

**PRINCIPLES OF CORPORATE SOCIAL RESPONSIBILITY
AND THEIR IMPACT ON BUSINESS DEVELOPMENT****Urusova Z. P.***Zaporizhzhia National University
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In today's world, the social responsibility of business is important in the relationship between business and its stakeholders. Enterprises compete for sustainable development and corporate social responsibility (CSR) ratings. The CSR is an indicator of the real involvement of enterprises in solving the social and economic problems of society. This includes the organization's compliance with the law, moral standards and obligations to a wide range of Stakeholders. Ukraine's accession to global initiatives, particularly the United Nations Global Compact, had led to the introduction of the principles of corporate social responsibility in the activities of Ukrainian enterprises, which already had some positive results. High corporate social responsibility creates a positive image of a firm or enterprise. Research suggests that, in turn, the CSR brings benefits to the company: it helps to expand the client base, strengthens partnerships, facilitates access to credit, facilitates insurance, Makes interaction with government structures more constructive, it enables firms to attract and retain highly qualified professionals, strengthening their ranking positions in the domestic and international markets. The article sets out the essential features and content of the principles of corporate social responsibility development. The study showed that the principles of corporate social responsibility are in a process of continuous development. It is proposed to include the principle of good business practice and financial transparency in Ukrainian enterprises.

**ПРИНЦИПИ КОНЦЕПЦІЇ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ
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Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**корпоративна соціальна відповідальність
(КСВ); принципи корпоративної
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ініціативи; міжнародні стандарти,
переваги.

Сьогодні у світі соціальна відповідальність бізнесу має важливе значення у взаєминах між підприємствами та стейкхолдерами. Підприємства змагаються за місце в рейтингах зі сталого розвитку та корпоративної соціальної відповідальності (КСВ). КСВ є показником реальної участі підприємств у вирішенні соціально-економічних проблем суспільства. Це поняття поєднує дотримання організацією вимог закону, морально-етичних норм і виконання зобов'язань перед широким колом стейкхолдерів. Приєднання України до глобальних ініціатив, передусім до Глобального Договору ООН, дало змогу впровадити принципи корпоративної соціальної відповідальності в діяльність підприємств України, що вже має певні позитивні результати. Висока корпоративна соціальна відповідальність дозволяє сформувати позитивний імідж фірми або підприємства. Досліджено, що своєю чергою КСВ дає компанії певні вигоди: допомагає в розширенні клієнтської бази, зміцнює партнерські зв'язки, полегшує отримання кредитів, спрощує страхування, робить більш конструктивним взаємодію з державними структурами, дає змогу залучати та утримувати в штаті фірми висококваліфікованих фахівців, підсилює рейтингові позиції на внутрішньому й міжнародному ринках. У статті розкрито сутнісні ознаки та зміст принципів розвитку корпоративної соціальної відповідальності. Дослідження показало, що принципи концепції корпоративної соціальної відповідальності перебувають у процесі постійної трансформації. Запропоновано впровадити принцип добросесної практики ведення бізнесу й фінансової прозорості на підприємствах України.

Statement of the problem

Corporate social responsibility is the concept that enterprises should take into account the public interest and

take responsibility for the impact of their activities on the various stakeholders.

These obligations go beyond the statutory obligation to abide by the law and provide that organizations voluntarily

take certain measures to improve the quality of life of workers and their families, as well as the local community and society at large. In order to construct an effective concept of corporate social responsibility in Ukrainian enterprises, it is necessary to clearly understand the content of the principles of the CSR and to skilfully apply them in practice. In view of the above, the relevance of the article is obvious and timely.

Analysis of recent studies and publications

Foreign scientists such as H. R. Bowen [1], K. Davis [2, pp. 174–175], and domestic scientists as K.V. Pivovarov [3], O.I. Fitel [4], O.A. Pryatelchuk [5]. dedicated their works to shaping the principles and developing the concepts of CSR.

Major works on corporate social responsibility perspective emerged at the beginning of the XX-th century. The first source of their systematized scientific analysis became the book published in 1953 by G. Bowen «Social Responsibilities of the Businessman», in which the conditions and directions of discussions on the above-mentioned problem were defined.

K. Davis proposed such principles for the construction of the CSR concept:

- Organizations should be motivated by market-based instruments, be transparent to the public.
- The deduction of part of the value of finished goods and services for social costs should be carefully calculated;
- The directions of social responsibility is determined by the public;
- The State should create conditions and be an example of social responsibility.

K. Davis found that it was beneficial for companies to develop social responsibility because it increased its cost, and social responsibility evasion limited the economic capacity of enterprises [2]. K.V. Pivovarov proposed the adaptation of the requirements of international standards of corporate social responsibility for use in the State control bodies of Ukraine [3, pp.15–20].

