

Chaikina Alina

PhD in Economics,

Senior Lecturer of the Department of Management and Logistics,

Poltava National Technical Yuri Kondratyuk University,

24 Pershotravnevyi Ave., Poltava, 36011, Ukraine

alinachaikina@ukr.net

ORCID ID: orcid.org/0000-0003-3821-2079

Scopus Author ID: 56677816700

Bilovol Raisa

PhD in Economics, Associate Professor,

of the Department of Management and Logistics,

Poltava National Technical Yuri Kondratyuk University,

24 Pershotravnevyi Ave., Poltava, 36011, Ukraine

bilovolri@ukr.net

ORCID ID: orcid.org/0000-0002-5446-0374

Hvizdová Eva

PhD in Economics, MBA,

College of International Management ISM Slovakia in Prešov,

3951/1 Duchnovičovo námestie Str., Prešov, 080 01, Slovak Republic

hvizdova@ismpo.sk

**FEATURES OF SOCIAL RESPONSIBILITY INTEGRATION
INTO THE ENTERPRISE'S MANAGEMENT STRATEGY**

Abstract: in the article the difference between social responsibility and corporate social responsibility was defined. A theoretical analysis was showed that many scientists equate “social responsibility” to “legal responsibility”. In the article was determined that “social responsibility” and “corporate social responsibility” are not identical concepts. Authors proposed definition to the “Corporate Social Responsibility of the Enterprise (CSRE)” as an official document or program of action that is approved by senior management; provides the enterprise management active work in order to help the state, society, community, individual person, using their own resources and opportunities. It was proved that the integration of social responsibility into the strategy of enterprise management should be based on the relevant principles of social responsibility management, such as: moderation, flexibility, continuity, adequacy of efforts, transparency, improvement and development. Based on European experience was proven that today in Ukraine the principle of transparency is rather undervalued and not used at enterprises. Author’s defined structure of social responsibility management that should consist of three levels:

managerial, strategic and practical. In article were proposed three stages of corporate social responsibility of the enterprise (CSRE): preparatory, adoption and implementation of decisions, management of the CSRE realization.

Obstacles that prevent the integration of social responsibility into the strategy of Ukrainian enterprises were discovered: lack of clear mechanisms for introducing social responsibility; enterprises do not have appropriate qualified personnel who will be able to develop and correct the CSRE; lack of non-financial reporting by enterprises and insufficient public (open) information on the possibilities of assistance; lack of desire to compromise between the state and the community; enterprises do not see the benefits (financial and moral) of the implementation of the CRS; corporate social responsibility can only be developed by large enterprises; a huge number of risks and threats that adversely affect on economic activity (most of Ukrainian enterprises do not receive profit at all from their activities); distrust of society to “acts of mercy”, which mostly sees as PR actions, but not the real help. Authors proved that Ukrainian enterprises need to use European experience, implement international standards of social responsibility, which will allow creating active communication and interaction between the enterprise, the state and society.

Keywords: enterprise, management, enterprise management, strategy, social responsibility, corporate social responsibility (CSR).

JEL Classification: M14, L21.

Introduction

With the development of a modern society, more and more attention among scientists, entrepreneurs and civil servants is paid not only to the economic stability of the country, but also to the satisfaction of the public needs of population and individual citizen. Though earlier, for example thirty years ago, entrepreneurs did not think about social helping to society, but only tried to get the most possible profits with minimal expenses, nowadays such directions of activity as “social responsibility” and “social entrepreneurship” have become widespread in the world. Taking into account these two concepts, we note, that they characterize different approaches and different enterprises. Speaking of large, powerful enterprises that operate stably and receive profit, we can characterize them as the main implementer of social responsibility in the overall management strategy. Small and medium-sized enterprises don't have such significant free funds at their disposal, and in Ukraine, in general, we can talk about the loss-making activity of small enterprises that help once in the form of charity, or are created as social enterprises, which the main purpose of activity from the very beginning are not profit.

For today it remains relevant to determine the possibilities of implementing social responsibility into the strategy of enterprise management, since Ukrainian enterprises are only beginning their development in this direction and the general mechanisms of such integration are not yet fully developed.

Literature Review

In the general form, a large number of domestic and foreign scientists engaged in research of the concept “social responsibility”. Some scientists considered “social responsibility” at the state and human level, others at the enterprise level. Moreover, the first attempts to determine “social responsibility”, its levels and limits belong to the legal science. Khachaturov R.L. (Khachaturov R.L. 2007), Shaburov A.V. (Shaburov A.V. 1986), Plakhotny A.F. (Plakhotny A.F. 1981) consider “social responsibility” through observance by the subject of social norms, rules and values. Manuilov E.M. (Manuilov E.M. 2013), Doctor of Philosophy, Professor, believes that “social responsibility” is an essential element of the relationship of person and society, carries out the regulating function of the behavior of the individual in accordance with the existing requirements of society. If there is a violation of the rules, the duty of a person is to report to society and to be punished.

