

Секция 24. Экономические науки

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**SOCIAL RESPONSIBILITY AS THE DIRECTION OF IMPROVEMENT OF  
SOCIAL DEVELOPMENT OF ENTERPRISES (BUSINESSES)**

Under contemporary economic conditions on the way towards developing socially oriented economy the role of social factors in the activities of national enterprises is currently increasing. Socially responsible functions of the enterprise, ways of developing its social infrastructure, formation of social security systems for employees, introducing norms of ethical behavior not only for the subordinates but also for suppliers and consumers, encouraging positive emotional climate within the team start playing increasingly important role in achieving profitability of manufacture as well as social development of enterprises.

Such transformation of social priorities requires introduction of principles and methods of social responsibility into the social policy of the enterprise, which can become one of the directions aimed at improvement of social development of the economic agent. It enables us to place the issue of implementing social responsibility at enterprises under conditions of socially oriented economy into the range of acute scientific directions.

Social stability and wellbeing of the population of the country fully depends on the level of its economic development as well as self-sustainability of its regions. As a result of numerous reforms, social and economic differentiation between the regions of Ukraine has increased significantly, which requires differential approach of the state to the regions with various social and economic problems. It is impossible to find solutions to the issues connected with social and economic development of problematic regions and raising the standards of living in these areas without developing and implementing efficient social policy by the state. Social policy is a complex of social and economic measures taken by the state, local authorities and enterprises targeted at meeting social needs of society on the basis of the principle of

fairness and social responsibility to each citizen (Hrynenko, 2001). Nowadays the most essential structural element of social policy of the state is social protection of its citizens, which comprises practically all major aspects of human activity. The latter can be fulfilled at the level of the primary element of the economic system – the enterprise, not as reduplication but as its complement or renovation. Within the context of this issue we would like to mention that essential part of services in social sphere has to be provided by the enterprise. It means that the goals of the enterprise are not only to gain maximal profit, as they are the synthesis of the major goals of its owners, consumers, employees and mediators. Therefore, social goals of the enterprise, being the basis for its social and economic development, should refer to each interested party and be connected with the choice of guidelines of social processes.

As far as we can see, social policies of both the state and the enterprise are inseparably interlinked and interdependent. In the process of scientific studies into social policy it should be noted that the major part of attention is paid to the issue of social policy of the state aimed at struggling with poverty and protection of disadvantaged population. Whereas the issues of social policy of enterprises are not paid sufficient attention to: the sphere of social policy of the enterprise was considered only from the perspective of improving professional training and the personnel's life quality, and the essentials of social and economic policies were often equaled.

Thus, there arises the task to develop further theoretical and practical recommendations concerning improvement of social development of the enterprise, the main directions of which would be involving qualified employees, retaining efficient staff at the enterprise, improving manufacturing process and providing incentives for better work. As for improvement of social policy of the enterprise as the basis for its social development, O.O. Hrechyshkina (Hrechyshkina , 2009) states in her work that combining social policy and economic activity of the enterprise would be the most effective way. Still, social policy of the enterprise can definitely facilitate productivity and help increase the output as well as income on condition

that we take into account available strategic resource combining intellectual, human and social capital, which will help to increase compatibility of the enterprise in the market and achieve high level of social development.

To support this statement, we would like to mention the point of view expressed by N.H.Didenko (Didenko, 2007) who stated that the basis for effective social policy pursued by the economic agents is their ability to take over social responsibility, which will promote achieving positive results in social, economic and image areas. In other words, social results for a business will mean getting the personnel interested and establishing long-term reliable partnership. In the author's opinion, economic benefit can be characterized as gaining profit from implementation of social events, whereas participation in social initiatives will ensure interest and favourable attitude of new partners. In its turn, positive social image will help to increase consumers' loyalty, thus expanding target market and improving the prestige of organization.

Having analyzed the statements of numerous scientists concerning improvement of social development of the economic agent through implementation of efficient social policy at the enterprise, the following directions can be singled out: guaranteed employment, incomes and remuneration of labour, occupational safety, working conditions, staff training, employee health protection, provision of social services, pension and social insurance, charity etc. Similarly, social policy envisages development and implementation of the measures and programs that operate in accordance with the formed principles: development of social infrastructure, employee insurance, individual responsibility for financial condition (fairness), social partnership, providing adequate work conditions, enabling professional development of employees etc. It will give an opportunity to serve social interests and meet the needs of the staff as well as increase appeal of the enterprise in the market (Vovk, 2005).

