EVOLUTION ASPECTS OF DEVELOPMENT OF CORPORATE SOCIAL RESPONSIBILITY

Abstract. Since the late 1980’s in Europe and USA received broad support and development of the philosophy of corporate social responsibility. These concepts formed in the whole world recently, about 60 years ago. Prior to this period, there were different standards and regulations in the areas of corporate governance, corporate ethics, and relationships with competitors, responsibilities towards the society and the country. Social policy rules and standards have not been developed at all because there was use of the “random” approach. However, from the late 1960s–1970s leading U.S. and European companies have started to come to an understanding of the need to unite different elements of corporate policies related to the relationship of the company with the environment, and to the development of a single integrated approach to interaction with society. Such a policy, would have to be associated with the philosophy of the company, its marketing strategy, and it should meet the expectations of society. The main reasons for the intensive development of corporate social responsibility in 1970s, in developed countries was because of the failure of consumers to purchase goods and services of irresponsible companies, as well as the growth of the trade union movement. At the same time in Western Europe and the United States ratcheted up the labor and environmental legislation, there were public policy initiatives aimed at developing the corporate social responsibility.

Keywords: corporate social responsibility, theory of CSR, evolution of CSR, stages of development of CSR, models of CSR.

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ЭВОЛЮЦИОННЫЕ АСПЕКТЫ РАЗВИТИЯ КОРПОРАТИВНОЙ СОЦИАЛЬНОЙ ОТВЕТСТОВЕННОСТИ

Аннотация. В статье проанализированы эволюционные аспекты развития корпоративной социальной ответственности на основе исследования экономического, политического и социального направлений развития общества в сфере государства, предпринимательской активности и маркетинговой стратегии. Определены предпосылки становления и развития науки «корпоративная социальная ответственность», имевшие определяющее влияние на ее современное понимание. Результаты исследования, представлены в статье предполагают открытие новых горизонтов и направлений для проведения научного анализа содержания корпоративной социальной ответственности с целью объединения науки и практики, а также создание условий для ее интеграции в деятельность субъектов хозяйствования.

Ключевые слова: Корпоративная социальная ответственность (КСО), теории КСО, эволюция КСО, этапы развития КСО, модели КСО

Introduction. Corporate Social Responsibility (CSR) become one of the standard method of modern businesses. Creation of strategy of CSR is the most important component of companies competitiveness what involves the activities which integrate social, environmental, ethical, human rights or consumers needs into business and companies strategy of development, that takes place in cooperation with stakeholders. Today CSR is a comprehensive and global concept which brings together social responsibility, social activity and the range of socially useful activity of enterprises.

At the last sixty years, evolution of CSR radically changed its signs from the organizational innovation of global corporation to the standard technology of introduction of this phenomenon into the organizations practice of various forms of ownership and management of different sizes and types of economic activity that operate in worldwide. Forming the special departments and project groups with the introduction of CSR system, implementation the ethics codes and corporate culture, drafting the social investments, preparation and publication of social reports – not a complete list of managerial innovations that nowadays widely used in practice of different organizations. Thus, according to available data, in 2010 in the World was publishing more than 4 000 reports about social responsibility of companies, whot in four times more than in 2000 [1, p.5].

In addition to CSR concepts and practices is to provide an overview of how the concept and practice of CSR has grown, manifested itself and flourished. Evolution of CSR have to define the economic, social and political changes that have influenced into businesses understanding and approach the basic aspects of CSR.

Literature review and the problem statement. Modern concept of corporate social responsibility absorbed the previous theoretical results and had formed as a justification for corporate responsibility to society. In foreign research of CSR, the strategic point can be considering in Howard Bowen’s book “Social Responsibilities of the Businessman”, which reflected the determination of the meaning of the concept of CSR [2, p.86]. Subsequent were studies of CSR presented by K. Devis, J. McGuire, S. Network, where they specified the concept and contend of social responsibility [3, p.316]. Following publication of the study by R. Freedman in 1984, the theory of CSR and stakeholders began used widely to analyze and explain the relationship between the companies and society. Similar definition of stakeholders can be found in future studies of A. Csrroll [4, p.510]. Through this research CSR become the special and inevitable trend of management in global scale.
Research problems of corporate social responsibility in the Ukrainian scientific literature had been providing by N. Voloskovets, O. Hrishnova, T. Ignatenko, R. Kolyshko, O. Lazorenko, N. Suprun and others [5–7]. Integration of social responsibility into authorities had been analyzed by O. Melnychenko and V. Loza [8, p.20]. L.Korsheva, V. Novikov and O. Nykytuk in their article “On the quality of power within the concept “sustainable development” and “social responsibility” had researched the ideology of authority in different spheres of human activity and the government role in managing of active development of society [9]. I.Savchenko had revealed the contents of multifunctional role of social responsibility as a tool of solution social problems in the society [10, p.7]. But still remain the unresolved problems of influence the prerequisites of development of social responsibility at modern society.

