THE EFFECTIVENESS RESEARCH OF THE COMPLIANCE OF THE SOCIAL RESPONSIBILITY PRINCIPLES OF UKRAINIAN BUSINESS

Abstract. In the article authors review principles of corporate social responsibility and study components of the social responsibility program. Also, authors’ method for assessment of the social responsibility programs is proposed. This method allows to assess efficiency of social responsibility program for organization involving all its components as well as quality of information and communication support. Another reviewed question in the article is developing a social responsibility strategy, which should be a logical extension of organization’s mission, values and principles. The perspective development of the system of interaction between state and business in solving social problems.

Keywords: social responsibility of business, program of social responsibility, corporate social responsibility, principles of social responsibility, business.

JEL classification: H43, L14, L29

Formulas: 3; fig.: 0, tabl.: 5, bibl.: 10.
ИССЛЕДОВАНИЕ ЭФФЕКТИВНОСТИ СОБЛЮДЕНИЯ ПРИНЦИПОВ
СОЦИАЛЬНОЙ ОТВЕТСТВЕННОСТИ БИЗНЕСА В УКРАИНЕ В СОВРЕМЕННЫХ УСЛОВИЯХ

Аннотация. В статье рассматриваются принципы социальной ответственности бизнеса и изучаются составляющие части программы социальной ответственности. Приводится авторская методика оценки эффективности программы социальной ответственности, которая позволяет оценить результативность программы социальной ответственности для организаций, учитывая все её составляющих, а также качество информационного и коммуникационного сопровождения. Определены перспективы развития системы взаимодействия государства и бизнеса в решении социальных вопросов.

Ключевые слова: социальная ответственность бизнеса, программа социальной ответственности, корпоративная социальная ответственность, принципы социальной ответственности, бизнес.

Формул: 3; рис.: 0, табл.: 5; бібл.: 10.

Problem statement. Due to social–oriented changes in globalized society, in many countries new model, which involves enterprises social responsibility, becomes popular. Importance of the corporate social responsibility is caused by increasing influence of enterprises on all aspects of society’s life. It is already recognized as a stable, rational and efficient institution, and allows reducing social–psychological tensions, increasing quality of life, and providing effective environment protection on the background of globalization.

In general, social responsibility along with other factors of enterprise’s survival in competitive environment provides stable long–term development of an organization, leads to joining interests of business owners, employees, society and state.

There are many hopes for businesses social impact. That is the reason why study on compliance with the principles of social responsibility is relevant nowadays.


Remaining parts of the problem. According to the modern experience, sustainable growth of enterprises can be based on the principles of public sector, corporate and individual partnership, which involves combining resources of enterprises and state. However, importance of the social responsibility is underestimated. Moreover, economic literature doesn’t state a question about efficiency of compliance to the principles of the corporate social responsibility, which is important for building a modern society.
The goal of the article is to research the importance of respecting the principles of corporate social responsibility as an effective aspect of the management.

Main part. Social responsibility is a foundation, which holds all the system of social relations. In this case, it is a mandatory part of the macrosystem individual–state–society.

Responsibility as a social phenomenon involves all kinds of activities. Therefore, its measurement is present in all social activities. Its goal is to arrange, harmonize social relations and provide their stable development [2].

So, there is a requirement for study of corporate social responsibility (CSR), which is on the early stage of development in Ukraine. The most advanced in this domain are both foreign corporations, which bring modern worldwide practices, principles and standards to the Ukrainian society and Ukrainian enterprises which improve their activities according to the quality management concepts.

However, this process requires a certain level of coordination and stimulation by state, which should recognize corporate social responsibility as a desired behavior for enterprises. That is already done by number of states–members of the European Union.

There is no single definition to the term of “corporate social responsibility”. In general, corporate social responsibility is about the way companies provide their operations to create social impact.

Corporate social responsibility – is a voluntarily participation in the development of the society in social, economic or ecologic domains related to the main activities of the company [8].

Social responsibility has the following set of properties as a view a business:

1. Corporate social responsibility (CSR) is an enterprise’s voluntarily choice in conditions of increasing competitiveness and decreasing trust to corporate structures.
2. CSR involves all local stakeholders: business, public sector, population, investors, media and others.
3. CSR is not a tool for resolving social issues of the society, but a way to develop the environment, the enterprise operates in.

