

Теоретико-методологічні засади дослідження політичних аспектів соціальної відповідальності бізнесу

У статті автор розглядає об'єктивні основи розвитку соціальної діяльності бізнесових структур та її політичні аспекти. Проаналізовано різні підходи до інтерпретації категорії «соціально відповідальний бізнес» та висловлено авторський підхід до цього поняття. Розглянуто чинні моделі соціальної відповідальності бізнесу у провідних країнах світу (американську, європейську та японську). Виявлено особливості прояву соціальної відповідальності бізнесу в Україні та визначено шляхи її подальшого розвитку.

Ключові слова: держава, соціальна відповідальність бізнесу, соціалізація бізнесу, громадянське суспільство.

Iryna Butyrka

Theoretical and Methodological Grounds for Research on Political Aspects of Corporate Social Responsibility

The author of the paper focuses on the objective grounds for development of social activity carried out by business structures and its political aspects. Various approaches to the interpretation of the category “socially responsible business” have been analyzed and the author’s explanation of this notion has been introduced. Current models of corporate social responsibility in leading countries of the world (American, European and Japanese) have been considered. The peculiarities of corporate social responsibility in Ukraine have been revealed and the ways of its further development have been established.

Keywords: state, corporate social responsibility, socialization of business, civil society.

Problem Statement and Relevance of the Study.

Transformational changes, which take place in the post-Communist countries, members of the EU, reveal themselves in modification of political, economic, social processes, while examining key foundations of social production and chosen priorities of its development. Last

financial crisis significantly weakened potentials of the EU member states, uncovered their weak sides, especially social issues in policy of the EU members of the last enlargement. The aims of the EU Lisbon Summit of 2000 and its main slogan “to make EU economy the most competitive and dynamic knowledge-based economy in the world”, despite all EU efforts, have not been achieved, and in general have been transferred into new “Strategy for Smart, Sustainable and Inclusive Growth: Europe 2020”¹.

Member states of the EU rather heavily suffer from globalization, which penetrates into all political, economic and social relations, make countries and the supranational organization itself search for the new ways out. We suppose, that one of such ways out is interconnection between the state and business and formation of corporate social responsibility, what has been already proved in practice by well-developed countries of Europe and the whole world. The problem of corporate social responsibility as an important constituent of social policy, aimed at increasing of living standards of citizens in the context of modern conditions, is in the focus of coordination of interests of authority, business-structures and society, and in such a case it is worthy of special attention.

Overview of Recent Studies and Publications

The issue of corporate social responsibility is of great interest for many researchers and has been described in a number of works by foreign scholars. These problems have been analyzed by Ph. A. Boiry², J. P. Boduan³, W. G. Ouchi⁴, J. B. Manheim, R. C. Rich⁵, A. Ries, J. Trout⁶, J. Riggs⁷, K. Eklund⁸, M. R. Amstutz⁹, D. Caldwell, M. Hancock¹⁰ and others. Corporate social responsibility is in the focus of much scientific research. Among Ukrainian scholars these questions are rather studied by economists (as opposed to political analysts), namely

¹ Europe 2020. A Strategy for Smart, Sustainable and Inclusive Growth [Electronic resource]. – Access Mode: http://ec.europa.eu/archives/growthandjobs_2009/-26

² Boiry Ph.A. Public Relations or the Strategy of Confidence [Transl. from French]. – M.: KG «Image Contact»: INFRA-N., 2001. – 178 p.

³ Boduan, J.P. Management of Company Image. *PR: The Subject and Skill* [Transl. from French]. – M.: KG «Image Contact»: INFRA-M., 2001. – 233 p.

⁴ Ouchi W.G. Methods of Production Organization: Japanese and American Approaches. – M.: Ekonomika, 1984. – 184 p.

⁵ Manheim J. B., Rich R. C. Political Science. Research Methods. – M., 1999. – 544 p.

⁶ Ries A., Trout J. Positioning: The Battle for Your Mind / Transl. from Engl., Ed. Yu. N. Kapturevskiy. – StP., 2001. – 256 p.

⁷ Riggs J. Production systems: Planning, Analysis, and Control. – M.: Progress, 1972. – 340 p.

⁸ Eklund K. Effective Economy: Swedish Model [Transl. from Swedish.]. – M.: Ekonomika, 1991. – 349 p.

