CSR type defining its general model</i>	
1. The subject of CSR measure definition	CSR defined by business
	CSR defined by state and public institutions
2. Corporate identity and/or country of business CSR business	CSR of US corporations
	CSR of European corporations
	CSR of Japanese corporations
	CSR of corporations in other countries
3. The predominant religion of a country, region is the place of business CSR corporations doing business	CSR corporations doing business in countries dominated by Buddhism; CSR corporations doing business in countries dominated by Hinduism; CSR corporations doing business in countries dominated by Islam; CSR corporations doing business in countries dominated by Judaism; CSR corporations doing business in countries dominated by Christianity
4. Mandatory implementation	CSR implementation voluntary
	CSR compulsory
<i>The type of CSR that determines its specificity in the organization</i>	
5. Type of economic activity	CSR of agricultural organizations; CSR forestry; CSR fisheries; CSR mining organizations; CSR of organizations manufacturing industries (by type of production); CSR organizations producing and distributing electricity, gas, water; CSR of construction organizations; CSR of trade organizations; CSR hotels and restaurants; CSR of transport and communications organizations; CSR of credit and insurance organizations; CSR of organizations engaged in real estate transactions,

	leases; CSR of organizations engaged in the use of computer technology and information technology; CSR scientific institutions; CSR educational institutions; CSR of cultural and art institutions.
6. The scale of the business	CSR of large corporations
	CSR of small and medium business
7. Form (structure) of ownership	CSR of state organizations, organizations with state participation
	CSR private organizations
	CSR public organizations
8. The way to implement CSR	CSR using traditional methods
	Creative CSR

It is advisable to combine different types of CSR according to the nature of their influence on the features of the management system used by the economic entity in two groups:

- 1) types of CSR, determining its general model, the influence of which is indirect;
- 2) types of CSR, determining its specifics in the organization, the impact of which is direct. Such a grouping allows you to more clearly present the characteristics of CSR, which are more dependent on the choice of an economic entity.

3. METHODOLOGY

To manage corporate social activities of the organization, we propose an algorithm in which the place for evaluating the effects of CSA is defined (Fig. 2). The organization's CSA management algorithm is based on the CSA concept, which defines a key sequence of principles, business processes and results. The CSA concept here is being developed through interconnection with stakeholder management, corporate strategy and organizational training.

In accordance with the CSA concept and the presented algorithm, the regulatory framework of principles is the foundation of corporate social responsibility. The practical implementation of the principles takes place when determining a strategy, implementing business processes and evaluating results and effects.

CSR principles are formed taking into account the expectations of the organization's stakeholder system, determine the rules of the «game» in which the company and its stakeholders are participants, depend on the business environment and are relatively stable (like the set of stakeholders) (block 1 in the figure). Along with the principles, the formation of a strategy is influenced by the expectations of the company itself regarding shared value. The implementation of the principles, or the «game» itself (block 2 in the figure), is subject to constant changes, since it depends on events in the external environment, changes in the managerial staff, updating of corporate strategy, etc.

This algorithm, firstly, determines the sequence of stages of effective CSA management, and secondly, it demonstrates three criteria for the model for evaluating its effects: 1) Presence of mandatory assessment prerequisites; 2) The presence of stages of assessment; 3) The presence of changes (improvements) that are implemented in accordance with the results of the assessment.

