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FORMATION OF AN ASSESSMENT OF SOCIAL RESPONSIBILITY OF BUSINESS

ФОРМУВАННЯ ОЦІНКИ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ БІЗНЕСУ

Corporate social responsibility (CSR), or business social responsibility, is the enterprise's commitment to responsible practices regarding its products and services, employees, consumers, and partners. The social stance of a company, which emphasizes harmonious coexistence and dialogue with society to address pressing social issues, has only fully developed in the last few decades. Social responsibility should be a discretionary requirement for modern businesses. Unfortunately, in the domestic business environment, CSR does not yet hold a prominent place. This is characterized by a high level of shadow operations. However, in recent years, certain evolutionary processes have been observed in the Ukrainian business environment, which are associated with the general approaches to implementing CSR. CSR has become more systematic. The implementation of CSR can enhance profitability, improve a company's image, reduce costs, and boost employee morale. The promotion of CSR can be facilitated by the use of new technologies, the creation of new types of products, and innovative activities. Consequently, a company's profits are generated through cost reduction, the formation of new markets for goods or services. This is the path chosen by developed companies, resulting in a higher level of CSR. However, this approach is quite risky for Ukrainian enterprises and requires long-term financial investments. A set of specific CSR principles can be proposed, the implementation of which should align with a system of general principles: transparency, systematicity, relevance, and partnership. A company has the right to call itself socially responsible when it operates according to these principles.

Key words: corporate social responsibility, european integration, regional development, principles.

Оцінка корпоративної соціальної відповідальності – це трудомісткий процес, дана категорія важко формалізується та зачіпає різні аспекти. Проблема на сьогодні полягає в тому, що немає достатньої кількості відкритої інформації про соціальну діяльність підприємства (крім підприємств, що мають соціальні звіти). Це обмежує можливості проведення оцінки зацікавленим сторонам (стейкхолдерам). Існує безліч підходів до оцінки ефективності внутрішньої корпоративної соціальної відповідальності. Найдоцільнішою є третя група, до якої можна віднести методики, які використовують як кількісні, так і якісні оцінки рівня ефективності корпоративної соціальної відповідальності. Розглядаючи індексний метод оцінки корпоративної соціальної відповідальності, можна стверджувати, що найбільш представленим є індекс Доу-Джонса. Він є одним із найважливіших міжнародних показників оцінки корпоративної соціальної відповідальності. Запропоновані підходи для оцінки корпоративної соціальної відповідальності, на відміну від відомих, дає змогу здійснювати аналіз корпоративної соціальної відповідальності в умовах конкретного підприємства, оцінювати рівень соціальної відповідальності в динаміці, розробляти заходи щодо підвищення корпоративної соціальної відповідальності, враховуючи інтереси окремих зацікавлених осіб. З огляду на специфіку конкретного суб'єкта господарювання, запропоновані системи показників можуть бути доповнені й адаптовані до його умов. Напрямами подальших досліджень є розроблення методики оцінки збалансованості рівня корпоративної соціальної відповідальності за економічною, соціальною та екологічною складовими частинами.

Ключові слова: соціальна відповідальність бізнесу, євроінтеграція, розвиток регіону, методика, способи оцінки.

Formulation of the problem. Social responsibility is a voluntary initiative; however, its principles should be mandatory for every enterprise. For effective implementation, it is crucial how businesses interact with both internal and external stakeholders, including employees, clients, communities, governmental, and international organizations. However, the development of Social responsibility implementation in Ukraine is still far from perfect. Businesses should not limit themselves to temporary charitable actions or one-time charity events. Owners of certain companies must understand that they cannot exist sustainably and for long outside of society without participating in solving its problems. Energy, social, and demographic challenges indicate that companies should, at the very least, ensure their activities do not harm the environment or exacerbate social issues. It is essential to choose social responsibility programs that are relevant to the specific enterprise or address areas where the company has a negative impact, rather than merely following "trendy" initiatives.

Looking at the state of business philanthropy in Ukraine since the invasion of the Russian Federation, with significant assistance provided by large companies to both the Armed Forces of Ukraine and the civilian population affected by the war, the issue of "corporate social responsibility" or "business social responsibility" has become extremely relevant for any region of Ukraine.

Highlighting previously unresolved parts of the overall problem. The concept of corporate social responsibility has only taken its current form in the last few decades. In Ukraine, the idea of establishing social responsibility emerged only at the beginning of the 21st century. In 2006, with the support of the United Nations Office in Ukraine, the Ukrainian network of the Global Compact was established. This agreement creates conditions for cooperation between businesses and UN institutions, trade unions, and non-governmental organizations to implement principles of social equity and environmental preservation. By 2010, the Global Compact in Ukraine had over 165 members [7]. The governing bodies of the Ukrainian Global Compact Network provide educational, methodological, and informational support for the development of CSR, helping Ukrainian businesses find innovative solutions to address environmental and social needs. Therefore, enterprises that join the agreement in cooperation with other social partners can contribute to the realization of the idea of forming an open global economy.