Objectives of the article

The objective of this article is to study and investigate the essence of the principles of socially oriented business and the advisability of their implementation in the economic development of the potential of Ukrainian enterprises. Despite the fact that the provisions of the international standard, ISO 26000:2010 «Guidance on social responsibility» [6] are widely used in the activities of leading global companies, the problem of corporate social responsibility principles introduction and use in Ukrainian enterprises requires in-depth study.

The main material of the research

High corporate social responsibility makes it possible to create a positive image of a firm or enterprise, which in turn brings certain benefits to the company: helps to broaden the client base, strengthen partnerships, facilitates access to credit, simplifies insurance, facilitates cooperation with public authorities, allows to attract and retain highly qualified professionals, strengthens rating positions on domestic and international markets.

Stable social and economic conditions are characterized by some common policies or behaviours:

- State – Sustainable unrestricted development on territory limited by the State border;
- social community – well-being for us, our families and descendants, wherever they may live;
- economy – Meeting economic needs wherever they occur;
- business – financial result (profit) here and now.

A socially responsible enterprise should implement a number of principles that confirm its position on CSR:

- The principle of systematics, which ensures the implementation of functions and directions in the enterprise management system;
- The principle of comprehensiveness implies the coordination of the activities of the enterprise with economic activities;
- The principle of integration provides that, on the one hand, CSR should be integrated into the core business of the enterprise and, on the other hand, should be accountable to the society as a whole and to its individual members (stakeholders), which comprise it;
- Accountability principle consists of accountability to stakeholders and the public at large, and accountability for commitments and performance standards;
- Targeting principle means waiting for certain responsibilities to the person concerned;
- dynamic principle, which means that CSR is constantly changing as a result of the adopted strategy, of the global, state and regional peculiarities of doing business;
- The principle of innovative measures and technologies for their implementation means continuous improvement and harmonization due to the high dynamism of the external environment;
- The principle of openness to all CSR activities of an enterprise and the adequacy of the enterprise's reporting to its structure and content;
- The principle of cooperation, which provides for the association of an enterprise with other companies, associations, unions and directly concerned persons in order to solve the social and economic problems of the country;

- The performance principle links the financial performance of an enterprise with its social responsibility;
- The multi-level principle implies that CSR enterprises must develop in a certain sequence.

The sustenance of society in life processes is determined by the level of consumer resources and the production of material goods. The totality of territories, natural resources and population in their living environment constitute the living space of society and the scope of activities of organizations.

Corporate governance can be considered as good if the interests of different parties in a company are balanced and the long-term development of the company is consistent. The long-term impact of corporate governance principles is identified in the processes of corporate strategy

formation and implementation as well as in achieving strategic objectives [7].

Each company that promotes corporate social responsibility and views it as its business philosophy, develops its sustainable development vision and articulates corporate social responsibility principles in its development strategy.

Depending on the nature of the business and the priorities identified, the company formulates its corporate social responsibility principles, which are based on generally accepted concepts.

We can cite the basic principles of corporate social responsibility, which guide companies: production of quality products and services necessary for society; unequivocal commitment of tax, environmental, labour legislation; efficient business management aimed at creating additional economic value and improving competitiveness in the interests of the owner and society; building fair and mutually beneficial relations with all stakeholders; implementing international agreements and making use of the recommendations of international standards; use of resource-saving technologies, ensuring

the ecological safety of production; providing effective jobs with decent wages and social benefits; ensuring safety at work; promoting the comprehensive professional development and skill development of workers.

However, not all Ukrainian companies can introduce corporate social responsibility principles into their business strategy. According to surveys of Ukrainian companies, the main obstacles are: lack of funds; tax pressure and deficiencies in the legal and regulatory framework; lack of incentives from the State (tax); lack of own experience; and an uneasy mechanism for the introduction of CSR; inability to control the use of funds provided, lack of information on positive examples of the introduction of corporate social responsibility, lack of information on organizations that could provide such assistance [8].

Any CSR activity of a company should be in line with the UN Code of Conduct (Global Compact) [9], which proclaims the 10 principles that form the four institutional forms of the CSR in the fields of human rights, employment, the environment and the fight against corruption (Table 1).

Table 1 – UN Principles of Corporate Responsibility

Principles	Content
1. Human rights	Be immune to human rights violations
	Support respect for human rights accepted by the international community
2. Labour relations	Speak out against child labour
	Combat all forms of forced labour
	Oppose any form of discrimination in employment
	Ensure the right of staff to collective bargaining
3. Environmental protection	Pay special attention to environmental policy, adhering to the precautionary principle
	Take initiatives that promote environmental responsibility
	Promote the expansion and development of environmentally sound technologies
4. Countering corruption	Combat bribery and extortion and all forms of corruption

In recent years, businesses around the world have sought to base their business strategy on corporate social responsibility policies, mainly on an international standard ISO 26000 «Social responsibility».