In general, the authors equated “social responsibility” to “legal responsibility”, and the person who violated the rights and norms of social responsibility is responsible for it at the level of law.

Social responsibility at the enterprise level was considered by such scientists as: Petrashko L.P. (Petrashko L.P. 2011), which considers social responsibility in the context of Corporate Social Responsibility (CSR). Under CSR, the author understands the enterprise’s responsibility for the impact of its decisions and actions on society, the environment through transparent and ethical behavior that promotes sustainable development; takes into account the expectations of interested sides; and is in compliance with current legislation and international standards of conduct.

Galchak H.R. (Galchak H.R. 2011) is considering with social responsibility of business through three levels: the first - the basic level, that provides realization of the economic responsibility principle afore employees, partners, the state; the second level - corporate responsibility, the main point of it is to provide by enterprise management the adequate working and living conditions for employees; the third level of responsibility (higher) involves charitable activities, as well as management in accordance with environmental standards, the introduction of international standards and environmental management system.

Fursa M.V. (Fursa M.V. 2012, 2014) in his writings used ISO 9000 “Quality Management”, ISO 14000 “Environmental Management System”, SA 8000 “Social Responsibility”, International Standard ISO

26000: 2010 “Social Responsibility Guide” distinguishes the concepts of “social responsibility of the enterprise” and “corporate social responsibility of the enterprise”. In particular, CSR author considers as a systemic reality that integrated into the social sphere of society and ensures the implementation of social guarantees to the population; promotes the acquisition of certain economic advantages by the subjects of economic activity and forms a positive image.

After exploring the existing approaches to the concept of “social responsibility” we can conclude that “social responsibility” implies the existence of three levels of its realization: at the state level, at the enterprise level and at the level of society (citizen).

We believe that “social responsibility of enterprise” and “corporate social responsibility” are not identical concepts. Social responsibility of the enterprise provides the realization of the enterprise principle of economic responsibility, that is, responsible behavior to the product or service, to consumers, employees, partners, to the state (Forum of socially responsible business of Ukraine 2006). Social responsibility of enterprise contributes to reducing the level of tension in society, level of unemployment, improving the health and well-being of the population. It is guided by the existing international standards of social responsibility and should be integrated into the overall strategy of enterprise management.

Under *Corporate Social Responsibility of the Enterprise (CSRE)*, we propose to understand an official document or program of action that is approved by senior management; provides the enterprise management active work in order to help the state, society, community, individual person, using their own resources and opportunities.

Accordingly, the CSRE can be considered in two dimensions:

the moral obligation of the enterprise to make decisions, implement them and bear the full responsibility for their implementation. Social decisions in this dimension increase the welfare of the workers in the first place, respond to the interests of the community, the population, and each individual. Implementation of social responsibility for the enterprise is always on a voluntary basis and is connected with the desire to help the development of society (charity, philanthropy, etc.);

a universal form of interconnection and mutual assistance between the enterprise, society and the state (Savchenko I.G. 2007).

The maintenance and further development of the entire country depend on how effectively the social balance between enterprises and society is created. That is why relations between the state, business, and the community should be formed on the basis of mutual responsibility and to manifest itself in the acceptance and observance by each of these entities of specific obligations to others (Zinchenko A.G. 2010).

New Findings

The integration of social responsibility into the strategy of enterprise management should be based on the relevant principles of social responsibility management (Table 1).

Table 1. Principles of social responsibility management at enterprises

Principle	Characteristics of principle
Principle of moderation	In the process of choosing social measures and conducting the necessary calculations, it is necessary to take into account uncertainty factors and analyze not only the expected results, but also possible risks and threats.
Principle of flexibility	If there is the absence of the employees of the enterprise or managerial staff sufficient experience in the case of solving new social problems, it is necessary to act flexibly in order to find the optimal way of solving them, taking into account the interests of stakeholders.
Principle of continuity	All processes of social activity should be carried out constantly in order to respond to the emergence of new problems and prevent the loss of already achieved results.
Principle of adequacy of efforts	When choosing possible social measures, it is necessary to compare the amount of resources to solve these problems and the benefits that will be gained from them by both society and enterprise.
Principle of transparency	Information about individual processes and results of an enterprise's social activity should be clear, understandable and accessible to the public in order to prevent its misinterpretation by the others interested persons and, as a result, incorrect follow-up of the enterprise.
Principle of improvement and development	An enterprise that has started to implement social responsibility principles as it develops and under the influence of processes in society will gradually accumulate experience and, change the social strategy in order to increase the effectiveness of measures for solving social problems.