⁹ Amstutz M. R. International Conflict and Cooperation. – Boston, 1999. – 162 p.

¹⁰ Hancock M. D. Politics in Europe: An Introduction to Politics in the U.K., France, Germany, Italy, Sweden and the EU / M.D. Hancock (3 rd Edition). – NY, USA: Chatham House Publishers, Incorporated, 2003. – Pp. 315-319.

V. Valikov, V. Shapoval¹¹, T. Zaiats, O. Diakonenko¹², V. Marchenko, V. Osetskyi¹³, S. Melnyk¹⁴, N. Suprun¹⁵, I. Tsaryk¹⁶ and others. The researchers, who investigate various aspects of corporate social responsibility, touch upon the question of subject characteristics of social responsibility, forms of its realization in practical activities of enterprises, evaluation of results at micro- and macro-levels, arrangement of conditions for its qualitative improvement etc. However, the abovementioned problem is rather complex and requires further investigations in this field.

The aim of the paper is to substantiate theoretical and methodological grounds for political aspects of corporate social responsibility (hereinafter CSR), to prove the objective need for appearance of this phenomenon, to underline its role in a modern society, to analyze CSR models in leading countries of the world and specific features of CSR in Ukraine.

Findings and Discussions.

In academic literature there are various interpretations of the notion “corporate social responsibility”. Various differences can be traced due to the level of justification, chosen direction and level of generalization. Thus, in the shorthand notes of the Round Table proceedings, devoted to the issues of moral and business, it was mentioned that CSR is a voluntary business’ contribution to the development of society in political, social, economic and ecological spheres, related to the primary activity of a company¹⁷. N. Suprun states, that CSR is a long-term commitment of a company as to ethical business doing and encouragement of economic development of an enterprise, community and society in general¹⁸. O. Paskaver shares the same opinion¹⁹. It is obvious that in the first case the matter is in the businessmen’s desire to take part in improvement of society’s living conditions, and in the second one the transformation of this desire into the constant entrepreneurs’ duty is in the focus of attention. The

¹¹ Shapoval V.M., Valikov V.P. National Model of Corporate Social Responsibility: Problems of Formation and Prospects for Further Development // *State and Regions*. – 2007. – № 6. – Pp. 197-203. (In Ukrainian)

¹² Zaiats T. A., Diakonenko O. I. Transformational Changes of Social and Labour Relations in the Context of Social Capital Formation // *Economy and regions*. – 2012. – № 1 (32). – Pp. 111-117. (In Ukrainian)

¹³ Osetskyi V. L., Marchenko V. M. Corporate Social Responsibility in Ukraine as a Factor of Ensuring its Competitiveness // *Economy and State*. – 2007 – № 1. – Pp. 9-12. (In Ukrainian)

¹⁴ Melnyk S. V. Corporate Social Responsibility as a Constituent of Social Policy in Ukraine // *Economy and State*. – 2007. – № 5. – Pp. 71-73. (In Ukrainian)

¹⁵ Suprun N.A. Corporate Social Responsibility as a Factor of Stable Development // *Economy and Prediction*. – 2009. – № 3. – Pp. 71-74. (In Ukrainian)

¹⁶ Tsaryk I. M. Peculiarities of Market and State Regulation of Corporate Social Responsibility under the Conditions of Economic Cyclicity // *Actual Problems of Economy*. – 2011. – № 1 (115). – Pp. 155-159. (In Ukrainian)

¹⁷ *Moral and Business (Shorthand Notes of the Round Table Proceedings)* // *Economy and Prediction*. – 2009. – № 2. – Pp. 128-156. (In Ukrainian)

¹⁸ Suprun N.A. Corporate Social Responsibility as a Factor of Stable Development // *Economy and Prediction*. – 2009. – № 3. – Pp. 71-74. (In Ukrainian)

¹⁹ Paskaver O. Yo. *Big Ukrainian Capital: Relations between Authority and Society* / O. Yo. Paskaver [and others] ; Centre of Economic Development. – K.: Dukh I Litera, 2007. – 130 p.

authors of the work “Social Responsibility of Business: Interpretation and Implementation”²⁰ propose to consider CSR to be one of the important components of company’s commercial success. We reckon such approach to social responsibility to be a characteristic of commercial benefit and a part of business-structures’ interests.

