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## THEORETICAL PRINCIPLES OF FORMING BUSINESS SOCIAL RESPONSIBILITY

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**Annotation.** *The current stage of economic development is characterized by the development of business social responsibility as one of the integral components of successful functioning of business structures, which interconnects the activities of enterprises with the society and is one of the most important factors on the path to economic development of both individual enterprises and the domestic economy as a whole.*

*The article investigates the approaches to corporate social responsibility.*

*The approaches of well-known European organizations and the founders of the discussion about the social responsibility of business are analyzed.*

*The question of the concept formation of social responsibility is considered; its components and approaches to ensuring its effectiveness are considered.*

**Keywords:** *business social responsibility, corporate social responsibility, development, enterprise, society, concept.*

**Formulation of the problem.** Modern society is developing facing acute social and economic problems. As business as a part of society has a significant influence on its development, the business social responsibility development is becoming extremely important.

The value of the business social responsibility development is to minimize the negative consequences of their production activities in companies, to solve the problems of global and local development, to form an atmosphere of predictability, trust and common values in society. Thanks to social responsibility, business becomes more stable in the

**Аннотация.** *Современному этапу развития экономики характерно наличие социальной ответственности бизнеса как одной из необходимой составляющей успешного функционирования субъектов хозяйствования, которая связывает деятельность предприятия с обществом и выступает важным фактором в процессе экономического развития как отдельного предприятия, так и отечественной экономики в целом. Исследованы подходы к содержательному наполнению социальной ответственности бизнеса, а также постулаты известных европейских организаций и основателей дискуссии в вопросах социальной ответственности бизнеса. Рассмотрены проблемы формирования концепции социальной ответственности, определены составляющие и подходы к обеспечению ее эффективности.*

**Ключевые слова:** *социальная ответственность бизнеса, корпоративная социальная ответственность, развитие, субъект хозяйствования, общество, концепция.*

economic and social plane, gets the opportunity to increase its intangible assets.

**Analysis of research and publications.** The theoretical questions of the business social responsibility, its economic, institutional and legal aspects are considered in the works of such foreign and domestic scientists as M. Albert, H. Bowen, A. Williams, V. Vorobey, F. Kotler, M. Mescon, T. Savaeva, N. Shynkaruk, N. Shiroy, F. Hedouri, R. Freeman and others.

The earlier non-solved parts of the general problem. Taking into account the study of economists, a thorough analysis of existing approaches and anal-

ysis of best practices in the business social responsibility development remains crucial. The urgency of the business social responsibility development is determined by a number of economic problems and an increase in the level of competition between enterprises, as well as an increase in the role of consumers.

**The purpose of the research.** The purpose of the study is to analyze the approaches to defining the business social responsibility and the implementation of its concept.

**Main results of the research.** The business social responsibility in the context of the development of society was discussed a long time ago. Well-known American sociologist D. Bell notes that «the representation of the corporation only as an economic tool means a complete misunderstanding of the importance of social change over the past half century» [1].

The modern understanding of the business social responsibility in front of society, of course, goes beyond the scope of satisfaction of the interests of shareholders and investors. Today, both the general public and the scientific community recognize that business as an integral part of society can not act in isolation from it and therefore should take into account the interests of broader groups of the population [2].

The business social responsibility is a multidimensional phenomenon, and various terms are used to analyze it, however, the most widely used concept is «corporate social responsibility» (CSR). However, there are difficulties with the very idea of CSR — there is no generally accepted definition, and there is no agreement on what exactly such a definition should include. There is only a general understanding that CSR is more than just charity or strict adherence to relevant legislation.

The social responsibility of a business is understood to be the behavior that ensures the achievement of a balance of interests of all parties involved in social and economic relations, taking into account both social and economic efficiency and the principles of social justice [3].