Sponsorship, charity or direct funding are the most obvious and simple ways for company to take part in local social initiative [1].

In terms of social entrepreneurship, corporate social responsibility is a method to achieve economic success with respect to the values of the local communities, care about the environment and providing positive social impact.

International Business Leaders Forum (IBLF) determines corporate social responsibility as assistance to the responsible business practice, which benefits both enterprises and society. Such practice helps to achieve social, economic and ecologic sustainable development through positive influence on the society and reducing negative externalities.

In terms of the World Business Council for Sustainable Development corporate social responsibility is a “enterprises obligation to assist sustainable economic development by working with employees, their families, local communities and society in general to improve quality of their life”.

According to a more general definition corporate social responsibility – is a concept of involving social and ecologic aspects into the enterprises activities on basis of voluntarily interaction between different stakeholders. This concept also defines follows:

- CSR involves both social and ecologic aspects – it is a corporation’s contribution to the achievement of sustainable development goals (UN SDG).
- Corporate social responsibility is not and should not be separated from enterprises business strategy, as CSR is not a kind of “superstructure” or extra part of business, but a way to increase efficiency of the enterprises activities both in short and long term perspectives.
- Social responsibility is voluntarily [9].

To implement CSR it is important in which way enterprises interact with their inside and outside stakeholders: employees, clients, communities, NGOs, public sector, etc.
Companies maintain their corporate responsibility model, which is based on widely recognized principles in respect to their business domain and development priorities. There are several main concepts of CSR, which are usually used by enterprises:

- Active social position of a company as an integral part of social process to improve a wellbeing of the society.
- Ecological responsibility and improving eco–efficiency.
- Sharing experience of building social responsible business.
- Employee as a most important component of effective enterprise operations
- Following the principles of corporate ethics based on ideas of leadership, motivation, respect to others and care about the future
- Assistance to the state’s social initiatives.
- Increasing competitiveness and profits of the company in order to increase social impact
- Openness for partnerships to provide sustainable development of the society
- Recognizing the key principles of the corporate social responsibility as a basis for the corporate policy [3].

The following key parts of the corporate social responsibility can be got after structuring the previous concepts:

- Responsibility to the society, state and international community
- Responsibility to the customers
- Responsibility to the environment
- Responsibility to the competitors
- Responsibility to the partners
- Responsibility to the employees
- Not only international enterprises share principles of corporate social responsibility but Ukrainian businesses as well. However, in Ukraine this acceptance is quite limited.

In case of implementing social responsibility principles enterprise gets such benefits as:

- Improving reputation in the society
- Increasing community’s trust to the brand and its products or services
- Increasing employees professional level and loyalty
- Opportunity to develop a safe operation environment due to its own corporate policy
- Satisfying standards of international economic community
- Opportunity for partnership with public sector organizations, NGOs and media.

Benefits of the society from the corporate social responsibility are:

- Opportunity for partnerships between business, public sector and community
- Opportunity for quick address help for individuals, who require it
- Improvement of social protection of citizens
- Opportunity to attract investments to particular domains
- Opportunity to get support of community initiatives, projects, development of social and creative activity of community, using of “intellectual resource” for needs of state and region [4].

Increasing level of publicity of enterprises activities in domain of corporate social responsibility will help an individual to understand, that for–profit organizations don’t only try to get profit, but also care about the community they operate in. Stimulating businesses to participate in development of the community is crucial, as enterprises are the main source of charity in Ukraine nowadays.

According to the experience, social responsibility is beneficial for all parts: state, enterprise and community, so implementing of targeted social projects is as important, as paying taxes for social needs of the state [6].

To analyze efficiency of the corporate responsibility principles implementation we propose its assessment method for enterprises and organizations.
This method was developed using “parametric assessment” technique. It supposes assessment of the CSR policy by the following components: responsibility to the society, state and international community; responsibility to the customers; responsibility to the environment; responsibility to the competitors; responsibility to the partners; responsibility to the employees.

This method gives opportunity to assess efficiency of CSR strategy of organization including all its components and quality of program’s media coverage. We propose the following assessment algorithm:

1. Define all the components of the corporate social responsibility program.
2. Define weight coefficients of each of the components according to the clients’ expectations (by research method).
3. Quantitative evaluation of each parameter of the social responsibility program.
4. Quantitative assessment of publicity level for each parameter.