More thorough definition of CSR is introduced in the Report from the Forum of Corporate Social Responsibility, where the participants determinate social responsibility as a business-structures’ strategy, as “a company’s responsible attitude towards its product or service, customers, employees, partners; as a company’s active social position, which lies in a harmonious coexistence, cooperation, interaction and continuous dialogue with society, participation in solving the most acute social problems”²¹. Thus, according to this interpretation of the content of CSR, cooperation between business and society, which is carried out for the benefit of public interests compliance, comes to the foreground. The same opinions are expressed by other researchers²², in particular V. P. Valikov and V. M. Shapoval²³, who state that the aim of CSR is to guarantee social security and social defense, taking into consideration abidance by the norms and rules of Ukrainian legislation, and by principles of business ethics, taking into account personnel’s and consumers’ interests, environmental protection.

Unambiguous assertion of some subjects’ rights is in opposition to the definition of CSR, according to which social responsibility must be aimed at respecting the interests of all the parties concerned and protection of their rights. Thus, business can be considered to be socially responsible, only when there are mechanisms, instruments, which will constantly ensure such kind of interaction. Otherwise, when business structures carry out separate social events, one can speak only of declaration of social responsibility.

Analysis of the mentioned approaches to the notion of CSR let us state that, it does not make any sense to consider social responsibility as a phenomenon, which represents either business’ or society’s interests. So, one should take into account different parties’ interests in such an activity. Besides, CSR should not be viewed as separate businessmen’s wish or as imposed appropriate demands of society. Persons’ own wish, society’s or companies’ desires do not appear from scratch and are not spontaneous or accidental. They just can seem to be such on the surface of actual reality.

Desires and duties as subjective phenomena in fact reflect imminent objective needs and induce to the search for ways of their meeting. To our point of view, the overall development

²⁰ Social Responsibility of Business: Interpretation and Implementation [Electronic Resource]. — Access Mode : [http://www.un.org.un/files/ Concept Paper.pdf](http://www.un.org.un/files/Concept%20Paper.pdf). (In Ukrainian)

²¹ Social Responsibility of Business: Principles of Systematic Action // Report from the Forum of Corporate Social Responsibility in Ukraine. – K., 2006. – 22 p. (In Ukrainian)

²² Moral and Business (Shorthand Notes of the Round Table Proceedings) // Economy and Prediction. – 2009. – № 2. – Pp. 128-156. (In Ukrainian)

²³ Shapoval V.M., Valikov V.P. National Model of Corporate Social Responsibility: Problems of Formation and Prospects for Further Development // State and Regions. – 2007. – № 6. – Pp. 197-203. (In Ukrainian)

of business-structures' social activity should be referred to acceleration of innovational improvements in the sphere of production and economy in general, which in their turn replace the conventional principles and forms of functioning of other spheres of society.

As it is known the crucial tendency of modern development is creation of knowledge-driven economy, establishment of informational society. That is why the main source of economic and social progress now is human's intellect, capable of making a choice of development priorities, improving the mechanism of productive processes, estimating the need for organizational improvements in the sphere of business activities and so on.

Under these conditions, the principles of business functioning in the frames of capitalistic economy change, as now the main stipulation for capital reproduction and its accumulation is an increase of intellectual potential and its massive realization in the benefit of wealth capitalization. The objective need for attracting human's intellect to the productive process, its transformation into the stem of social and economic development becomes more and more apparent in the business-structures' desire to accumulate social investment, i.e. investment into human capital assets. Therefore, in fact personified capital creates basis for its own reproduction and flowering, as nowadays without intellectual grounds it is doomed to the gradual deterioration and decay.

Reconfiguration of an investment pattern for the sake of social investment must occur in concrete organizational and legal perspective. It creates the need for formation of an appropriate legislation and regulatory framework for development of business-structures' social responsibility, its institutionalization, establishment of partnership relations on the ground of business ethics, business participation in elaboration of social projects and social program execution. Of course, it is impossible to assert, that in this case companies lose their own commercial interests and are fully transformed into the bearers of social interests. Striving for enrichment, dictated by the principle of economic determinism, does not lose its significance. But to some extent it is subordinated to the individuals' mutual interests. Some kind of symbiosis of combination of various interests by means of such phenomenon as application of CSR is observed.

