Trends and Factors of Social Responsibility and Social Partnership

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Introduction

World business is increasingly turned towards social problems at both the national and at the global levels. In modern conditions the issues of social business responsibility to society is more than ever relevant. The active social position of entrepreneurs should be a harmonious coexistence, interaction and constant dialogue with society, participation in solving acute social problems. Strengthening social business responsibility, promoting social activity entrepreneurs are necessary conditions for the creation of social solidarity in Europe.

Social responsibility is a responsible attitude of any company towards its product or service, to customers, employees, partners, active social position of the company, which is a harmonious coexistence, interaction and constant dialogue with society, participation in solving acute social problems. Social responsibility is a concept that encourages companies to consider the society interests by taking responsibility for the impact of company's activities on consumers, stakeholders, employees, society and the environment in all aspects of its activities.

In the publications of such authors as V. Geyets, H. Halchak, A. Kuzhel, E. Libanova, M. Murashko, W.M. Pacholarz, Y. Petrushenko, J.W. Przybytniowski, Z. Varnaly, K. Vashchenko, Y. Zhalilo and others the importance of social business responsibility and social partnership are repeatedly emphasized, individual incentives for enhancing these processes in the economy of the country were offered. However, in today's business conditions the necessity of the identification of objectives, criteria and principles of socially oriented business environment and social cohesion of the local business formation are shown at the fore front.

1. Statement of the problem and methods

The main purpose of this article is the theoretical and practical analysis of tendencies and factors of the social responsibility and social partnerships development in modern business and problems associated with them. During the research the methods of abstraction, comparison, grouping, logical and statistical analysis were used.

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2. The results of the research

Nowadays the generally accepted definition of social responsibility according to ISO 26000 is as follows: "social responsibility is an organization's responsibility for the impacts of its decisions and activities on society and the environment implemented through the transparent and ethical behaviour which is consistent with sustainable development, health and well-being of society; groups and stakeholders interests, complies with current regulations and relevant international obligations, and is integrated into the activities and strategy of the organization or the company and is carried out in daily activities"[*Social Responsibility* https://en.wikipedia.org/wiki/Corporate_social_responsibility: aktualizacja: 15.05.2016].

The main characteristics of social business responsibility is voluntary; integration into the business strategy of the organization or the company; consistency; benefits for all stakeholders: employees, consumers, shareholders, society, as well as for the enterprise; contribution to sustainable development. Social responsibility is not limited by charity.

In the broad sense the social business responsibility can be represented as a system of values, processes and activities aimed at spreading the positive effects of the company's activities in the economic, environmental and social areas both inside the organization and in the environment. The implementation of socially responsible strategies should be focused not only on reducing negative impacts but also on the achievement of economic, environmental and social effects (the so-called triple impact strategy), which can be considered as a basis for increasing the competitiveness of individual firms and the national economy in general.

There are two approaches in understanding the social business responsibility:

a) entrepreneurship is considered socially responsible if it is not violating the laws and norms of state regulation, increases profits, that is, achieves the planned objectives;
b) entrepreneur in addition to economic responsibility should take into account human and social aspects of the impact of its business on employees, partners, customers, and also make a positive contribution to the solution of social problems of the society as a whole. That is, the society expects business growth, not only high economic results, but also significant advances from the point of view of social objectives.

The social business responsibility includes the companies procedures and practices from the seven aspects:

a) organizational management;
b) human rights;
c) labour relations;
d) ethical operations;
e) environmental protection;
f) protection of consumer rights;
g) the development of local communities and cooperation with them.

The arguments in favour of social responsibility are:

a) favourable long-term prospects for the business; even if short-term costs associated with high social action are long-term, they can boost profits, as a more attractive image of the company is formed for the consumers, suppliers and the local community;
b) the availability of resources to assist in solution of social problems; as the business has substantial human and financial resources at its disposal, it would have to pass the part of them for social needs;
c) a moral obligation to behave in a socially responsible manner; the company is a member of the society, so morality norms also have to control its behaviour.

Arguments against social responsibility are:

a) the infringement of the profit maximization principle; sending some resources for social needs reduces the influence of the profit maximization principle;
b) costs of social tiredness; means allocated for social needs, are expenses for the company; ultimately these costs are transferred to consumers in the form of higher prices;
c) lack of accountability to the public; until the society will develop a direct reporting system of its enterprises, the latter won't participate in social actions for which they don't consider themselves responsible.