The purpose and research problems. Purpose of the article is to analyze the evolution of development of corporate social responsibility from position of its practical application during the formation and development of organization’s management system to the modern integration worldwide.

Research results. Social responsibility, like a management, is the base of human development and social activity. This evidence in report of the UN General–Secretary Kofi Annan in 2002, “Development of guidelines on the role and social responsibility of the private sector”, states that “the presence of the big companies a certain manifesto on corporate social responsibility becomes a prerequisite for any successful corporate communication and public relations strategy"[4, p.509].

As mentioned before, the term “Corporate social responsibility” was first time used in 1953 by famous American scientist Howard R. Bowen in his monograph “Social Responsibilities of the Businessman” [2, p.86]. It reflected the determination of the meaning of the concept, as well as opportunities for further detailed study of the CSR. According to the monograph, Bowen was first who had started to research the new science – social responsibility. However its roots being lied earlier, at the period of incipience and growth of business activity. Evolution research of CSR is actual, because contemporary visual meaning of CSR conception started due to progress of management and marketing system and based the partnership between the business participants and stakeholders at the period of yield their relationship. Namely, modern visual meaning of social responsibility is the result of different evolutional aspects more than in its methodology.

Crucial in the evolution of social responsibility had been commencing by the industrial, democratic and educational revolutions, which had started in England and was increasing into American system of corporate governance as a special marketing strategy [11, p.499]. Due to the revolutions, East countries had changed political system of society in social activity direction. It was the main point of modeling and adaptation of special national states in different countries which was basing on common culture, language and human ethncial independence, their equality. Actually creation of social–oriented state with entities support and activity had provided socio–political conditions of development of market economy system [12, p. 168]. Actually, industrial revolution was mainly based on the development of heavy industry what helps to build massive infrastructure such as railway, roads or building construction. The powerful families, owning the firms have instead resources for influencing at public affairs [13, p. 66].

As a reaction into changes in states, political systems, due to revolutions, had been formed absolutely new economical centers – which states with the system of legislative and regulatory standards in the national economy. However, have changed the status of economical individuals (entities) in society from consumer to socially active. A large number of sellers contributed to the impossibility of influence into the market price, which began to takes as a proper. Because of the similarity between the goods, the base criteria of its chosen became the price of these goods and companies social activity. What is more, market become a base of livelihood of entrepreneurs who, in order to keep it began to actively develop and implement the concept of marketing management (from production to social and ethical). At the result of there changes was based new trend of social–oriented activity, which was named soon as Corporate Social Responsibility [12, p. 169]
In examining the mid-to-late 1800’s, it is apparent that emerging businesses were especially concerned with employees and how to make them more productive workers. Then, and now, it is sometimes difficult to differentiate what organizations are doing for business reasons and what the organizations are doing for social reasons [12].

Next period of economic development at the countries of East Europe and USA was providing with the transition to monopolistic competition [12, с.240]. Monopolies formation were an objective and logical process at market economy. The main reason of these process was getting the maximum profit according to the influence of competition, product and capital centralization. At the same time, significant influence into the formation of monopolistic corporations had authority in the country, socio-economic structure of the population, education and science, the population mentality. This market situation caused the need for a formalized management practices.

Currently, two models are developed in the direction of expansion of social programs, as significant budgetary costs on both sides of the ocean: American and Europian. An important role in the growth of these models was played by oil prices and the need to subsidize certain industries and spheres of life, forced the government to address the business with a request for possible assistance in implementation of social programs. Another important aspect of combining the two approaches – the location of production in developing countries, where the problems of implementing CSR are similar for both systems. Finally, the need to reduce the tax as a form of stimulating economic growth is an additional factor for the cultivation of social responsibility among the business community.