However, modern innovative approaches to social development of enterprises stimulate and form brand new strategic directions. One of such directions, which has been actively implemented at the enterprises of the developed countries lately, is implementation of social responsibility. It is characterized by a new type of social

labour relations, which is manifested in appearance of new forms of relations between the capital owners and employees, entrepreneurs and the environment where they perform their activities. These are the realia that call forth the necessity to investigate theoretical and methodological grounds in order to form a new direction of social development of the enterprise adapted to the contemporary Ukrainian conditions, i.e. social responsibility.

We would like to emphasize that every enterprise, being an economic agent, apart from exercising functions referring to gaining and distributing profits, has to exercise the range of social functions and take active part in society life. Summarizing the approaches to understanding social responsibility in the context of social development of the enterprise, it can be stipulated that social responsibility of the enterprise is the policy of the economic agent's activity aimed at improving not only economic position, but also social development.

In modern practice new directions of social responsibility as an integral component of social entrepreneurship are implemented. The following are worth mentioning:

- in the countries of Northern and Southern America social entrepreneurial activity is exercised mostly by non-profit organizations that direct their profits to solving social problems and provide services to certain target group;
- in European countries social responsibility is equaled with social mission where the most important issue is social effect from entrepreneurial activity, and only afterwards financial efficiency;
- the third direction predetermines socially responsible entrepreneurship as innovative entrepreneurial activity aimed at social transformations in society. The major distinctive feature of this direction is the fact that the leader is a social entrepreneur in the first place.

Obviously, social responsibility long ago became an integral part of business and the key factor for improving social development of enterprises in many developed countries. On the basis of the world experience the following criteria for determining an organization as socially responsible can be formed:

- manufacture and sales of quality products;
- improvement of professional efficiency of employees;
- honest tax payment, adherence to the requirements of international, national and regional legislation;
- implementation of corporate healthcare programs;
- implementation of corporate moral incentive programs;
- participation in formation of positive public opinion about the business (Hrynenko, 2001).

In order to give evidence for improvement of social development of the enterprise due to implementation of social responsibility the following arguments can be given:

- ensuring public reputation of organization;
- increase of public trust to the enterprise activities;
- improving professional efficiency and development of staff potential at the enterprise;
- possibility to create safe internal environment at the enterprise;
- possibility to establish new partnership relations.

Taking into account the information mentioned above, it can be stated that improvement in social development of the enterprise as well as formation of new social enterprise policy are highly possible due to implementation of social responsibility into daily routines of the enterprise, which, in the long run, is bound to be useful not only for the enterprise itself, but also for the whole society and the country.

Therefore, formation of the mechanism facilitating development of social responsibility at the enterprise is absolutely expedient, with the following elements to be included thereto:

- dissemination of public opinion concerning importance of social responsibility of a business for social and economic development of the enterprise as well as the state;

- formation of positive opinion among entrepreneurs concerning active social position;
- development of regulatory legal instruments with unambiguous interpretation of social responsibility, criteria for its determination and forms of application;
- improvement and active implementation of the tax mechanism predetermining tax privileges in the process of realization of social programs ([www.un.org.ua](http://www.un.org.ua)).

Nevertheless, nowadays the significance of implementing social responsibility at enterprises is perceived differently. Determination of the criteria for social responsibility appears to be problematic as they are provisional: what is perceived as responsibility by one of the economic subjects can have totally different meaning for another one. Predominantly, social responsibility within the process of implementing social policy is perceived by national enterprises not as an instrument for improving social state, but as a non-recurrent measure not requiring special expenditure, which affirms low level of awareness in this issue. Therefore, all the arguments concerning improvement of social development of enterprises stated above will be justified on condition that social responsibility is perceived as a duty of the management to assess personal intentions and chose the mode of action which complies with the norms reflecting the interests of social development, otherwise they should report to the society and be punished.

Finally, it is worth mentioning that every enterprise as well as the state, whose highest value is a human being, have to create comfortable conditions for his/her material security, for meeting his/her cognitive and cultural needs at the level of modern standards. Thus, implementation of these conditions is possible only through social policy, its development at the level of social responsibility.

The study enables us to arrive at the following conclusions. Under conditions of socially-oriented economy the essence of successful operation of a modern enterprise is becoming increasingly clear. Not only rational managerial component is significant for such an enterprise, but also the company personnel, its loyalty, qualification, competence, which becomes the major strategic resource of the enterprise. Therefore, in order to achieve strategic goals and efficiency of social development of the

economic agent social responsibility can be considered as a direction aimed at developing competence, loyalty and work efficiency of the staff combined with meeting the demands and expectations of other interested groups involved in the enterprise activities: owners, consumers, business partners and community. Thus, taking into account the information mentioned above, it can be stated that taking over social responsibility, economic agents can reach positive results in social, economic and image spheres. Subsequently, it implies formation of reliable partnership, gaining profit, positive attitude of new partners and improvement of organization image. So, management of social development of the enterprise will be performed at higher level.

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