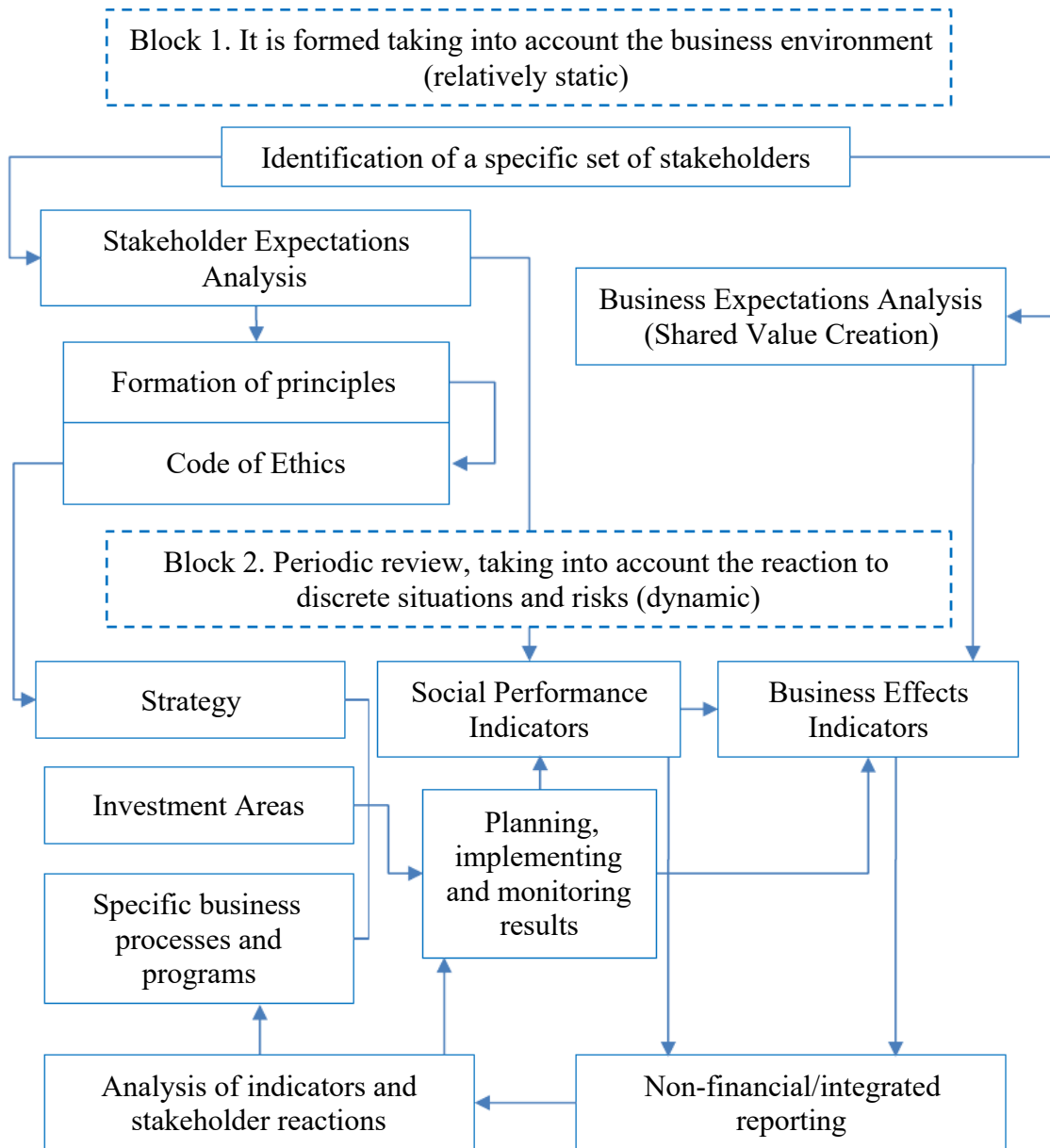


Figure 2 The algorithm of corporate social activity management in the organization

It is worth noting that many organizations interpret the data on the spent funds as indicators of the social effect, believing that the fact of directing resources to the implementation of a program serves the purpose of meeting expectations. This practice, widely presented in non-financial reporting, has its own reputational effect for some stakeholders but does not work for at least shareholders and potential investors. In addition, it is completely useless for the internal audit of the CSA, since it does not provide any information about the correctness of the strategy and the justification of the programs. The company, therefore, states its social responsibility simply on the fact of the expended resources. But if the existence of such a «social responsibility» can still be debated, then its effectiveness is not discussed here, because any measure of CSA's social impact should reflect the generated effect on the well-being of the organization's stakeholders.

It seems that the content of indicators of social and business effects CSA should meet certain requirements. First, the indicator should reflect the goal identified during the planning of the CSA. Secondly, it must be defined in qualitative or quantitative terms. Thirdly, it must

be reliable, i.e. guarantee the same result with repeated use. Fourth, a good indicator is sensitive to changes in the subject of assessment but neutral to the subject of assessment and his preferences. Fifthly, the use of the indicator should be affordable and justified by the reasonable cost of collecting and analyzing information.