Source: Summarized by the authors

We believe that today in Ukraine the principle of transparency is rather undervalued and not used at enterprises. European experience shows that enterprises are constantly reporting to the public about the results of the implementation of corporate social responsibility, the social and environmental projects supported by them and the problems that hinder their implementation. Every Year KMPG publishes a report (International Survey of Corporate Social Responsibility Report 2017) that analyzes the number of enterprises that implement and actively realize CSR. In 2017, 4900 enterprises operating in 49 countries of the world were analyzed and questioned. The group of researchers has determined that most global companies integrate financial and non-financial data into their annual financial statements (78% of respondents), also the introduction of social

responsibility does not depend on the sphere of business (60% of respondents), and there is a steady increase in the number of publishing companies their social reporting (Fig. 1).

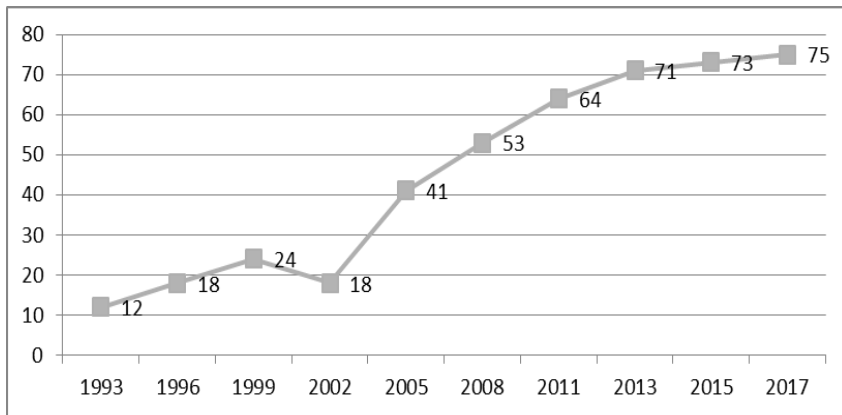


Figure 1. **Growth of world indicators of CSR reporting, %**

Source: International Survey of
Corporate Social Responsibility Report, 2017

Unfortunately, Ukrainian enterprises don't practice such open reporting. As a rule, the manifestation of social responsibility is not systematic; it has the character of one-time charity, but if it is carried out constantly nobody have not enough information about actions and general directions of assistance (ecology, medicine, education, etc.). The starting point of the future transformation processes should be a change in the perception of social responsibility by the staff and management of the company since the strategy of activity is developed in almost every enterprise and it is possible to include a section with the CSRE into the main strategy. A logical continuation of this is the choice and further implementation of a separate control document, before the formation of which we should take into account the specifics, directions, and scale of the enterprise, as well as the features of its business and social environment (Barabannyk L.B. 2010).

The structure of social responsibility management should consist of three levels: managerial, strategic and practical (the chairman of the board is responsible for the development, implementation and approval of the social responsibility policy at the enterprise; the strategic planning team is considering the strategic nature and results of the implementation of social responsibility policies and programs; the social responsibility group develops social responsibility programs, reports on their implementation).

We propose the following ways of integrating the mechanism of social responsibility into the enterprise management strategy (Fig. 2).

