

## DEVELOPMENT OF A MODERN CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY

## РОЗРОБКА СУЧАСНОЇ КОНЦЕПЦІЇ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ

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*More and more companies are turning their attention to business socialization. Literary sources were analyzed in the article and it was determined that all theoretical approaches to the formation of a corporate social responsibility strategy can be combined into the following concepts: instrumental concept, political concept, integrative concept, ethical concept. In the context of the economic crisis, it is necessary to focus on combining the instrumental approach with the integrative one. It should be achieved by introducing corporate social responsibility into the activities of enterprises in a such way as to ensure improving the image of the enterprise, which will lead to an increase in financial and other performance indicators, and the opportunity of socially significant actions, contribute to the development of society while integrating the principles of corporate social responsibility into all areas of the enterprise activity.*

**Key words:** corporate social responsibility, company, sustainable development, performance, business process.

*Все больше компаний обращают свое внимание на социализацию бизнеса. В статье проведен анализ литературных источников и определено, что все теоретические подходы к формированию стратегии корпоративной социальной ответственности можно объединить в следующие концепции: инструментальная концепция, политическая концепция, интегративная концепция, этическая концепция. В условиях экономического кризиса необходимо сосредоточиться на сочетании инструментального подхода с интегративным, что должно быть достигнуто за счет внедрения корпоративной социальной ответственности в деятельность предприятий таким образом, чтобы обеспечить одновременно и улучшения имиджа предприятия, что приведет к повышению финансовых и других показателей результативности деятельности, и возможность социально значимых действий, способствовать развитию общества в целом при интеграции принципов корпоративной социальной ответственности во все сферы деятельности предприятия.*

**Ключевые слова:** корпоративная социальная ответственность, компания, устойчивое развитие, результативность, бизнес-процесс.

*Все більше компаній в світі звертають увагу на соціалізацію свого бізнесу. В сучасних умовах для завоювання прихильності споживачів активного маркетингу вже не достатньо. Імідж компанії залежить від того, наскільки відповідальним членом суспільства вона є, чи піклується про охорону довкілля, права людини усіх соціальних груп населення, розвиток територіальної громади, де функціонує. Споживачі прагнуть підтримувати бізнес, що активно впроваджує корпоративну соціальну відповідальність у свою діяльність. Оскільки сучасні умови господарювання відрізняються кризовими явищами в економіці та нестабільністю, у підприємств виникає питання, яким чином здійснювати заходи з корпоративної соціальної відповідальності в умовах дефіциту фінансових ресурсів та чи є вони доцільними. Постає завдання розробки теоретичної концепції корпоративної соціальної відповідальності, що відповідала б поточним умовам. В статті проведено аналіз літературних дже-*

рел та визначено, що всі теоретичні підходи до формування стратегії корпоративної соціальної відповідальності можна поєднати в такі концепції: інструментальна концепція (спрямована на досягнення економічних цілей через соціально значимі дії), політична концепція (сфокусована на відповідальності використання впливу вагомих бізнес-гравців на політичній арені), інтегративна концепція (орієнтована на сукупні соціальні потреби та їх інтеграцію в бізнес-процеси компанії), етична концепція (сфокусована на доцільних заходах для досягнення свідомого суспільства). В умовах економічної кризи необхідно зосередитися на поєднанні інструментального підходу з інтегративним, що має бути досягнуто на практиці за рахунок впровадження корпоративної соціальної відповідальності у діяльність підприємств таким чином, щоб забезпечити одночасно і покращення іміджу підприємства, що спричинить підвищення фінансових результатів його діяльності, і можливість соціально значимих дій, що сприятиме розвитку суспільства в цілому при інтеграції принципів корпоративної соціальної відповідальності в усі сфери діяльності підприємства. До того ж при формуванні політики корпоративної соціальної відповідальності необхідно прагнути не тільки до максимізації прибутку та інших фінансових індикаторів, а й до забезпечення цільового рівня показників результативності, що характеризують різні аспекти діяльності підприємства. Запропонована в статті концепція результативності вирішує ці завдання та сприятиме підвищенню конкурентоспроможності бізнесу та його сталому розвитку.