One of the major issues of the beginning of CSR evolution was a legal question. Could the idea of limited charter powers and the concept of management as trustee of the stockholders’ property work together to create the nineteenth–century legal basis for corporate philanthropy? [14] Actually, philanthropy, or corporate contributions, have assumed a central role in the development of CSR since the beginning of the time periods being examined. According to Sophia Muirhead in a research report for The Conference Board, the period of the 1870’s to 1930’s should be considered the “prelegalization period” of corporate contributions [17, p. 48]. Prior to the 1900’s, corporate contributions were perceived by many in a negative light, being seen as giving away stockholders’ assets without their approval.

So, at the beginning of XX century, had been changed the economy, scientific, educational and cultural spheres of human life due to technological revolution. However, were exacerbated social problems, including workers demonstrations for their rights, for higher wages. Deniel’s A.Ven history of management indicates that in the late nineteenth century were observed abuses in the field of HR–management in the UK and the USA on exploitation of women and children. creation of social responsibility has caused a series of reforms to resolve social problems [14]. During this period, the CSR system took on the nature of humanity, philanthropy and business integration into the social direction. The main task of CEOs was a combination of economic activity with social aspects of social development. Intensive development of market economy, transition economy in the monopoly stage of development, qualitative changes in the structure of consumer needs, consumer market development, increasing individualization of economic life – all this led to the formation in the 60–70’s years of the nineteenth century. New trend of corporate governance – Corporate Social Responsibility [10, с.246].

Schematically, a few milestones that influenced the “new” history of corporate behavior can be represented at four stages:

First stage: 50 – 60 years of the twentieth century: Foundation of scientific approaches and research in management, which determined the "new" role of business management in the business;

Second stage: 70 – 80 years of the twentieth century: the spread of the dissatisfaction of companies activities among local communities on a global scale;

Third stage: the 1990s: increase of globalization process and technological progress, updating of environmental protection and the development of a new model of stakeholders;
Fourth stage: The beginning of the XXI century: promoting the idea of sustainable development and the introduction of the Global Reporting Initiative (GRI) [4, p.514]

Briefly describes each of these stages by analyzing the market situation, place of CSR in business economy, its marketing concept.

First stage (1950–1960’s) CSR development associated with the integration processes of European civilization and the development of corporations state regulation. In the post–war period there was intensive industrial rise of economically developed countries. Has changed the structure of the world economy, science turned into a direct productive force, significantly increased investment into the economy, changed their technological structure. At the same time concentration and centralization of production and capital were increasing. The economic power of monopolies become stronger. An overwhelming tendency was the emergence of transnational corporations [12, p. 247].

World economic thought of this period was presented by aggregate of concepts, whose authors argued for a mixed economic system, based on the predominance of the market and private property. The obligatory condition of such a system was government regulation.

In these period, CSR become a part of corporate governance just in the U.S. and Canada [2, p. 351]. One internal difference between America and Europe has to do with social attitudes toward private vs. public institutions. At the risk of some exaggeration, Europeans are instinctively more trusting toward government and distrustful toward corporations. Americans, on the other hand, seem to trust corporations more than they trust government institutions [16, с. 5]. Therefore, while European companies expecting CSR implementation of the legislation, US companies are developing new technologies in this field.

However, in USA the CSR is mainly covered the issues of corporate philanthropy, social security to its staff, as well as assistance to local governments on a professional basis and sponsorship. This work is interwoven with the functions of corporate Public Relations — PR. Prior to this period there were different standards and regulations in the areas of corporate governance, describing the personnel policy approaches to environmental protection, corporate ethics, relationships with competitors, duties to society and the state. In the area of social policy rules and standards have not been developed at all, use of the “random” approach: working on the appeals, the answer to the request of the local authorities or the demands of unions.

In summarizing what CSR meant in the 1950–1960s, William C. Frederick, one of the early pioneers of CSR, asserted that there were three core ideas: the idea of corporate managers as public trustees, the idea of balancing competing claims to corporate resources, and the acceptance of philanthropy as a manifestation of business support of good causes [17, p.54]. At these period was one of more ‘talk’ than ‘action’ with respect to CSR. It was a period of changing attitudes, with business executives learning to get comfortable with CSR talk. There were very few corporate actions, to report that stood out in terms of accommodating this new theme. Just to the end of the 1960s, business practices that might be categorized as social responsibility embraced such topics as philanthropy, employee improvements (working conditions, industrial relations, personnel policies), customer relations, and stockholder relations. But, in the 1960s, there was still more talk than action on the CSR front [14].

The beginning of the 1970's, was intensified public pressure on corporate compliance with the needs of society through the implementation of charities and charitable programs. Companies implemented a program of monetary or material support of the economically unprotected layers of population. Business and social activity while were really delineated. CSR Development of this period was due to public choice theory, which studied ways and methods by which the population uses government agencies and corporations for their own benefit [12, p. 245].