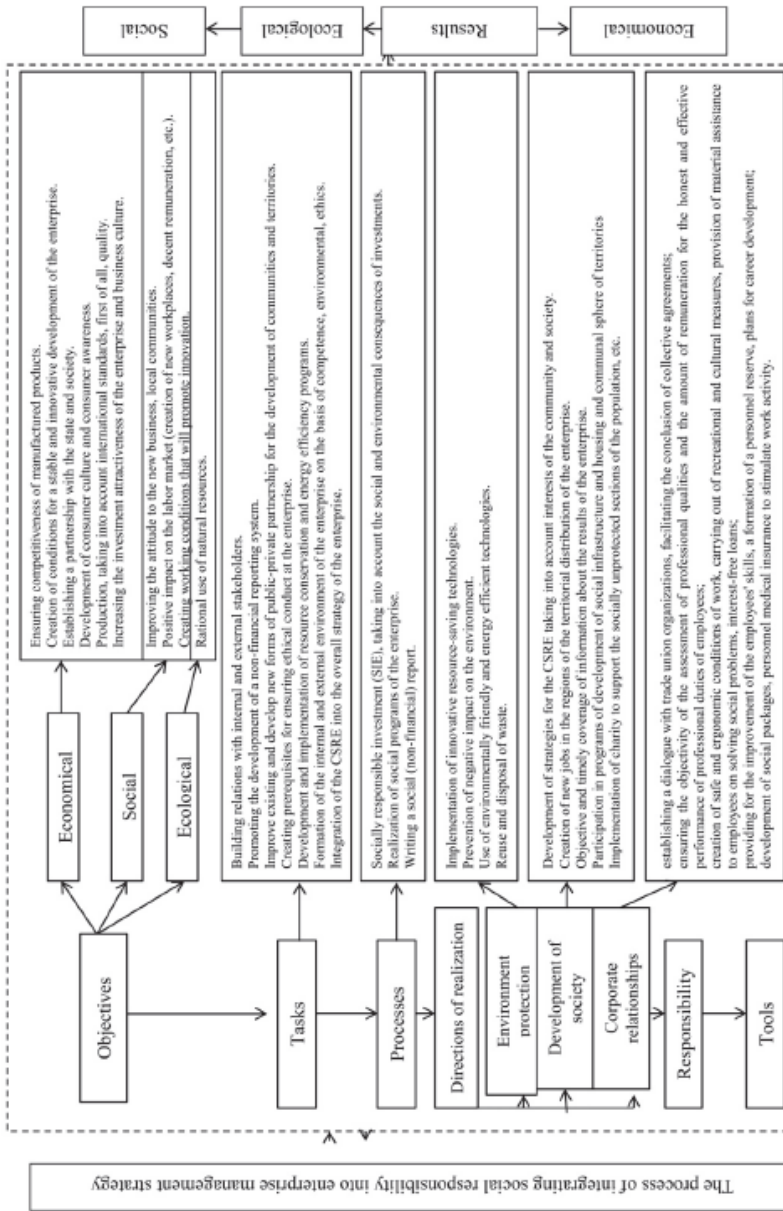


Figure 2. The process of social responsibility integrating into the enterprise's management strategy
Source: Developed by the authors on the basis of A. O. Moskalenko, 2017

Accordingly, goals, tasks, tools, management processes, levels of responsibility and expected results need to be reconciled, choosing the best ways to integrate social responsibility into an enterprise management strategy. At the level of detail, the goals and objectives of integration relate to the definition of key elements of competence (experience, skills, capabilities, potential, training of the public and the population); identification and analysis of key stakeholder groups; the formation of strategic alliances that influence on the formation of CSR competence of the enterprise (stakeholders); the implementation of CSRE and appropriate training of personnel; evaluating results from integrating social responsibility into management strategy. Integration will have the following results: economic (increased capitalization, growth of financial indicators and labor productivity, development of innovations, increase of competitiveness of products and investment attractiveness, attraction of new consumers and partners); social (creation of a positive climate in the company, strengthening of trust among the population, etc.).

The tools of social responsibility can be divided into internal and external ones, depending on the focus on the various stakeholders: internal (ethical codes, ethical behavior training, ethics maps, system of moral incentives and punishments, etc.) that aimed at own staff and external (non- financial reports, social investments, social expertise) that directed at state bodies of government, public organizations, consumers, partners, investors.

We propose three stages of corporate social responsibility of the enterprise - CSRE: *preparatory*, where is realized the importance and expediency of integration of social responsibility (certain projects and directions are determined) and also consequences of the introduction of CSRE are predicted and evaluated; *adoption and implementation of decisions*, where a strategic plan of the CSRE is developed and approved, a unit for advancing the principles of CSRE is created as well as the code of corporate governance, socially responsible programs are developed and approved; *management of the CSRE realization*: a system for monitoring the implementation of socially responsible programs are developed, non-financial reporting based on international standards and conducting internal and external audits is approved.

Conclusion

Consequently, the process of integrating social responsibility into the enterprise management strategy is quite complicated for Ukrainian enterprises. Only large enterprises that receive stable profits can implement the CSRE, they can form a certain department for the development and implementation of CRS.

There are obstacles that prevent the integration of social responsibility into the strategy of Ukrainian enterprises:

- lack of clear mechanisms for introducing social responsibility;
- enterprises do not have appropriate qualified personnel who will be able to develop and correct the CSRE;
- lack of non-financial reporting by enterprises and insufficient public (open) information on the possibilities of assistance;
- lack of desire to compromise between the state and the community;
- enterprises do not see the benefits (financial and moral) of the implementation of the CRS;
- corporate social responsibility can only be developed by large enterprises;
- a huge number of risks and threats that adversely affect on economic activity (most of Ukrainian enterprises do not receive profit at all from their activities);
- distrust of society to “acts of mercy”, which mostly sees as PR actions, but not the real help.

But European experience proves that enterprises that realize social responsibility shape their positive image; attract new partners and investors; have highly qualified personnel, who are loyal to the enterprise; have confidence in the public in their products and services. For such enterprises, the state grants benefits and even exempts from taxation for a specified period. Ukrainian enterprises need to use European experience, implement international standards of social responsibility, which will allow creating active communication and interaction between the enterprise, the state and society.

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