Among the definitions of CSR promoted by the business itself, the most popular is the one, given by the World Business Council for Sustainable Development (WBCSD): «CSR is a constant commitment of business to ethical behavior and contributing to economic development, at the same time improving the quality of life of workers and their families, and also the local community and society as a whole». Another business organization, Business for Social

Responsibility (BSR), defines CSR as «business activity in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has in relation to business». In this definition, it is emphasized that CSR is not just separate measures, but a whole range of measures integrated into the work of the company and supported by the management.

The International Chamber of Commerce (ICC) focuses on the voluntary nature of CSR, regarding it as a voluntary business commitment to doing business in a responsible way [4].

The World Bank considers CSR as «a commitment to business to contribute to sustainable development, working with employees, their families, local communities and society as a whole in order to improve their quality of life in ways that are good for both business and development».

According to the National Policy Association, corporate social responsibility is not just ethical behavior and related accounting practices, it is related to how the company acts in relation to both its shareholders and stakeholders.

Taskforce on the Churches and Corporate Responsibility (TCCR) notes that socially responsible corporations are interested in being treated appropriately so that they receive fair wages and work in safe conditions.

Therefore, companies should take their responsibility seriously and participate in the development, implementation and monitoring of socially responsible activities.

The Boston College Center for Corporate Citizenship (Center for Corporate Citizenship) promotes the idea of corporate citizenship, which implies the integration of basic social values into its daily policies and activities, based on the understanding that its own success is linked to social health and well-being. Therefore, the company takes into account its impact on all stakeholders, including employees, customers, local communities, suppliers and the environment.

In his monograph «The Social Responsibility of a Businessman» (1953), G. Bowen states that the business social responsibility is to implement that policy, make such decisions or conduct such a line of behavior that would be desirable from the standpoint of the goals and values of society [5].

F. Kotler defines corporate social responsibility as a business commitment to promote economic development by working with hired workers, their families, the local community and society in general in order to improve the quality of life [6].

M. Meskon, M. Albert, F. Hedouri believe that social responsibility implies a certain level of voluntary response to social problems on the part of the organization. The organization should direct part of its resources and efforts in favor of local communities in which the company and its units, society as a whole operate [7].

O. Y. Berezina provides the following definition: social responsibility is a socioeconomic institution that functions as an open system, in which the process of interaction between the corporation and its stakeholders is being developed, which helps reduce transaction costs, resolve conflicts of interest, and acquire sustainable competitive advantage through the use of social investment, social partnership, social reporting, dividend policy and corporate communications [8].

I. V. Zhigley believes that social responsibility is an independent, initiative, systematic, at its own risk, economic activity, carried out in order to meet the interests of all groups of interested persons on mutually beneficial conditions in order to achieve economic and social results [9].

Proceeding from all of the foregoing, the business social responsibility is the responsibility of business entities for observing norms and rules that are implicitly defined or uncertain by law, affecting the quality of life of individual social groups and society as a whole. The behavior that ensures the achievement of a balance of interests of all parties in the sphere of socio-economic relations, taking into account both social and economic efficiency, and principles of social justice is understood under the business social responsibility.

The concept of social responsibility is not only a declarative desire or a commitment to help the society, the development and implementation of rationally sound activities, is a social policy implementation system, goal setting, indicators, accounting and monitoring system, audit, adjustment and improvement [10].

Implementation of the concept of business social responsibility involves not only the development of a specific social strategy, but also the establishment of a control system, feedback, and infrastructure.

The effectiveness of the concept of business social responsibility depends on creating incentives for the state to promote profitable cooperation in the areas of improving the company's image, sustainability, etc.

The CSR concept includes two main components: minimizing business risks and transforming problem areas in nature and society into perspective

business opportunities. The first means the elimination of possible gaps in the relationship with society and the social identification of the company. An example of the latter may be the creation of new products and the filling of those segments of the market, the output of which could bring an objective benefit to the whole society. This will not only create a certain image for the company, providing the consumer with the necessary benefits, but will also bring significant economic gains as demand for this product will definitely be. It also significantly reduces the risks of creating a new product and expansion into new markets.