It is advisable to conduct assessment with ten–point scale. Grade shows influence of give aspect to the organization’s operations. (scale can be found in table 1) [10].

<table>
<thead>
<tr>
<th>Grade</th>
<th>Aspect description</th>
<th>Number of points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfect</td>
<td>Aspect of the CSR program is systematic and implemented by well–structured set of operations</td>
<td>10–8</td>
</tr>
<tr>
<td>Good</td>
<td>Part of the CSR strategy has systematic approach but its implementation is limited</td>
<td>7–5</td>
</tr>
<tr>
<td>Average</td>
<td>Part of the CSR program has time–to–time approach</td>
<td>4–2</td>
</tr>
<tr>
<td>Poor</td>
<td>There is no CSR strategy for this aspect</td>
<td>1–0</td>
</tr>
</tbody>
</table>

Assessment of the media coverage of each aspect is also to be done in ten point scale (Table 2).

<table>
<thead>
<tr>
<th>Grade</th>
<th>State of the information and communication message in the give domain of the CSR program implementation</th>
<th>Number of points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excessively</td>
<td>Information about the implementation bout the CSR strategy in a specific direction is shared via all available internal and external channels. Information and communication message exaggerates the real state of the CSR program implementation.</td>
<td>10–8</td>
</tr>
<tr>
<td>Adequate</td>
<td>Information about the CSR strategy implementation in given aspect is shared both via internal and external communication channels. Information and communication message equals real level of CSR programs level in given domain.</td>
<td>7–5</td>
</tr>
<tr>
<td>Limited</td>
<td>There is very limited information shared about the implementation of the CSR program in given domain. Only internal communication channels are used.</td>
<td>4–2</td>
</tr>
<tr>
<td>Poor</td>
<td>There is no information provided for stakeholders about the CSR strategy implementation in given direction.</td>
<td>1–0</td>
</tr>
</tbody>
</table>
For assessment and analysis of the efficiency of the compliance with the corporate social responsibility principles according to the key parameters, we suggest following form of the final assessment table (Table 3).

**Table 3. Final assessment table of the efficiency of the CSR program**

<table>
<thead>
<tr>
<th>Components of the corporate social responsibility program</th>
<th>Weight of the criteria (A)</th>
<th>Grade for the CSR program component</th>
<th>Grade for the level of information and communication message</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>N1i</td>
<td>N1i×A1, N2i, N2i×A1</td>
</tr>
<tr>
<td>1. Responsibility to the society, state and international community</td>
<td>A1</td>
<td>N11</td>
<td>N11×A1, N21, N21×A1</td>
</tr>
<tr>
<td>2. Responsibility to the customers</td>
<td>A2</td>
<td>N12</td>
<td>N12×A2, N22, N22×A2</td>
</tr>
<tr>
<td>4. Responsibility to the competitors</td>
<td>A4</td>
<td>N14</td>
<td>N14×A4, N24, N24×A4</td>
</tr>
<tr>
<td>5. Responsibility to the partners</td>
<td>A5</td>
<td>N15</td>
<td>N15×A5, N25, N25×A5</td>
</tr>
<tr>
<td>6. Responsibility to the employees</td>
<td>A6</td>
<td>N16</td>
<td>N16×A6, N26, N26×A6</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>∑N1×A</td>
<td>∑N2×A</td>
</tr>
</tbody>
</table>

Based on calculations in the final assessment table several assessment indexes can be retrieved:

- **Efficiency index of the corporate social responsibility program** ($E$), which denotes level of the development of the corporate social responsibility program of the organization (formula 1):

$$E = \frac{\sum N1 \times A}{100},$$

- **Index of the information coverage of the corporate social responsibility program** ($E_i$), which describes level of information messages about the corporate social responsibility program and their correspondence to real level of such programs (formula 2):

$$E_i = \frac{\sum N2 \times A}{100},$$

- **Coefficient of the information supply of the CSR program** ($I$), which determines how do the information messages correspond to the real level of the corporate social responsibility program implementation (formula 3):

$$I = \frac{\sum N2 \times A}{\sum N1 \times A}.$$

Efficiency index ($E$) can vary in range of the parametric assessment scale – from 0 to 10, where each value has its economic value (table 4).
Table 4.