Social responsibility is often confused with charity, but these are two different concepts. Enterprises can invest in various projects, provide informational support to initiatives, and supply materials and equipment to those who cannot afford them. In charity, the donor can be an individual or organization that directs resources to a specific institution or person. However, reporting is not mandatory, and no benefits are expected. In social responsibility, the donor is a company that consistently allocates resources to solve a particular problem. In this case, there should

always be reports on expenditures, and the benefits of assistance are embedded in a sustainable business model. Moreover, Ukraine also has a Center for Corporate Social Responsibility Development, which promotes the principles of sustainable business and social responsibility and implements CSR projects for systemic changes in the country.

There is a stereotype that CSR is only for large enterprises. However, CSR is about responsible business practices, meaning that any enterprise can implement a sustainable development strategy within its capabilities. In recent years, CSR has been actively developing and becoming increasingly widespread. Social responsibility is a serious step that requires considerable effort. Today, social responsibility is an integral part of every enterprise's operations, necessitating further research.

The aim of the article: investigate the process of implementing and developing corporate social responsibility as a foundation for the social development of Ukrainian society.

Presentation of the main research material. Social responsibility is an active stance taken by a business or company that involves engaging with society and addressing social needs. According to the International Standards on Social Responsibility (ISO 26000), social responsibility refers to the responsibility of an organization for the impacts of its decisions and actions on society and the environment through transparent and ethical behavior [1; 9].

Social responsibility encourages individuals to consider the interests of society, taking responsibility for the impact of their activities on others and the environment. Today, Social responsibility is seen as an investment in an organization's reputation. Companies that are socially responsible in their actions and decisions gain trust not only from their customers but also from society at large. Every business must understand that it cannot exist sustainably and for the long term without being interested in the lives of citizens and contributing to solving their problems. The modern generation increasingly values socially responsible businesses. No one wants to collaborate with companies that neglect the environment and the well-being of citizens – everyone wants to be part of positive social and environmental changes. Social responsibility reflects a company's values and directly influences its reputation. In the context of intensified competition, a business's social orientation has become a significant factor in enhancing its competitiveness [5].

Companies that choose a CSR strategy for their operations gain several advantages:

- increased interest from both domestic and foreign investors;
- development of a sustainable positive image;
- increased sales volumes and market share;
- improved relationships with the public and local authorities.

In Western Europe, the concept of CSR is often viewed as an element of sustainable development, as an attempt to address social and environmental problems caused by business activities.

Regarding the interpretation of CSR in Ukraine, there are certain nuances in the approaches to its definition. In a narrow sense, CSR includes a company's responsibility for the effective performance of functions that create added value, full compliance with social and environmental obligations set by law, and adherence to socially accepted ethical standards and norms. This interpretation encompasses the timely payment of wages and taxes, compliance with environmental protection requirements, and ensuring the safety and health of employees [7].

In a broader sense, CSR is a company's voluntary contribution to the development of society in social, economic, and environmental spheres, which is often not directly related to the company's operations. The highest form of CSR is its integration into a system of social partnership, where there is a redefinition of the business responsibility of the government and society in addressing socially significant problems [7].

The concept of CSR in the business context implies that a company operates not only to generate profit but also to contribute to society. The idea is that businesses should combine profitable activities with actions that benefit society. Social initiatives aimed at supporting citizens' lives and reducing negative environmental impacts, which are among the interests of the community, build public trust in the company's activities and directly influence increased demand for its products or services.

Corporate social responsibility (CSR) encompasses:

- sustainable development, including the health and well-being of society;
- consideration of stakeholders' expectations;
- compliance with current legislation and international standards of conduct.

In Ukraine, CSR manifests in various forms depending on the level of competition, the company's market position, and the presence of an electoral campaign. These forms can be categorized as follows:

- the first form has a classical nature and is linked to a company's policy of full social partnership. This form is characteristic of companies that operate not only in the Ukrainian market but also internationally. Any company that secures billion-dollar loans from foreign banks is obligated to be fully transparent and socially responsible. It is also worth noting that foreign companies often implement a policy of double standards. They are socially responsible in developed markets, but in Ukraine, CSR practices are relatively rare;

- the second form is coercive, where CSR takes the form of mandatory philanthropy. In this case, the state effectively forces businesses to engage in such activities due to excessive dependence on the government;

- the third form of CSR is associated with receiving privileges from the state, such as securing favorable government contracts. The company integrates various elements of social responsibility, allocating resources to fulfill these functions, which leads to

certain benefits, including favorable outcomes. In more developed countries, where businesses are less dependent on the state, companies use charity and participation in social programs to gain loyalty from government bodies, receive tax breaks, and obtain other competitive advantages [6].

The main principles of CSR include:

- ethical behavior – a company should be guided by principles and rules based on integrity, fairness, honesty, and decency. It should also care for the people it interacts with, the environment, and meet the needs of its stakeholders;

- transparency – a company must be transparent in its operations. It should disclose clear, balanced, and truthful policies, along with the decisions it is accountable for, considering the potential impact on society and the environment;

- accountability – a company must be accountable, meaning it should be able to report on its impact on society and the environment;

- a company should consider and respect the interests of its stakeholders;

- a company must comply with all applicable laws and regulations;

- a company must respect international standards;

- a company should acknowledge the importance and universality of human rights [2].