In accordance with these requirements, the development of CSA effect indicators should begin with setting goals and objectives. The formulation of the strategic goal allows us to determine what exactly needs to be achieved and, accordingly, to quantify it. An unrealistic or unclearly defined strategic goal leads to the fact that an accurate and reliable determination of the parameters for its achievement becomes difficult at best. A different interpretation of the goal leads to the appearance of various indicators, often not comparable to each other.

The choice of indicators should be based on the practical ability to collect information. Information can be collected using well-known research tools, such as interviewing a target group, questionnaires, interviews, intra-organizational diagnostics (collecting primary information), as well as secondary statistical information provided by the state, statistical bodies, specialized companies, public opinion research organizations, university centres for social research, etc. Consulting with competent organizations helps to understand what data is already being collected, how available information can be useful for the indicator used, whether the indicator is significant and reasonable for a particular situation, and what alternatives are available. If there are no real or reliable sources of information, intermediate (indirect) indicators should be used for which there is sufficient and reliable information.

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It is worth noting the fact that the business effect of the CSA is not always possible to evaluate within an organization as a single unit, so the assessment can take a relative character. Firstly, a comparative assessment can be carried out in terms of improving/worsening performance of the company compared to its performance over a certain period in the past, taking into account the costs of CSA implementation. This direction of assessing the business effect of CSA is the most popular among researchers who conduct a regression analysis for such indicators as increased profit, increased market share and sales, increased return on investment (ROI), increased return on assets (ROA), and increased shareholder value companies, capitalization, etc. Secondly, the business effect of CSA can be evaluated in terms of comparison with the performance of other similar companies that refused to implement CSA, that is, a measurement of the relative effects of and industry groups.

Over time, the degree of involvement of the organization in the CSA plays an increasing role in shaping the attitude of interested parties to it. Correspondingly, the position of the company with respect to other market players changes depending on the forming opinion and, as a result, the behavior of various groups. Accordingly, even if the CSA does not improve the absolute financial performance of the company compared to their past values, then these same indicators can significantly increase when taking into account the relative position of the company compared to its competitors.

Non-financial and integrated reporting, aggregating indicators of social and business effects of CSA, contrary to common practice, becomes not the endpoint, but an intermediate stage of presenting CSA effects, which are disclosed not only to interested parties, but also to the company's management. The availability of relevant, verified and well-structured information about the results and effects of the CSA enables management to understand what needs to be reviewed, which programs and projects are successful and which do not bring significant effect to the company and its stakeholders (i.e., they are wasting resources).

Thus, a competent and informed assessment of management opens up the possibility of organizational learning. Otherwise – without introducing changes to the CSA management system – the assessment is of limited usefulness in terms of sustainable development.

4. ASSESSMENT OF EFFICIENCY OF CSA OF ORGANIZATION

To calculate quantitative indicators, it is sufficient to use the organization's information presented in non-financial reporting, as well as statistical data of the region of the enterprise in question. It is worth noting that in the field of CSA in a certain territory, for a qualitative assessment of indicators, an expert assessment is applied that does not appear in other directions. If the degree of satisfaction is a more subjective assessment, then an expert assessment implies a more objective view, and in conjunction with the characteristics of the enterprise.

After calculating the indicators of the directions of corporate social reporting, the calculation of integral indicators follows one of 3 options:

1. The integral indicator at the level of the direction of CSA ($I_{CSA_{dir}}$):

$$I_{CSA_{dir}} = \frac{\sum_{i=1}^n i_{ps}}{n} \quad (1)$$

where n is the number of direction indicators; i_{ps} - point score of the i -th direction indicator.