So, on the one hand, for the benefit of achievement commercial goals business pays attention to social responsibility, which is defined as a factor that increases its business reputation and improves its image. Due to this, economic state and conditions for development of the companies are enhanced. One can observe the increase in the number of business partners, amount of additional investment, promotion of goods on the market, strengthening of competitiveness etc.

As influential corporate structures' experience shows, such regularities of development in fact assert themselves. For instance, scientists have analyzed operating results of 18 most famous American companies, which have been on the market for more than a hundred of years, and come to the conclusion that if the activity of these companies has first of all been oriented

on social values, they enjoyed 15 times bigger profit on every dollar, than on the average in the overall American economy in general²⁴. According to the data from Conference Board, companies which own socially responsible business, gain much better financial indexation in comparison with companies of traditional orientation. Thus, return on investment in the socially responsible companies is bigger in 9.8%, return on assets – in 3.55%, profit on the sale – in 2.79%, profit on income – in 63.5%²⁵.

But let us consider the results of such business-structures' social conduct from a different angle. Having transformed mechanism of social responsibility into the means of obtaining commercial success, companies, at the same time, function as market participants, interested in improvement of the quality of products and observance of consumers' interests, bearers of solution of unemployment problems, guarantors of social security, reliable sources of financial resources, environmentalists, as preservation of environment creates conditions for reproduction and development of human society. Social activity of business structures gives a chance to change fundamentally the form of the very social and labor relations and social and psychological management methods in a business environment, maintenance of ethic norms of conduct among personnel, leaders' care of workers' and their families' social needs, improvement of their living conditions, all these things contribute to harmonization of social relations on the basis of current social problems solving²⁶. So, business together with a state becomes a member of social transformations and changes within the political system of society, ensuring formation of civil society.

We assume that in the context of the social role of modern business, it is not enough to mention only social responsibility. When business acquires specific social characteristics, one can state, that a process of gradual business socialization is occurring. At first being created by the individual interests, after some time it changes into the form of combination of private and social interests, assists the process of society in general. Gradual evolution of business on the social basis, being objective in its nature, largely depends on those general conditions, which are in the foundations of entrepreneurial business²⁷, i.e. we mean the degree of economic, political, legal, civil maturity of any society.

The process of business socialization can be accelerated or, on the contrary, slowed down with the help of various means of influence upon it. We suppose, the crucial role here belongs to the state regulation. Means of state influence are different in various countries. That is why,

²⁴ Moral and Business (Shorthand Notes of the Round Table Proceedings) // *Economy and Prediction*. – 2009. – № 2. – P. 138. (In Ukrainian)

²⁵ Suprun N.A. Corporate Social Responsibility as a Factor of Stable Development // *Economy and Prediction*. – 2009. – № 3. – Pp. 72-73. (In Ukrainian)

²⁶ Zaiats T. A., Diakonenko O. I. Transformational Changes of Social and Labour Relations in the Context of Social Capital Formation // *Economy and regions*. – 2012. – № 1 (32). – Pp. 112-113. (In Ukrainian)

²⁷ Osetskyi V. L., Marchenko V. M. Corporate Social Responsibility in Ukraine as a Factor of Ensuring its Competitiveness // *Economy and State*. – 2007 – № 1. – P. 11 (In Ukrainian)

it reasonably to speak of various models of state regulation of CSR. The leading ones are American, European and Japanese models. Main differences between them lie in the degree of legal influence on social activity of business structures and in the chosen methods of business encouragement to solve social issues. For instance, the essence of models of CSR regulation in some countries must be studied.

The American model is distinguished by a philanthropic approach, selectiveness and voluntariness of social measures. Corporate social responsibility, as a rule, does not refer to the main company's activity that is why its scope can be easily reduced. This model is characterized by a low legal regulation of corporate social responsibility. The attention given to it from the country is rather reasonable. The state prefers not elaboration of appropriate laws, norms or legislations, which regulate social aspects of entrepreneurial business' activities, but measures aimed at strengthening their economic motivation as to their social activity²⁸. In some cases the USA uses such economic key factors as preferential taxation, concessional lending, subsidy assistance under the condition of participation in social projects elaboration, encouragement to create corporate funds of insurance, pension, innovation, charitable activity and so on. Thus, the American model is characterized by liberal character of the state influence on CSR.