The core principles of social responsibility are outlined in the international standard ISO 26000:2010 "Guidance on Social Responsibility", which categorizes them into groups such as ethical behavior, transparency, accountability, legal norms, human rights, international standards, and stakeholder interests. According to these standards, "each organization is encouraged to enhance its level of social responsibility by incorporating these principles into its operations. The general principles are formulated in line with public expectations" [1].

An analysis of approaches to formulating principles in the field of social responsibility highlights two major groups that define a company's strategic and operational context:

- general principles – these are determined by normative documents in the field of corporate social responsibility;

- specific principles – these are shaped by the organizational and legal form of business, the nature of economic activities, and the operating environment of the company. They are established at the level of the business entity.

Specific principles of corporate social responsibility are primarily formed in response to stakeholder expectations, which include individuals and legal entities with a legitimate interest in the organization's (or company's) activities. Given significant changes in the global economy, it is crucial for stakeholders to understand the principles by which a company conducts its activities, how it redistributes income towards socially beneficial and important areas, and whether it adheres to the general criteria of sustainable development [3].

Expenses related to social programs within the context of corporate social responsibility are considered investments in the company's future. Corporate social responsibility is a hallmark of a successful company, as only successful and profitable enterprises can afford to be socially responsible. The goal of implementing a corporate social responsibility system is to leverage modern methods and trends in business management, which bring substantial benefits to the company, including: increasing business value, enhancing investment attractiveness, gaining access to new markets, building a positive company reputation, improving environmental processes, developing human resources, and more [4].

A number of specific principles of corporate social responsibility can be proposed, whose implementation must align with the general system of principles:

1. Openness:

- transparency (clarity and comprehensibility of approaches to the implementation of corporate social responsibility development programs);
- publicity (all information, except for confidential data, should be open and accessible to the public);
- authenticity (prohibition of falsifying information about the level of corporate social responsibility);
- accountability (obligation to provide information about the processes in the field of corporate social responsibility to society).

2. Systematic Approach:

- focus (presence of priority areas of corporate social responsibility);
- consistency (responsibility of the company for past, present, and future actions);
- spatial unity (corporate social responsibility should be the foundation of business processes in all structural units of the enterprise);
- regularity (transition to planned programs and a continuously functioning corporate social responsibility system at all management levels);
- integration (the decision-making process at all hierarchical levels of management).

3. Significance:

- relevance (timeliness and necessity of corporate social responsibility programs and actions in specific areas where they are needed);
- scale (the enterprise's activities should be oriented toward a large audience and benefit society);
- effectiveness (the ratio of effect to costs for corporate social responsibility should be optimal for the enterprise, and the expenses should be directed at solving societal problems);
- priority (selection of corporate social responsibility areas that are significant for both the enterprise and society);
- altruism (willingness to allocate part of the revenue for the benefit of society).

4. Partnership:

- voluntariness, equivalent to "Obligation" (transition from voluntary initiatives to mandatory corporate social responsibility practices);
- dialogue with Stakeholders (prevention of conflict situations);

- innovation and interest in creating shared values (creation of fundamentally new approaches to doing business, development of technologies, products, and methods of personnel management);

- integrity (honest and conscientious activities of the enterprise concerning all stakeholders and society).

Thus, an enterprise has the right to call itself socially responsible when it operates according to these principles [8]. It can be argued that the implementation of a corporate social responsibility policy and adherence to its principles contribute to the development of both the enterprise and society as a whole.

Conclusions. Corporate social responsibility (CSR), or business social responsibility, refers to a company's accountable approach toward its products and services, employees, consumers, and partners. It is the social stance of a company that involves harmonious coexistence and dialogue with society to address the most pressing social issues. Although it only fully developed several decades ago, social responsibility should be a fundamental requirement for modern businesses. Unfortunately, in domestic business practices, CSR currently holds a limited position, characterized by a high prevalence of shadow operations. However, in recent years, certain evolutionary processes have been observed in the Ukrainian business environment, related to the overall approaches to implementing CSR.

Corporate social responsibility has become more systematic, and its implementation offers the potential for increased profitability, enhanced company image, reduced costs, and improved employee morale. The spread of CSR can be facilitated by the adoption of new technologies, the creation of new products, and innovative activities, which lead to profits generated through cost reduction and the formation of new markets for goods or services. This is the path chosen by developed companies, resulting in a higher level of CSR. However, this approach is quite risky for Ukrainian enterprises and requires long-term financial investments. A number of specific principles of CSR can be proposed, whose implementation must align with the general system of principles – openness, systematic approach, significance, and partnership. A company has the right to call itself socially responsible when it operates according to these principles.

Thus, the development and implementation of CSR by Ukrainian enterprises are complicated by the pursuit of short-term financial results.

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