**Ключові слова:** корпоративна соціальна відповідальність, компанія, концепція, сталий розвиток, результативність, бізнес-процес.

**Formulation of the problem.** The practical implementation of corporate social responsibility (CSR) in the company's activities implies the need of development a scientific basis, a conceptual approach to CSR that meets the current business conditions. In the time of economic crisis it is necessary to introduce CSR in the activities of enterprises in a such way as to ensure both improving the image of the enterprise, which will increase its financial performance and other performance indicators, and the possibility of socially significant actions that will promote society as a whole.

**Analysis of recent research and publications.** The analysis of literature sources showed a variety of theoretical approaches to the procedure and basic provisions for the implementation of CSR. Thus, Baiura D. distinguishes open and closed models of CSR. Under the open model of CSR, corporations take independent responsibility for solving problems that occur in society and integrate CSR into the overall strategy of the company. The closed model of CSR presupposes the existence of formal and informal institutions in the country, through which the responsibility of companies for public interests is agreed with business representatives and their observance is ensured [1]. Also the main motivation that makes companies to implement CSR actions in their activities is important in defining the concept of CSR. There are two types of motives: motives aimed at creating value and motives aimed at satisfying stakeholders. In addition, the orientation of the enterprise can be selfish and strategic. A value-oriented organization assumes participation in CSR because of ethical, moral, and social ideals. Consumers believe that the company is altruistic, sincere; its activities are based on benevolent intentions. It leads to their positive attitude. Instead, consumers react negatively when they notice that the CSR actions of the company are caused by selfish reasons (to gain publicity) or the desire to satisfy stakeholders [2–4]. We can also consider CSR as a powerful marketing tool and competitive advantage. An effective policy

of CSR promoting is involving people in this activity so that they can feel an important part of the process. In addition, the reputation of the company is a key asset for its profitability. Much attention has been paid to customer satisfaction and customer service issues, including environmental issues last time. It creates a responsible and ethical business profile, which helps increase moral values while increasing corporate sales [5]. So CSR can directly influence the promotion of the company's products on the market but also requires the development of certain marketing activities aimed at promoting socially oriented activities of the company so that they will not be unnoticed and have an impact on improving its image. Summarizing the works of Secchi D., Garriga E., Mele D. and Ismail M. we can highlight the following CSR concepts [6–8]. The instrumental concept of CSR considers the corporation primarily as a component of the overall economic system, the purpose of which is to make a profit. It has a positive impact on both the well-being of the company's owners and the economy as a whole by creating new jobs and paying taxes. The company's social actions and costs are perceived purely as investments in improving the image and strengthening competitive positions. Without the prospect of increasing profits, it is impractical to implement CSR in the company activities. The policy concept views CSR action as a tool to strengthen the corporation's public position. The company becomes a powerful player in the political arena and can influence public opinion and cooperate with the authorities for their own interests through its promotion. The integrative concept envisages the integration of CSR into the corporation's activities on a permanent basis. The company constantly responds to the demands and problems of society due to the mechanism built into its business processes. This ensures a good relationship with society with effective organization and cost management. According to the ethical concept, the company must carry out its activities in accordance with the norms of ethics and morality