2. The integral indicator at the level of CSA sphere ($I_{SCA_{sph}}$):

$$I_{SCA_{sph}} = \frac{\sum_{i=1}^n I_{sph}}{m} \quad (2)$$

where m is the number of CSA areas; I_{sph} – indices in the areas of CSA in this sphere

3. The integrated indicator of CSA at the enterprise level as a whole (I_{CSA}):

$$I_{CSA} = \frac{\sum_{i=1}^n I_{sph}}{k} \quad (3)$$

where m is the number of CSA areas; I_{sph} – indices in the areas of CSA in this sphere

5. RESULTS AND DISCUSSION

We believe that the indicator (3) is optimal for calculating the effectiveness of CSA. For this indicator, we give an example of calculation on the example of a real organization. To calculate the effectiveness of CSA, we suggest using the following areas:

5.1. Salary

Indicator 1 (S_1) "Average monthly accrued salary" (point values: 0-2 points – minimum (equivalent to \$ 170); 2.1-4 points – 171-200\$; 4.1-6 points – 201-250\$; 6.1-8 points – 251-300 \$; 8.1-10 points – 301\$ and more).

Indicator 2 (S_2) "The ratio of the average monthly salary in the company to the same indicator in the region" (scores: 0-2 points – 0-65%; 2.1-4 points – 66-90%; 4.1-6 points – 91-110 %; 6.1-8 points – 111-130%; 8.1-10 points – 131 and more).

5.2. Labour protection

Indicator 1 (LP_1) "Annual labor protection costs per employee of the organization" (scores: 0-2 points – 0-80 \$/person; 2.1-4 points – 81-95 \$/person; 4.1-6 points – 96-110 \$/person; 6.1-8 points – 111-130 \$/person; 8.1-10 points – 131 \$/person and more).

Indicator 2 (LP_2) "The number of people injured in production to the number of employees of the organization" (point values (per mille): 0-2 points – 10-8 %; 2.1-4 points – 7.9 -7.0 %; 4.1-6 points – 6.9–4.0 %; 6.1-8 points – 3.9-1.0 %; 8.1-10 points – from 0.9 % to the complete absence of victims of accidents).

5.3. Production training

Indicator 1 (PT_1) "The number of employees covered by the system of vocational training in the reporting year to the number of employees of the organization" (point values: 0-2 points – 0-9.9%; 2.1-4 points – 10.0-14.9% ; 4.1-6 points – 15.0-24.9%; 6.1-8 points – from 25.0-34.9%; 8.1-10 points – 35% or more).

Indicator 2 (PT_2) "Ratios of annual expenses for vocational training to the annual payroll fund" (scores: 0-2 points – 0-60 \$/person; 2.1-4 points – 61-75 \$/person; 4.1-6 points – 76-90 \$/person; 6.1-8 points – 91-110 \$/person; 8.1-10 points – 111 \$/person and more).

5.4. Social package

Indicator 1 (SP_1) "The amount of annual social benefits per employee of the corporation" (point values: 0-2 points – 0-20 \$/person; 2.1-4 points – 21-40 \$/person; 4.1-6 points – 41-70 \$/person; 6.1-8 points – 71-100 \$/person; 8.1-10 points – 101 \$/person or more).

Indicator 2 (SP_2) "The ratio of the annual fund of payments of a social nature to the annual fund of remuneration" (scores: 0-2 points – 0-1.5%; 2.1-4 points – 1.6-2.5%; 4.1 -6 points – 2.5-5%; 6.1-8 points – 5.1-7%; 8.1-10 points – 7.1% or more).

5.5. Physical education and sport in the organization

Indicator 1 (ES_1) "The number of employees involved in physical education and sports, to the number of employees of the corporation" (point values: 0-2 points – 0-10%; 2.1-4 points – 11-25%; 4.1-6 points – 26-35%; 6.1-8 points – 36-45%; 8.1-10 points – 45.1 or more).

Indicator 2 (ES_2) "The sum of the annual costs of physical education and sports per employee of the organization" (scores: 0-2 points – 0-20 \$/person; 2.1-4 points – 21-35 \$/person; 4.1-6 points – 36-50 \$/person; 6.1-8 points – 51-80 \$/person; 8.1-10 points – 81 \$/person and more).

5.6. Cultural events in labour collectives.

Indicator 1 (CE_1) "The number of employees covered by cultural events, by the number of employees of the corporation" (point values: 0-2 points – 0-20%; 2.1-4 points – 20.1-30%; 4,1-6 points – 30.1-40%; 6,1-8 points – 40.1-50%; 8,1-10 points – from 50.1 and more).