<table>
<thead>
<tr>
<th>Level of the CSR programs in the organization</th>
<th>Characteristic of the CSR development</th>
<th>E-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perfect</td>
<td>Programs of corporate social responsibility have systematic approach and provide implementation of the CSR principles in all components</td>
<td>10–8</td>
</tr>
<tr>
<td>Good</td>
<td>Programs of corporate social responsibility are implemented and provide cooperation of several components of the CSR</td>
<td>7,99–6</td>
</tr>
<tr>
<td>Average</td>
<td>Programs of CSR are episodic and mostly interchanged with “charity”</td>
<td>5,99–3</td>
</tr>
<tr>
<td>Poor</td>
<td>Corporate social responsibility program is not developing</td>
<td>2,99–0</td>
</tr>
</tbody>
</table>

Efficiency index of the corporate social responsibility program (E) determines actual level of such programs, and index of the information coverage of the corporate social responsibility program (Ei) denotes that level of development of the corporate social responsibility program, which is believed by the community members based on the organization’s communication policy. So, if \( E > E_i \), that means that organization has too weak information strategy.

Coefficient of the information supply of the CSR program (I) should be analyzed with the following scale:

- \( I < 1 \) – information supply doesn’t meet the real level of the corporate social responsibility program, is too low and requires improvement;
- \( I = 1 \) – information support of the organization’s corporate social responsibility programs corresponds to the real level of such programs and capable of delivering all required information to the stakeholders;
- \( I > 1 \) – media coverage of the CSR program is biased and exaggeration of real results of the social responsibility program. This grade means, that organization doesn’t really implement corporate social responsibility programs, but rather pretend to do that.

Using of this method will allow to react to changes of stakeholders’ expectations and take them into account when calculating efficiency of the corporate social responsibility program.

Let’s calculate coefficient weights of parts of corporate social responsibility programs in Ukraine, based on author’s sociological research. Received coefficients put into the table 3. This method allows to find efficiency and attractiveness of a social responsibility program for different target domains, as it is possible to use not only grades for all the set of respondents, but for separate markets as well. For example, separate for youth, women, retired etc [9].

As part of the expert study, we have conducted research on the importance of corporate social responsibility components for Ukrainian businesses. About 138 respondents took part in the study, including CEO’s of the enterprises which declare compliance to the principles of CSR from all regions of Ukraine. Assessment was done in November–December of 2016. Experts’ task was to give weight coefficients for each part of corporate social responsibility. Results of the survey allowed us to figure out weight of each component (table 5).

Expert assessment shows priorities in the corporate social responsibility programs. Unfortunately, ecologic component is traditionally underestimated in Ukraine. However, it is good to notice trend to respect customers’ priorities and employee oriented approach [5].
Table 5.
Weights of the component of CSR programs according to the experts from social responsible businesses of Ukraine (December, 2016)

<table>
<thead>
<tr>
<th>Components of corporate social responsibility</th>
<th>Weight coefficient of the component (А)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>1. Responsibility to the society, state and international community</td>
<td>24,2%</td>
</tr>
<tr>
<td>2. Responsibility to the clients</td>
<td>18,9%</td>
</tr>
<tr>
<td>3. Responsibility to the environment</td>
<td>12,1%</td>
</tr>
<tr>
<td>4. Responsibility to the competitors</td>
<td>11,5%</td>
</tr>
<tr>
<td>5. Responsibility to the partners</td>
<td>14,1%</td>
</tr>
<tr>
<td>6. Responsibility to the employees</td>
<td>19,2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

Conclusion and perspective for further research. Strategy of corporate social responsibility should be a logical extension of enterprises mission, values and principles. Social responsibility should be integrated into decision–making process as those decisions influence society and environment. Therefore, organizations should systematically manage decision–making to increase opportunities for:

- achieving balance of the interests of all the stakeholders: employees, management, shareholders, business holders and creating effective communication between them;
- efficient usage of financial and human resources in order to provide representation on the top–management level those groups which are not enough represented on management positions;
- assistance to involve employees into the decision–making processes related to the social responsibility;
- delegation of the powers according to the responsibility, which is help by each employee;
- providing control of the organizations decisions execution in order to establish responsibility for the results of its operations [7].

Incorporating of corporate social responsibility into the organizations strategy supposes also, creating of structures responsible for development and implementation of social responsibility methods or delegating these powers to management of higher rank; allocating designated budget for development of programs on social responsibility and introducing system to monitor their implementation.

Література

References

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