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Historical aspects of business social responsibility and perspectives for national enterprises

Abstract. Introduction. Any transformation in the economy, including innovation, should be closely linked to the level of business social responsibility increase, which is based on the interdependence of economic and social aspects of any business entity.

Purpose. The purpose of the research is to determine the prospects for increasing the social responsibility of business for domestic enterprises based on historical experience of its development.

Results. The problem aspects of the development of business social responsibility of domestic enterprises are determined based on the lack of effective state strategy and the lack of awareness of business entities regarding the benefits of social activity for society and the business itself. The complex of measures the realization of which will promote increase of social responsibility of domestic business is substantiated. The proposed measures are grouped taking into account modern conditions and trends of economic development. The following groups are developed: organizational and legal; economic; informational.

Conclusions. The analysis of the essence and stages of the basic development of business social responsibility in the world suggests that in the historical development there was a discrepancy of views and the absence of a common logical base in the interpretation and understanding of this concept. Today, the concept of corporate social responsibility is trying to be integrated into its development strategy. First of all it is about large companies and enterprises. The strategic direction should be reflected in those improvements that were or could be implemented and aimed at improving the quality and efficiency of the business processes, and ultimately, reflected on the qualitative characteristics of social life and Ukrainian society.

Keywords: corporate social responsibility, business activity, social policy, social entrepreneurship, social programs, social reports.

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Історичні аспекти соціальної відповідальності бізнесу та перспективи для вітчизняних підприємств

Анотація. Мета статті полягає у визначенні перспектив підвищення соціальної відповідальності бізнесу для вітчизняних підприємств на основі історичного досвіду її розвитку. Проведений аналіз сутності та етапів розвитку основ соціальної відповідальності бізнесу у світі дозволяє зазначити, що в історичному розвитку існувала розбіжність поглядів і відсутність загальної логічної бази в трактуванні й розумінні даного поняття.

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Сьогодні концепцію соціальної відповідальності бізнесу намагаються інтегрувати у свою стратегію розвитку, перш за все, великі компанії й підприємства. Стратегічне спрямування повинно відображатися в тих удосконаленнях, які були або можуть бути впроваджені та спрямовані на підвищення якості й ефективності процесів функціонування підприємства, і в кінцевому підсумку, відбилися на якісних характеристиках суспільства. У статті розглянуто підходи до розуміння сутності поняття «соціальна відповідальність бізнесу». Досліджено етапи розвитку основ соціальної відповідальності бізнесу у світі. Проведений аналіз сутності та етапів розвитку основ соціальної відповідальності бізнесу у світі дозволяє зазначити, що в історичному розвитку існувала розбіжність поглядів і відсутність загальної логічної бази в трактуванні й розумінні даного поняття. Сьогодні концепцію соціальної відповідальності бізнесу намагаються інтегрувати у свою стратегію розвитку, перш за все, великі компанії та підприємства. Стратегічне спрямування повинно відображатися в тих вдосконаленнях, які були або можуть бути впроваджені та спрямовані на підвищення якості й ефективності процесів функціонування підприємства, і в кінцевому підсумку, відбилися на якісних характеристиках суспільства. Окреслено коло чинників, які стримують розвиток бізнесу з виконанням соціальних функцій. Обґрунтовано заходи, реалізація яких забезпечить підвищення соціальної відповідальності бізнесу вітчизняних підприємств.

Ключові слова: корпоративна соціальна відповідальність; ділова активність; соціальна політика; соціальне підприємництво; соціальні програми; соціальні звіти.

Problem statement. According to the 3d Article of the Constitution [1] Ukraine is an independent, democratic, social and legal state. It means that governmental policy is directed at the high life level, development and safety of its population. Therefore, any transformations in the economy, including innovations, should be closely linked with the increase of business social responsibility which is based on the interdependence of the economic and social aspects of any business entity.

Abroad, social responsibility is often viewed as a commitment by a self-employed business to support sustainable economic development through work with employees, their families, the local community and society as a whole to improve quality of life through actions that are useful both for business and for social development as a whole [2].

Analysis of recent research and publications. In the domestic practice, the issues of the formation and development of business social responsibility were studied by such scholars as O. Buyan, O. Golovinov, O. Dudkin, K. Komarov, N. Kovalchuk, D. Krepak, O. Moroz and others.

K. Komarova and N. Kovalchuk argue that social responsibility promotes not only the improvement of the enterprise's image, but also provides a competitive advantage over the long term. The authors point out that the social orientation of business can be more effective if its social responsibility is included in the management strategy of enterprises [3].

O. Golovinov points out that it is necessary to unite the efforts of business, the state and other interested in the sustainable development of public institutions. Social responsibility of business is impossible without a developed civil society capable of acting as a real partner in business in solving social issues [4].

In general, all researchers agree that under the influence of external factors, business entities are forced to become informally transparent and socially responsible. This, in turn, gives the business and significant benefits seriously improving the financial performance of those companies that impose social responsibility on their mission.