The European model of CSR regulation is based on the thought-out legislation and presupposes strict legal regulation of relationships between the state power, business and society in general in the context of chosen social goals. The appropriate standards as to CSR function here, the adherence to which is obligatory. For instance, this is ISO 6000 standard – quality control work, oriented on consumers; ISO 14000 standard – ecology; OHSAS 18000 standard – personnel. In the context of the European model of CSR regulation, health service, pension maintenance, insurance business, control over ecological situation, companies' responsibility to the regions etc. are the subjects to obligatory legal regulatory activity.

Social reporting is obligatory for European companies. All companies prepare special social reports, or in other words reports on stable development. Such reports contain information about companies' activities in the sphere of social and labor relationship and in the sphere of environmental protection. The content of these social reports is made public, and this positively influences internal relations of companies' administration and personnel, promotes cooperation between businessmen and bodies of public administration, improves companies' business reputation, increases a number of socially responsible companies. In highly-developed European countries some special types of state honors and rewards for active participation in social activity have been introduced. Thus, Belgium with the help of an

²⁸ Melnyk S. V. Corporate Social Responsibility as a Constituent of Social Policy in Ukraine // *Economy and State*. – 2007. – № 5. – Pp. 72-73. (In Ukrainian); Tsaryk I. M. Peculiarities of Market and State Regulation of Corporate Social Responsibility under the Conditions of Economic Cyclicality // *Actual Problems of Economy*. – 2011. – № 1 (115). – Pp. 157-159. (In Ukrainian)

appropriate law controls market promotion of socially accountable goods and use a social reward – correspondence to eight ILO conventions. In 2000 in Denmark, the Ministry of Social Affairs introduced social reward to evaluate company's social responsibility degree, which is determined on the basis of company's responses according to its social activity. In Greece, the Institute of Hygiene and Security annually rewards companies, which considerably improve working conditions and the level of health protection.

To evaluate properly the quality of goods, EU countries use product labeling «EcoReward»²⁹. If in the context of the American model CSR is defined only as an optional and additional activity, then within the European model social responsibility is transformed into the crucial strategy, which focuses companies on achieving the specified business goals and increasing investment attractiveness.

The Japanese model of CSR is a bit different from the European one as to its key principals of construction, though it also presupposes active interference of the state with social activity of companies. First of all, the Japanese model of CSR is characterized by non-organizational and legal and commercial basis, and specific philosophy of human relationships, aimed at comprehension of universal human values and prerogative of social development. Here belong different aspects of out-world perception, determination of place and significance of every individual in a society, formation of sense of responsibility for the future of the society. The core of human relationship is solidarity and mutual help of employees as a part of work collective. That is why in the bases of their formation lies the principle of “industrial family”, in the context of which every worker assumes liability for its prosperity. Such “industrial family” fully depends on the monolithic unity of members of personnel and thorough consistency of acts. Such feeling of unity is not determined or regulated by legislation. It is formed in the process of mutual work and greatly depends on human treatment of business managers to their personnel.

Great role is played by education in the context of participating in problems of society and comprehension of the need for their solution. All around the world volumes of social investment of business structures continually grow. Thus, nowadays only European funds' assets of social direction (SRI-funds) equal \$ 15 bn. Assets of socially responsible mutual funds in the USA in 2007 equaled \$ 2.71 tn. During 2005 and 2007 socially responsible investment increased more than 18 %, while, wider sphere of assets increased less than 3%. During the same period European market of social investment grew from €1 tn. to €1,6 tn³⁰.