The benefits of socially responsible policies of the company should include:

a. improved company's reputation and corporate image; corporate social responsibility, compliance with the code of corporate conduct and business ethics contribute to strengthening the reputation and image of the company in society and the state; implementation of internal and external social projects of the company to make its activities more obvious and transparent to the public; establishes partnerships with the government, thus reducing public and advertising costs and securing qualified personnel in the company;
b. improving the quality of business management; social activity of the company contributes to increasing productivity of staff; reducing operating expenses; increasing sales and customers' loyalty [Przybytniowski, 2013];
c. increasing the investment attractiveness; involvement of the company in the system of international reporting, including social, extends the possibility of participation in the international business; attracting investors, which leads to an increase in the capitalization and offers free access to capital.

Companies receive economic benefits from events of a social nature. The most important economic and social benefits of socially responsible companies are: long-term consolidation of workforce, reducing turnover of workers, increasing competitiveness, securing the workers loyalty to the ideology of the Corporation to increase the status of the Corporation in society, the creation of an ethical system of relationships inside the Corporation, and so on.

The benefits of socially business responsible to society is obvious. And what does it give the company, which makes a socially responsible way of economic functioning? The most common mistake is the idea that social programs which are funded by the enterprise are

unprofitable for business. Costs which are wisely invested in social programs only benefit the business [Halchak, 2011].

Firstly, the company gets a high reputation and a good name. A high social reputation, in turn, indirectly brings material benefits – is the confidence of a businessman, brings new business opportunities.

Secondly, the social business policy brings also commercial results:

a) a positive impact on the consumers' market (the promotion of local sports teams, participation in and support for talented children, assistance to veterans attracts consumers of the company);
b) a positive impact on the share capital (companies shares with sustainable social activity faster can be found by their holders, which leads to an increase in the company's capitalization);
c) the involvement of highly qualified specialists (the company which conducts external social policy has been steadily implementing inner social programs);
d) the promotion of the potential investors interest (if keeping social programs is accompanied by an increase in transparency in the company activities with using of social accountability forms) etc.

Social responsibility has different manifestations, depending on the position of the enterprise in the market, the competition level, the nature of the relationship with state and local authorities, the availability of the election campaign etc.

The first form has classical nature, which is associated with the enterprise's policy for implementation of the full social partnership. This form is typical for companies operating not only in the domestic market, but also overseas. The desire of such companies to have social responsibility is quite evident – it is the necessity to meet the international criteria for the successful business. "Every major company is interested in the capitalization and, therefore, tries to show as much profit as possible and pay more taxes... Any company which receives billions of dollars in loans from Western banks, is simply obliged to be completely transparent and corporate responsible because foreign auditors are stricter than domestic tax services" [Berdichevskaya, 2013, Przybytniowski, 2013].

The second form of social business responsibility may be associated with obtaining certain privileges from the government, the possibility of development and production of minerals, proposing the beneficial state order. Consolidation of all elements of social responsibility over the company involves the spending resources to carry out these functions, and the creation of the appropriate social status, which leads to the obtaining of certain benefits, including beneficial effects.

The third form is, to a greater extent coercive, when social responsibility is a manifestation of the obligatory charity. The government actually forces companies to be engaged in such activities. This is due to the fact that "the excessive dependence of the domestic business from the government, which shifts its social policies emphasis and also a general low level of most domestic markets competitiveness, making excessive (economically inefficient) for

a business fighting for its legitimacy in front of anyone, except the authorities structures at various levels [Tambovtsev, 2008].

Social support from the large enterprises may be considered as part of the mechanism of social agreements between the leaders of profitable industries and government agencies, especially at the regional level. In such case, social responsibility is not associated with a direct government pressure on business, but is a part of the informal agreement with the leadership of the territory in which the business is operated. In addition to the traditional exchange of social business responsibility to the privileged access to infrastructure, finance, tax incentives, state subsidies, the administration gets a social capital being at the same time an entrepreneur and a part of the management elite of the region or country as a Deputy.

The fourth form of social responsibility is found at the city-forming enterprises. Considering the characteristics of such enterprises, the business is forced to take on non-specific social functions. These enterprises have to be socially responsible for their smooth operation, the decision of the city economic problems, mainly due to the disengagement of the state from the solution of these problems. Moreover, in the final analysis, the cooperation with local authorities and civil society is much more successful [Semenov, 2011].

The implementation of such measures will strengthen the positive impact on the territory, will contribute to the development of depressed regions. For Ukrainian companies social responsibility is largely ad hoc, aimed at improving reputation, without the desire (and often possibility) to consider this process as a long and continuous, constructive, mutually beneficial interaction between employers and employees is also absent [Petrushenko, 2013].