In today's realities of social and economic research, considerable attention is paid to the problem of updating the ethics of responsibility of subjects for the results of their activities. It should be noted that in general the set of responsibility issues has a philosophical, legal or moral aspect, but rarely does it relate to economic existence. At the same time, the strengthening of the significance of economic development institutional factors, in particular formal and informal norms, promotes a close connection and interdependence of economic and social issues in order to form a complete and multidimensional representation of the business entity economic behavior.

In the process of social production development there is a constant complication of the system of appropriate links between economic actors, which, in turn, leads to the emergence of a complex of diverse relations of dependence between them. This is realized in the institutional system, in which the rules for the formation and implementation of socio-economic interaction of individuals have already been formed.

We can not overlook the fact that the problem of social responsibility acquires updated features and properties in the globalization environment, as well as in the process of internationalization of economic activity. As for the latter, it is worthwhile to stop and eliminate the boundaries of national states, increase the degree of freedom of economic activity of powerful monopolistic structures, increase social tension in society, etc. As a result, there is an increase in the risk and uncertainty level that primarily affects the economic activity of business entities, as well as the well-being of both individuals and the state as a whole.

Scientific discourse on the interpretation and content load of the category of social responsibility, testifies to the gradual emergence of scientific interest in such a problem.

Critical analysis of scientific papers shows that the business social responsibility is often viewed as a combination of relations of interconnected dependence between the main macroeconomic actors, aimed at the formation of socially significant values and obligations, as well as the effective realization

of such values in the development of individual business entities of any activity sphere. What about the directions of realization of social responsibility of business, we can not diminish their significance in view of a number of components presented in (Fig).