Indicator 2 (CE_2) "The amount of annual costs of cultural events per employee of the corporation" (scores: 0-2 points – 0-20 \$/person; 2,1-4 points – 21-35 \$/person; 4,1-6 points – 36-50 \$/person; 6.1-8 points – 51-80 \$/person; 8.1-10 points – 81 \$/person and more).

For example, we have limited the list of indicators because the above is enough to understand the application methodology.

The possibilities of applying the methodology for analyzing and evaluating CSA can be illustrated by the example of a comparative analysis of social practices of Concord LLC over the past 2 years (Table 2).

Table 2 Comparative analysis and evaluation of the effectiveness of CSA

CSA indicators	2018		2019	
	Absolute value	Points	Absolute value	Points
1. Salary				
S ₁	190,7	3,8	220,4	5,3
S ₂	58%	1,8	103%	5,5
2. Labour protection				
LP ₁	0	0	40	1
LP ₂	0,8	9	0,8	9
3. Production training				
PT ₁	10%	2,1	9,90%	2
PT ₂	50	1,7	60	2
4. Social package				
SP ₁	20\$	2	38,5	3,85
SP ₂	2,5%	4	2,2%	3,5
5. Physical education and sport in the organization				

ES ₁	0	0	11%	2,1
ES ₂	0	0	18\$	1,8
6. Cultural events in labour collectives.				
CE ₁	20%	2	25%	3,0
CE ₂	15\$	1,5	35\$	4,0
Total	–	27,9	–	43,05

In fig. 3 clearly shows how the organization's performance changed in 2019 compared with 2018.

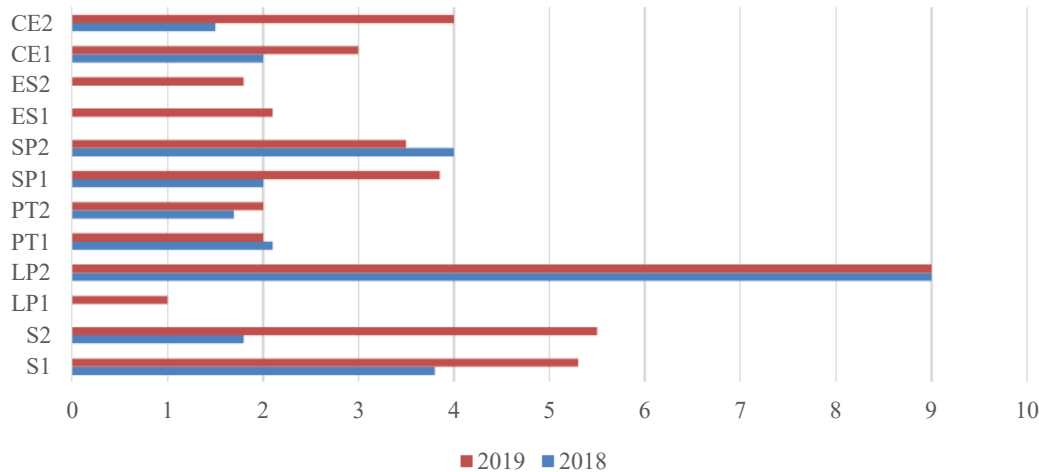


Figure 3 Organization Dynamics CSA Indices

It is worth noting that since about mid-2018, the organization began to pay for its corporate social activities and to allocate additional funds for events. It is worth noting that the trend is positive, and in the future, even with a decrease in the rate of increase, a significant increase in the average score is possible.

6. CONCLUSION

It should be noted that in the most successful organisations CSA management is carried out by special responsible groups, for example, CSA-group, ethics group. The practice of creating Social Responsibility Committees under the Board of Directors has also spread among foreign companies, or the position of Vice President for CSR/CSA is being introduced in the Board of Directors.

The proposed CSA management algorithm in the organization and the methodology for analyzing and evaluating CSA can not only increase the efficiency of reproduction of the human potential of the organization, but also strengthen the market position of the enterprise through the formation of its positive image and increase investment attractiveness.

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