Table 1

**Integration of CSR in all areas of the enterprise in accordance with the performance concept**

| Aspect of CSR implementation in the enterprise activity          | The main areas of enterprise activity   |  |   |  |
|--|---|--|---|--|
|  | Internal business processes   | Marketing activities and interaction with customers  | Personnel development and management  | Finances   |
| The main tasks   | Minimization of resource losses by ensuring quality, timely, socially, environmentally and ethically responsible implementation of all business processes in the enterprise   | Increasing the competitiveness and improving the image of the enterprise through responsibility to consumers, ensuring their rights and preventing manifestations of unfair competition  | Providing the company with loyal professional staff through responsibility to employees, realization of opportunities for development and professional realization of all groups of personnel of the enterprise   | Increasing the investment attractiveness of the enterprise by maximizing the company's profit, its capitalization and the well-being of owners and investors   |
| Fundamentals of integration                                      | Integration quality control into all business processes and compliance with the principles of CSR in every workplace  | Manufacturing of products at a quality corresponding to their price, providing consumers with truthful information about the products and activities of the enterprise, timely response to their requests, transparent competition, prevention of industrial espionage   | Observance of workers' rights, human rights and labor protection norms, ensuring decent wages, continuous training and career management, introduction of management innovations, prevention of any manifestations of discrimination  | Transparency of reporting, legitimacy of profit, adherence to the principles of corporate governance and responsibility to the owners, investing in sustainable development of the enterprise  |
| Performance of the activity area through the introduction of CSR | Stable, uninterrupted, efficient execution of internal business processes of the enterprise   | Attracting a stable loyal consumers, ensuring the popularity of the enterprise, a positive image of the enterprise   | Ensuring the target level of productivity, staff turnover; high level of labor discipline; innovative activity of employees   | Obtaining the target level of profit, profitability, financial stability; ensuring the target level of stock quotations  |
| CSR performance  | Execution of all business processes in accordance with the principles of CSR; ensuring the quality of processes and operations; minimization of costs associated with shortages, inconsistencies in quality, violations of the law, damage to the environment; unification and transparency of business processes within the enterprise | Awareness of consumers and society about the social responsibility of the enterprise; creating the image of an organization that cares about consumers, the region where it operates, society as a whole; awareness of the general public about CSR actions at the enterprise; increasing the popularity and establishing interaction with local authorities; ensuring the support of the population and local communities | Increasing corporate awareness and employee loyalty; development of intangible incentives; creating a favorable corporate climate, a sense of employee involvement in the overall result; well-established interaction and teamwork between employees; certification training | Loyalty of investors and creditors to the enterprise, the possibility of obtaining financing on favorable terms; obtaining targeted profits from activities based on the principles of compliance with legislation, ethics and morality; providing financial opportunities to implement CSR activities and charitable activities |

and support them in society. This contributes to the creation of a stable civil society, and consequently to the sustainable development of the economic system as a whole and the individual enterprise.

**Selection of previously unsolved parts of the overall problem.** However, these concepts cannot be applied in practice in the form proposed by scientists and need adaptation to current economic conditions, which on the one hand are characterized by lack of financial resources and economic instability, and on the other hand by further promotion of social business in the world. There is a need to develop a concept that would ensure the effectiveness of the enterprise while improving its image through CSR.