International standard ISO 26000:2010 «Guidance on social responsibility» was prepared taking into account all requirements of variety of stakeholder (multi-stakeholder approach). Experts from more than 90 countries and 40 international developed regional organizations represented six different groups of stakeholders

consumers (1); governments (2); industry (3); labour protection organizations (4); non-governmental organizations (5); a group of service, support, research and development organizations (6); 3 etc. In addition, special rules have been applied to achieve balance between developing countries and developed countries, as well as gender balance among countries in project groups [6].

The basic principles of the CSR according to the international standard ISO 26000 are given in the Table 2.

Table 2 – CSR principles according to the international standard ISO 26000

Principles	Content
1. Accountability	The company should be responsible for activities undertaken to prevent the recurrence of accidental and sudden adverse events: the impact of its decisions on society, the economy and the environment, particularly significant negative consequences
2. Transparency	A company must be transparent about the range of persons who control the activities of the company : its efficiency, directions of activity, etc.
3. Ethical behaviour	The company has to behave ethically. The actions of a company should be based on values that take care of the environment and the need to respond when it adversely affects its stakeholders
4. Respect for interests of the parties concerned.	Companies should recognize and respond appropriately to topics of interest to participants and their legal and civil rights; demonstrate disagreement or interest; and open and publicly present topics at the request of stakeholders; take into account that many stakeholders have a direct impact on the work of the company; analyse and evaluate the two-way communication with stakeholders, as well as the mechanisms of interaction with and influence on them
5. Observance of the rule of law	The company is required to comply with the laws as well as the requirements of the legal framework; to comply with the requirements of laws and regulations in all cases, in all spheres of activity, even if they are not used in this way, as required by law; provide information on all legal provisions of the legislation and periodically check that they are correctly applied
6. Adherence to international behavioural norms	If the application of the law does not guarantee environmental or social restrictions, then companies need to adhere to international standards of conduct. In the event of non-compliance and failure to comply with international standards, companies should review the discipline in any territory under this jurisdiction
7. Observance of the human rights	Companies must recognize the universality and importance of human rights; where the application of the law does not sufficiently protect them; international law and standards of conduct must be applied; where human rights are not protected, action must be taken to uphold them, and to avoid benefiting from such situations

The analysis of the Tables 1 and 2 led to the conclusion that the documents contained different sets of principles, but also had much in common. For example, the ISO 26000 standard contains seven CSR principles, and the UN Global Compact contains ten principles in four groups. From the analysis of the tables, it can be concluded that the above principles are similar in such respects:

- social programmes and policies, as well as their practical application, should be open to all stakeholders;
- feedback mechanisms based on dialogue with the stakeholders are in place to facilitate effective social policy-making;
- principles should be universal, understandable and acceptable across all activities of the company, in all units;
- CSR policies should be relevant and timely.

According to the international standard ISO 26000 [6], social responsibility provides the organization with such benefits:

- better informed decision-making based on a better understanding of society's expectations, legal risk management;
- improving the organization's risk management practices;
- improving the reputation of the organization and public confidence ensuring;
- support for civilian endorsement of the activity of the organization;
- innovations generating;

- improving the organization's competitiveness, including access to finance and the status of a privileged partner;
- improved organizational and stakeholder relations, allowing access to new perspectives and engaging with a wide range of different stakeholders;
- enhancing employee loyalty, commitment and participation;
- improving the safety and health of workers, both men and women;
- positive impact on an organization's ability to attract, motivate and retain employees;
- savings related to higher productivity and resource efficiency, lower energy and water consumption, reduced waste use of valuable by-products;
- increased reliability of transactions through fair competition policies and avoidance of corruption;
- avoiding or mitigating potential conflicts with consumers [10, pp. 142–147].

Society also benefits from corporate social responsibility [11]:

1. Identification of factors that can lead to change: how a combination of increased pressure from pressure groups and changes in the external environment can affect a company (business).
2. Content: how to assess the impact of the above factors on business strategies and how to improve these strategies.

3. Determining feasibility: how to structure the conditions of expediency for improved strategies, taking into account organizational structure, business purpose and other organizational issues.
4. Commitments to action: how improved strategies relate to the governance structure, leadership style and values of the organization.
5. Integration and resource discovery: how to integrate different aspects of corporate social responsibility and the operational requirements of previous steps, identify necessary resources.
6. Engaging constituencies: how to involve them in the development and implementation of improved business strategies.
7. Assessment and reporting: how to assess and report on the issues identified in the previous phases (steps) and how to measure progress [12].

Thus, having analyzed the basic principles of the CSR concept, we propose, when developing a corporate social

responsibility strategy in Ukrainian enterprises, to include the principles of fair business conduct and financial transparency.

Conclusions

The study emphasizes that adherence to CSR principles in day-to-day operations enables companies to obtain such competitive advantages:

- Recruitment of competent and creative staff,
- Environmental and social risk management,
- Improving the business environment and the image of the organization,
- increasing public confidence.

Ignoring the competitive advantages of enterprises that introduce the CSR concept, the problem of introducing the principles of social responsibility in Ukrainian enterprises at the present stage is urgent and requires further in-depth research.

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