Research objectives. The purpose of the article is to determine the prospects for increasing the social responsibility of business for domestic enterprises based on historical experience of its development.

Presentation of the main research material. For the first time, Corporate Social Responsibility (CSR) was introduced in the middle of the 20th century, where it was stated that business, besides producing quality products and services within the legal field, voluntarily assumes additional obligations to the society for execution of various kinds social programs on a royalty-free basis. It is worth noting that in the management science of foreign countries at that time, many concepts were developed, among which the most popular were "social responsibility of business", "social responsibility of business people", "corporate social responsibility", "corporate social receptivity", "Corporate social activity", "Corporate social conscientiousness". Constantly developing, these concepts accumulated the achievement of previous theoretical models, focusing on one aspect or another of this problem.

We will determine the stages of development of the foundations of social responsibility. So, for a long time among scientists there was no consensus on the fundamental nature of this issue. One of the first who clearly articulated his position in this regard was the M. Friedman (Nobel Prize laureate). In "The social responsibility of business is to increase its profits" (1970), the scientist emphasized that the corporation should be focused on maximizing profits for shareholders, while managers who practice "social responsibility" steal money from owners, and also invade the sphere that lies outside their professional competence [5]. That is, the theory limited the motives for solving the social problems of business by maximizing the profits.

In the 1970s, T. Levitte in an article published in Harvard Business Review outlined the corporate responsibility to society. The author explained his position that such a responsibility leads the business away from its main goal which consists of profit making, that is, in principle, dangerous for society and for the state.

Since the mid-1970s, with the intensification of globalization processes and the integration of the world economy, the ideas of social responsibility have been substantially rethought and deepened. Most researchers, realizing that a narrow business orientation can exacerbate social problems (increase social inequality, lead to mass poverty), looked at the problem in a new way.

Today, in the development of corporate social responsibility concept there are three stages.

The first stage (the 1960s - the mid-1970s) was characterized by the traditional perception of charity, when social assistance for the most vulnerable categories of the population, as well as for cultural, educational and sports institutions, was allocated in the form of natural or monetary donations, with a rather rigid separation between economic and social activity, in addition there was no systematic social measures.

G. Bowen's work "The Social Responsibility of a Businessman" became the beginning of modern understanding of the role and place of corporate social responsibility. The researcher concluded that social responsibility is "deliberately making such decisions or shaping a line of behavior taking into account the goals and values of society" [6].

G. Bowen's ideas received their development in the works of K. Davis, who believed that social responsibility was relevant to those "decisions and actions of businessmen who at least partly go beyond the direct economic or technical interest of producers" and "some socially responsible business decisions can be explained in the course of a long, complex process of analysis as they provide a good chance for a long-term economic effect of the company" [7].

At the second stage (mid-1970s - early 1980s), the idea of strategic philanthropy was developed, the essence of which was to be prepared to receive a level that would allow to solve problems of business interaction with society and the state. A. Carroll proposed the treatment of socially responsible business, which implies "compliance with the economic, legal, ethical and discretionary expectations of the organization's society in this period of time" [8]. At this stage, large corporations began to realize the need of including the social component in the development strategy. As noted in the studies of that period, the use in corporate strategies of social responsibility principles increases the adaptability and efficiency of the business system, on the one hand, and increases the status of the enterprise in the eyes of society and the state, on the other hand.

The third stage, since the early 80's of the last century, brought the development of "stakeholders", "business ethics" and "corporate citizenship" concepts.

The efforts of enterprises and firms were aimed at "the sprouting into the depths of society" received theoretical justification in the concept of "stakeholders interests", which involves a multidimensional consideration of the

interests and expectations of all participants affected by the activities of the corporation: workers, consumers, suppliers, investors, shareholders, partners, regulators, trade unions, local communities, etc.

D. Krepak points out that today four main types of social responsibility of business are distinguished [2]:

– economic responsibility (basic). This type includes the creation of jobs, the payment of taxes to support the country's livelihoods.

– legal liability. In this aspect, compliance with local and international laws is foreseen.

– ethical responsibility – where corporate business and its employees comply with the human standards of conduct in business relationships with partners, competitors, government and society.

The author does not overlook the highest type of social voluntary responsibility. This is a contribution to projects that have significant utility for society, but have no direct impact. In addition, it is the protection of the environment, investment in health and literacy of the population, infrastructure, the fight against poverty, etc. Statistical studies indicate that one out of five Europeans is willing to pay more for goods produced with minimal damage to nature and other elements of corporate social responsibility [2].

It is rather often when large Ukrainian business is often called "the business of 90's" because of the lack of transparent information on the initial accumulation of capital and the ability to compete without access to state resources, as well as artificial monopolies.

The main arguments against the social responsibility of business in Ukraine are entrepreneurs consider the decline in profits in the short term; reduction of dividends; distraction of resources from the main business; increase in production costs; the possibility of reducing wages to compensate for the costs of social projects; reducing the competitive position of domestic producers, as foreign competitors do not bear such costs; low activity of the population of the country in solving social problems.