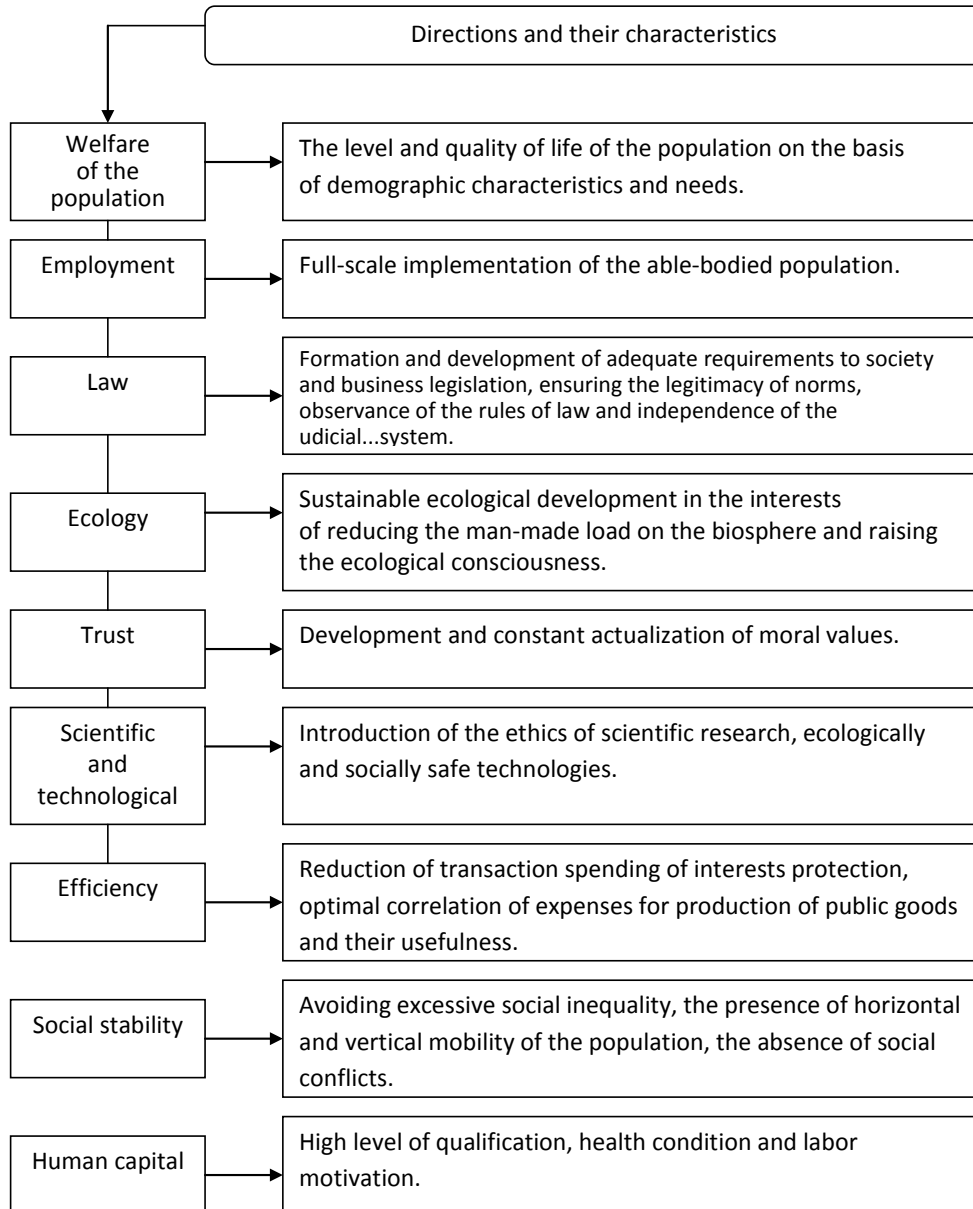


Fig. The main directions of realization of the business social responsibility

Taking into account the specifics of the signs and spheres of implementation, one can assume that the business social responsibility is one of the main components of the institutional system of the modern socially oriented economy, along with institutions such as property, credit and market.

In our opinion, attention should be paid to the discussion of the advantages and disadvantages of

institutional mechanisms of formal and informal norms and, basing on it, the selection of the most effective tools for the implementation of certain rules. So, the logical question arises: is the informal rule of social responsibility to be transformed into a formal institution?

We believe that such an initiative is inappropriate, because, given the presence of a significant proportion

of the moral component, social responsibility practically does not belong to formalization. Indeed, it is not possible to clearly state all the conditions and factors that will contribute to assessing the behavior of the subject as socially responsible or socially irresponsible. In addition, the complex task is to prove social irresponsibility and the application of certain sanctions, depending on the degree of its manifestation.

Functional content of social responsibility is realized in unique conditions, which are determined by the individualized process of interaction of subjects in certain or other specific circumstances. Therefore, we make a conclusion that the public good has a different interpretation depending on the current circumstances, and accordingly, is unevenly reflected in the Institute of Social Responsibility.

The social order of countries with a developed socially oriented market economy is impossible without an effective mechanism of interaction of entrepreneurship as the dominant entity with legislative and executive authorities at the micro-, meso- and macrolevels.

In modern conditions, ensuring the effective functioning of economic entities is largely due to the emergence and development of corporations, which act as a key element of the national system of entrepreneurship in all industrialized countries.

A common feature of economic relations is that each of their participants wants to maximize their welfare by any means, with the least spending to themselves, regardless of the spending of other participants in economic relations. At the same time, the interference of the legislative and judicial authorities is aimed at achieving justice and legitimacy in order to achieve efficiency for both participants and society as a whole. But we can not diminish and reject the fact that efficiency and ethics are conflicting concepts to some extent, since in some cases, economic participants can be considered as effective unethical things, but being taken together, economic efficiency and social responsibility form the basis for sustainable economic development.

**Conclusions.** The development of social responsibility plays an important role in the management of companies, but in domestic practice it is not sufficiently applied. Although the CSR is a private initiative, it receives significant development through incentives from civil society and government.

An assessment of the role of CSR in the development of society provides a systematic approach to it, including micro-level (the practice of companies having universal grounds), and a macro-level (CSR as an institution with a number of functions and requirements). Institutional development of CSR allows us to talk about its systemic character.

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