Owners' perceptions of the enterprise social responsibility is not an unambiguous interpretation, leading to a realistic simulation of sponsorship, private social investment in order to create a positive image of the state.

The authorities, both at the state and regional level, consider the Institution of social responsibility as a part of the additional business taxation, as a source of the budget replenishment by delegating social functions that are poorly resolved by the government. Functional narrowness of social responsibility, a lack of understanding of its essence, and perhaps the unwillingness, limit the scope of the implementation to the limits of social partnership, interaction of the authority and enterprise trade unions solving labour relations issues. The absence of socially responsible entrepreneurship ideology and the forced nature of this responsibility clearly characterize the current state of social responsibility [Murashko, 2009].

The formation of economic agents socially responsible [Ansoff I., 1979; Donaldson, Preston, 1995; Pinkston, Carroll, 1996; Lee, 2008; Margolis, Walsh, 2003, Przybytniowski, 2012] behaviour in conditions of the priority development of the socially-oriented business environment institution occurs in terms which have both favourable and dissuasive nature. In particular, the positive conditions, on the one hand, there is the presence of powerful

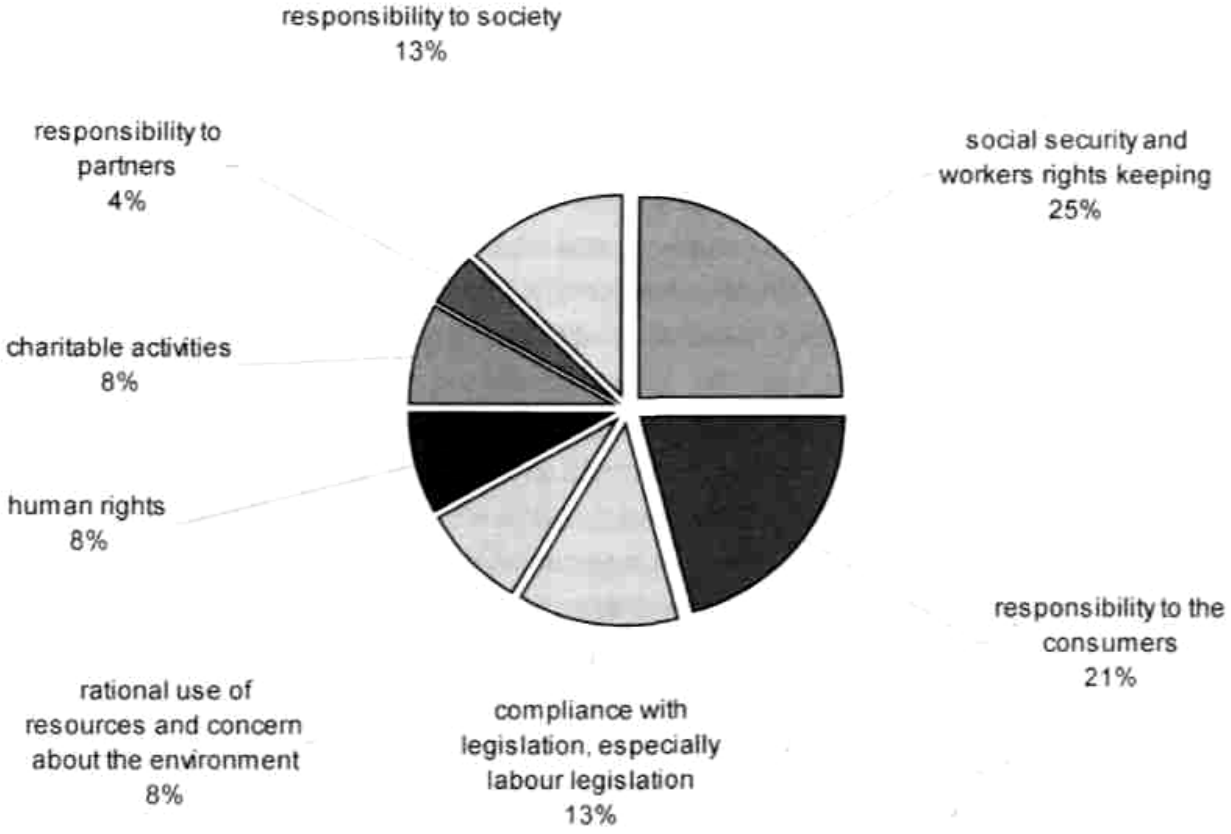
corporations with significant resources and capacity competitiveness, necessary for the social investment implementation and, on the other hand, the domestic economy integration into the global environment, resulting in the increasing institutionalization of social responsibility and social partnerships according to international standards [Przybytniowski, 2012].