That is, the realities of modern Ukraine, the social responsibility of most domestic enterprises have a non-systemic, situational character. In turn, in conditions of low confidence in business from the population it is difficult to expect its support in matters of tax, currency, regulatory and other liberalization of the economy [2].

The main positive impacts for the social responsibility of business in the country are corporations and the development of regions; lack of proper financial resources of the state to conduct a full-fledged social policy; globalization as a factor of helping enterprises to comply with international norms and standards; development of partnership and cooperation between the state and business; decentralization of power; increasing the role of the community; strengthening of competition, including international ones; globalization of the labor market; revival of consumer interest in the company's behavior in society; the growth of the public movement and

government measures to protect the environment; the actual interference of corporations in the social and political life of society.

At present, such practical manifestations of responsible business conduct as social programs, stakeholder dialogues and corporate social reports have become widespread. A significant number of entrepreneurs and large companies develop and implement their own social programs, supporting projects initiated by social and political structures, providing charitable assistance to educational institutions, health

care, culture, and public organizations. The Center for the Development of Corporate Social Responsibility which priority areas are corporate social responsibility in times of crisis, the development of education, social responsibility of state authorities, the promotion of Ukraine abroad, human rights, and the development of social entrepreneurship, is strongly supported by such initiative [9].

According to the results of the study, the main directions of increasing the social responsibility of business are presented on Fig.1.

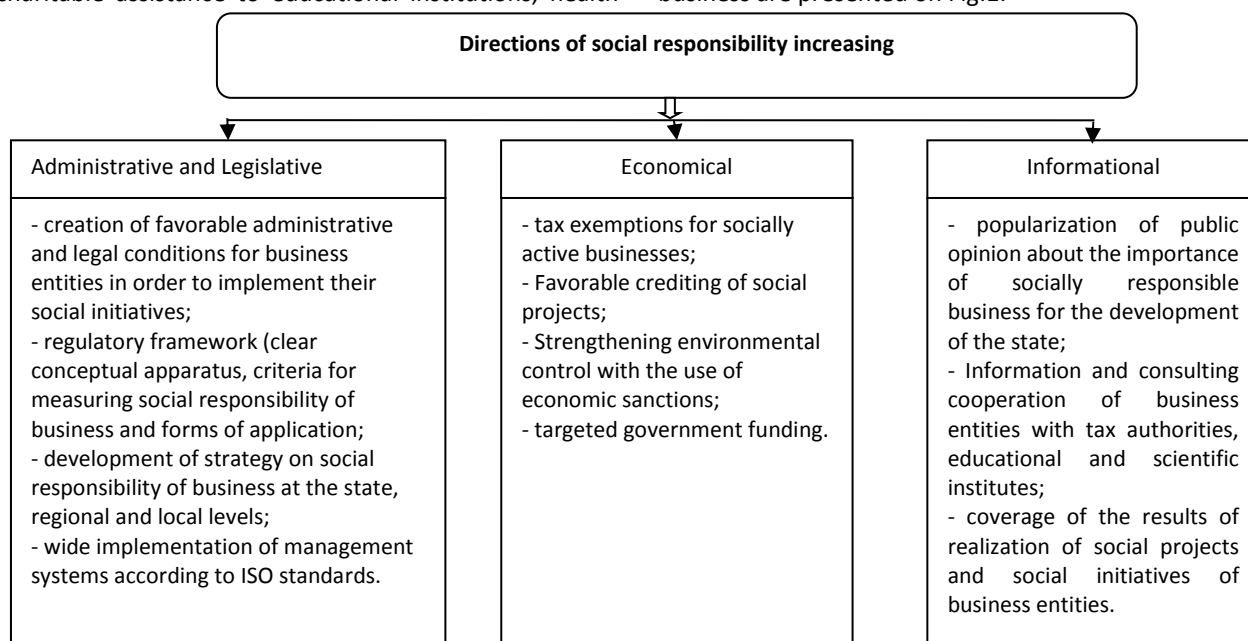


Figure 1 – Measures of national business social responsibility increasing

Recourse: developed by the authors

Corporate social responsibility has a manifestation in the implementation of social programs of external and internal orientation. In this case, the social activity of economic entities is characterized by voluntary, systematic and part of the overall strategy of enterprise development. Under these conditions it will not only help to maintain loyal customers and strengthen brands, but also to obtain the necessary support from the community and international partners in implementing their own development strategies and will bring dividends to enterprises in the long run.

Conclusions. The analysis of the essence and stages of the basic development of business social responsibility in

the world suggests that in the historical development there was a discrepancy of views and the absence of a common logical base in the interpretation and understanding of this concept.

Today, the concept of corporate social responsibility is trying to be integrated into its development strategy. First of all it is about large companies and enterprises. The strategic direction should be reflected in those improvements that were or could be implemented and aimed at improving the quality and efficiency of the business processes, and ultimately, reflected on the qualitative characteristics of social life and Ukrainian society.

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