Social responsibility of Ukrainian business is just at the beginning of its way. Nowadays, it is a manifestation of philanthropy, it takes the form of sponsor support provided by separate

²⁹ Social Responsibility of Business: Interpretation and Implementation [Electronic Resource]. — Access Mode : <http://www.un.org.un/files/ConceptPaper.pdf>. (In Ukrainian)

³⁰ Mozhovyi Ya. I. Models of Corporate Social Responsibility in Banks [Electronic Resource]. – Access Mode: <http://www.economy.nayka.com.ua>. (In Ukrainian)

companies. Concern “Niko”, JSC “Kyivstar”, JSC «System Capital Management», JSC “Obolon” and others belong here. Sponsors and patrons focus their attention on such types of social activity as: social projects support, improvement of quality of goods, welfare assistance for low-income citizens, handicapped people, institutions of social service, hospitals, cooperation with local authorities, making charitable contributions, encouragement to volunteering etc. At the same time investment, aimed at environmental protection and renewal, introduction of energy efficiency and resources-saving technologies, improvement of working conditions at enterprises, personnel self-development, increasing of innovation activity etc., is rather miserable. National researchers have defined the most important directions of the following CSR development in the context of Ukrainian economy and society in general. Here belong: – improvement in competitiveness of enterprises on the basis of investment activity expansion due to the overall realization of intellectual potential of the society; – improvement of corporate management; – cooperation with pressure groups; – development of people’s capital; – adherence to the principle of equal opportunities (for persons of different sex, handicapped citizens); – environmental protection and renewal; – achievement of responsible integration into international markets³¹.

We suppose that there is a necessity to create appropriate conditions for further activation of social activities of national business structures. The greatest expectations should be put on the state regulation of CSR. In this regard there is a need: – to elaborate legal and regulatory framework of CSR development; – to ensure appropriate institutionalization of social activity of entrepreneurial structures; – to widen informational field with the aim to make public directions and outcomes of enterprises’ social activities; – to make active use of economic key factors for encouraging CSR; – to expand the network of social interaction including all parties concerned; – to ensure control over ethic norms of doing business; – to resist corruption, corporate raiding, illegal schemes of cooperation; – to intensify a closer watch for observance of labor legislation at the enterprises; – to assist transformations of business’ social responsibility into a constituent part of state’s social policy.

We assume that in future under the favorable conditions, diversity and expansion of the boundaries of entrepreneurial structures’ social activities will change its content and essence both in the production sphere and in the society in general. On the basis of fragmentary episodes concerning the solution of social issues, this activity must be transformed into an inalienable element of business development, key strategies of enterprises, well-established component of the mechanism of its functioning.

Summary and Conclusions. Phenomenon of corporate social responsibility is stipulated, to our mind, by a gradual change of quality characteristics of modern productive processes,

³¹ Osetskyy V. L., Marchenko V. M. Corporate Social Responsibility in Ukraine as a Factor of Ensuring its Competitiveness // *Economy and State*. – 2007 – № 1. – Pp. 10-12. (In Ukrainian); Suprun N.A. Corporate Social Responsibility as a Factor of Stable Development // *Economy and Prediction*. – 2009. – № 3. – Pp. 72-74. (In Ukrainian)

which require new knowledge, technologies, perfect and innovational methods of management. The principle of economic determinism, appropriate of every type of entrepreneurial activity, now acquires new forms in practice. Traditional variant of market participants' economic behavior is aimed at enriching of entrepreneurs, lowering of costs, increasing of profits and so on, starts giving place to entrepreneurial activity of an appropriate image, which is characterized by high business reputation and considered reaction to the needs of the society. Therefore, entrepreneurial activity runs high to a new level of development and represents itself in a social sphere of any society. We suppose that intensification of CSR causes its socialization or business implementation into the social environment under the condition of ethic norms compliance and respect to the social values.

Business socialization has not been finished yet, though separate components of this process can be clearly traced in the leading countries of the world. In Ukrainian economy CSR has rather demonstrative character against the background of an obvious desire of business structures to enrich themselves in all the circumstances. It cannot be determined as something strange, as in Ukraine's economy there are only basis of the free market and the process of accumulation of capital is just taking place. But alongside with the development of the market principles of economic performance, the content of any business activity will change not only economically, but also socially. This process can be accelerated due to cooperation with a state by means of economic regulation, usage of political factors, improvement of legislative norms of business structures' functioning, creation of conditions for proper motivation of entrepreneurs, conscious attraction of enterprises to social problems solving.

Outlook for further research can be defined as determination of new forms of subjects' social interaction within the system "business – authority – society", examination of issues of corporate social responsibility institutionalization, elaboration of specific measures aimed at activation entrepreneurs' social activity, its interaction with civil society organizations (political parties, civil organization, non-governmental organization etc.).