It should be noted that the specifics of the social business responsibility is largely determined by the characteristics of a specific "society".

The formation of the socially oriented business environment and the development of effective mechanisms to encourage corporate social investment are constrained by a lack of common understanding of the social responsibility essence and the social business cohesion, lack of social activities awareness as innovative and competitive advantages.

Under the social responsibility the representatives of the surveyed business organizations understand (Figure 1):

■ **Figure 1.** Social responsibility understanding



Source: own results

There are differences between large companies and enterprises of small and medium businesses in understanding and implementing social responsibility. With the increasing of enterprises size increases the share of those that relate to social responsibility such components as: introduction of the principles and practices of accountability, transparency and ethical conduct; application of company policy, the principles of ethical and responsible

attitude to consumers; implementation of environmental projects and participation in regional development programs [Zinchenko, 2010].

In practice, modern businesses implement the following components of social responsibility [*Social Responsibility* https://en.wikipedia.org/wiki/Corporate_social_responsibility: aktualizacja: 15.05.2016]:

a) organizational management through the management system, providing broad powers to the employees, compliance with legislation and the organization of social events;
b) human rights by providing guarantees for employees of the social package, the signing of collective agreements, compliance with labour legislation, support for trade union activities, the creation of „hot" telephone lines and services to human rights;
c) environmental issues due to the introduction of new technologies to ensure the cleanliness of the environment, the use of ecological materials, implementation of environmental programs and the implementation of all requirements for environmental safety;
d) labour practices through the employment of disabled people, creation of favourable conditions, observance of labour legislation, bonus payment, the establishment of democratic relations in the working team;
e) consumer issues by controlling the products and services quality, the customer service quality and through partnerships and agreements;
f) the fair business practices through the implementation of the fair competition policy, transparency, mandatory payment of all taxes, fight against corruption and the signing of the social responsibility Memorandum;
g) social involvement and social development due to the introduction of a large package of social benefits and guarantees for employees, incentives for quality personnel duties, implementation of charitable programs.

Interestingly, none of the business representatives allocated the area of its employees occupational health and safety as one of the main components, while in other countries these issues as the main policy of social responsibility are discussed. None of respondents suggested the necessity to develop a code of ethics and compliance, which is essential for the application of fair business practices. The fact that the payment of all taxes is an issue of social responsibility, by definition, this group of stakeholders is interesting. In contrast to global trends, business organizations respondents called the "charitable programs" but not the development of society (one of the main components of ISO 26000) as a format of the community help. However, as the practice shows, social investments of internal and external social areas gradually take their rightful place in corporate strategies and become a part of the domestic enterprises management. The business is aware that social programs contribute to the image creation and increase its reputation, so depending on the financial capacity attempts to implement social investments.

Conclusions

Social responsibility is a new level of the society development, the new strategy and concept, which integrates the national strategy, shares human values and ethical behaviour of business organizations, consumers, employees, authorities, civil society, research institutions and universities. Nowadays most countries of the world are attracted to the concept of social responsibility at local, regional and state levels. Along with this, issues aimed at the study of the business and government relationship characteristics at both the state and regional levels, the objective reasons for the business operations as socially responsible are required for the further research.

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■ Summary

The article considers problems of development of social responsibility and social partnership of the business. It was realized theoretical, scientific and practical analysis of trends and factors in the development of social responsibility and social partnership approach set out the understanding of corporate social responsibility, the arguments for and against social responsibility, advantages of socio-responsible company business.

■ Streszczenie

W artykule rozpatrywano problem rozwoju odpowiedzialności społecznej oraz społecznego partnerstwa biznesu. Zrealizowana została teoretyczna oraz naukowo-praktyczna analiza tendencji i czynników rozwoju odpowiedzialności społecznej i partnerstwa społecznego, określono podejścia rozumienia odpowiedzialności społecznej biznesu, argumenty za i przeciwko odpowiedzialności społecznej, przewagi polityki społeczno-odpowiedzialnej spółki biznesowej.

Keywords: social responsibility, social responsibility of the business, socially responsible behaviour of economic agents, socially oriented business environment, the components of social responsibility

Słowa kluczowe: odpowiedzialność społeczna, społeczna odpowiedzialność biznesu, zachowanie społeczno-odpowiedzialne przedmiotów biznesu, społeczno-zorientowane środowisko biznesowe, elementy odpowiedzialności społecznej

JEL Classification: M14 (Corporate Culture - Diversity - Social Responsibility)