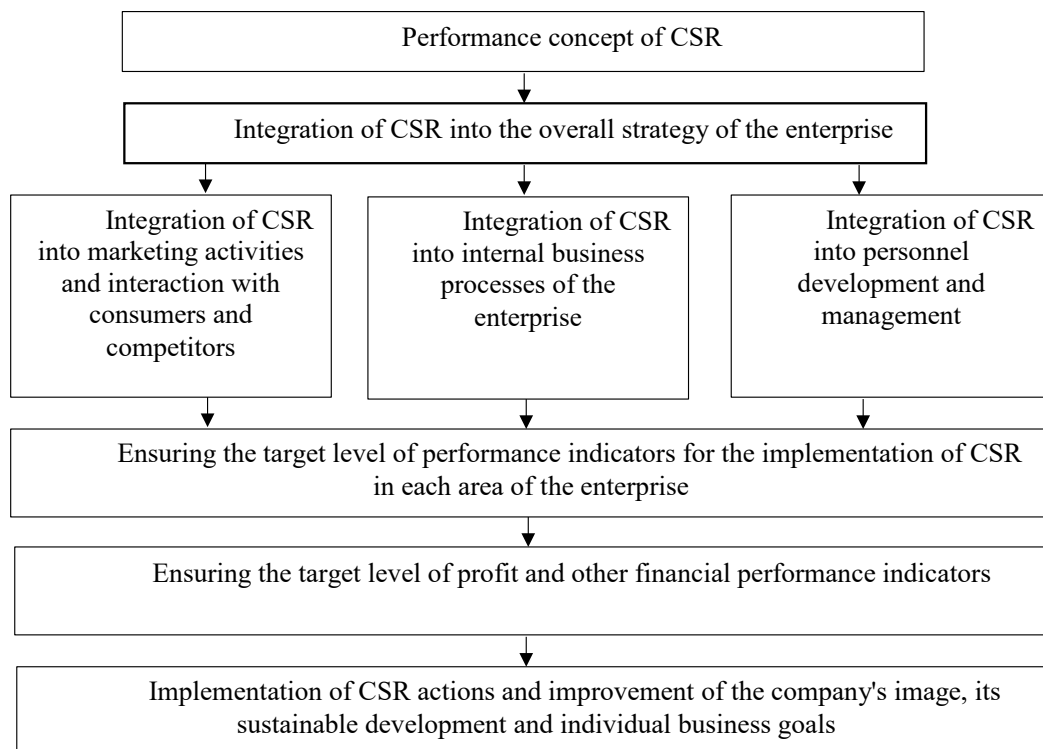
**Setting objectives.** The purpose of the article is developing a modern concept of CSR, which would meet the possibilities of implementing CSR in the activities of the enterprise in crisis conditions and ensure its sustainable development.

**Presentation of the main research material.** In the crisis conditions in the economy, reduction of purchasing power and deficit of resources of the enterprise, more attention is paid to the instrumental concept of CSR, as their current main goal is the survival of the enterprise and its financial well-being. However, the instrumental concept in the form presented in scientific publications now is ineffective as it takes into account only the financial result and capital gains as an indicator of the effectiveness of CSR. Financial indicators by their nature are retrospective and reflect the performance of the enterprise over the past period. It is impossible to

establish performance indicators only in the financial area today, because they summarize the effectiveness of marketing activities, interaction with customers, the effectiveness of personnel management and development, and the organization of internal business processes. In our opinion, CSR in its instrumental sense should ensure the performance of a set of indicators based on the balanced score system by D. Norton and R. Kaplan [9]. So, CSR should be introduced into the overall strategy of the enterprise, supporting the probability of fulfillment of key performance indicators of management, marketing, manufacturing activity of the enterprise and the achievement of its target financial indicators. It can be ensured by the application of the integrative concept of CSR in the relevant areas. CSR should be integrated not only into the internal business processes of the enterprise but also into its interaction with customers, the market, other stakeholders and staff development. Table 1 shows the basics of CSR integration in various areas of the enterprise in accordance with the proposed performance concept of CSR.

The logical sequence of implementation of the performance concept of CSR in the enterprise can be represented in the form of a diagram shown in Figure 1.

The proposed performance concept of CSR represents development and combination of instrumental and integrative concepts. Its difference is to expand the scope of evaluation of the enterprise performance, taking into account not only financial indicators but also indicators of effectiveness of



**Figure 1. The sequence of implementation of the performance concept of CSR in the enterprise**

marketing activities, management and staff development, internal business processes. Also in contrast to the integrative concept, the performance concept involves the integration of CSR not only into the internal business processes of the enterprise, but also in other areas of activity, as well as assessing the effectiveness of such integration in each area.

**Conclusions.** The proposed concept will allow companies during the economic crisis to improve their popularity and competitiveness by creating a favorable image of a socially responsible company, ensuring consumer loyalty with the target level of performance, monitoring the effectiveness of CSR not only for financial results but also for other areas.

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