In second stage of CSR evolution, major USA and European companies have started to come to an understanding of the need to unite disparate elements of corporate policies related to the relationship of the company with the environment, and to develop common holistic approaches to interaction with society. Such a policy, on the one hand, would have to be linked with the
philosophy of the company, its marketing strategy, on the other hand, would meet the expectations of society [4].

Thus, in the 70–80's of XX century, was formed the basic concept of corporate social responsibility, which included voluntary implementation of corporate commitment to the community by promoting the improving quality of life of the population. The main idea of social responsibility of this period was increasing corporate philanthropy into the corporate management system, limiting of staff labor exploitation and providing the cooperation with the government for establishing strategic relationship towards the development of local areas. The main focus of CSR was given to the various standards and regulatory norms of corporate governance, which explained the specific areas of environmental protection, corporate ethics, relationships with competitors in relation to population and area. In the field of social work was not based common rules and standards, instead used "random" activities: processing applications and letters of population complaints, response of social policies across the surrounding area (community).

The third stage in the evolution of corporate social responsibility – a stage of standardization and harmonization had began in the end of the twentieth century. The cause of this stage was the desire to unify corporate activities in the field of social responsibility towards business interactions with the environment and society as a whole. Influenced of globalization, was observed strengthening the relationship of national economies in the world and creating a global finance market, goods and services market. Based on the internationalization of economic life, which involves mutual adaptation of national economies, began to formed global international groups [12, p. 337].

By the beginning of the XXI century, most large companies in the U.S. and Western Europe have formed their own policies of CSR. Moreover, had been created business combination, the purpose of which was to develop and promote the concept of CSR, the subject began to be developed by researchers and experts working in the field of corporate governance, as in all training courses on corporate management of leading economic institutions included the study of the concept of corporate social responsibility. [18, p. 516]

Since the 1990's the main focus of CSR development reduced to forming and assessing the degree of interaction between associations of producers or corporations and charitable organizations. The policy of social responsibility has become a major part of the development and success of companies through the strategy of socio–ethical marketing. According to the research, the driving force of transformation to a new business milestones of CSR was the factor of "psychological pressure". Content of this factor predicted the ratio of products manufacturer with a certain quality manufactured goods, and the ratio of the image of the company with the interests of stakeholders.

Taking everything into account, in 1990’s CSR development characterized by the fact that the business moved from combat the effects of social problems to overcome these problems. Corporation have realized that solving of their problems could be providing through combination of their CSR with their own strategic goals. Another major trend that characterized these period and continues today is the emergence of many different companies that have developed excellent reputations for CSR practices.

At the fought stage of CSR development, most of the large companies in the US and the European Union formed their own corporate social responsibility strategy. Actively began to develop training strategies of corporate management, as the foundation of successful development of the company based on CSR.

In the XXI century the CSR movement has been a global phenomenon. The interest and growth of CSR has been most evident in the European Community. According to a report prepared by the Organization for Economic Co–operation and Development (OECD, 2001 ), voluntary initiatives in corporate social responsibility have been a major trend in international business in recent years. The OECD project on private initiatives for corporate responsibility showed what CSR
is definitely a global phenomenon, though there are important intra-regional variations in practice [14].

It is clear from CSR trends and practices that social responsibility has both an ethical or moral component as well as a business component. In today’s world on intense global competition, it is clear that CSR can be sustainable only so long as it continues to add value to corporate success. It must be observed, however, that it is society, or the public, that plays an increasing role in what constitutes business success, not just business executives alone, and for that reason, CSR has an upbeat future in the global business arena. The pressures of global competition will continue to intensify, however, and this will dictate that the “business case” for CSR will always be at the center of attention.

**Conclusions.** Summarizing the evolutionary aspects of CSR we can conclude, that by the 1990’s decisions about choosing social initiatives taken primarily in view of the need to "do good, for to look good." Corporation formed, performed and reported on an annual budget aimed at charity. All commitments had short–term character which allowed companies to diversify the scope of manifestation of CSR. A common tendency has been avoiding issues related to the core business in practice [14].

Under modern conditions, corporate social responsibility is an integral part of corporate activity. From the obligation charity has become an important part of corporate strategy. This greatly contributed the practical implementation of the companies activity as a significant amount of mandatory social reports. Charity has become the norm of corporate social behavior.

**Література**


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