SOCIO-ECOLOGICAL RESPONSIBILITY AT ENTERPRISES IN UKRAINE

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In recent years, the problem of business’ social responsibility attracts a lot of attention. Many scholars’ works find their place in the disclosure of the essence of "social responsibility", the further perspectives of organization and implementation problems.

A number of companies are trying to meet the new challenges of the present, in need of new approaches in the management of social responsibility.

Therefore, the issue of social business compliance and implementation practice is important in Ukraine.

Analysis of recent researches and publications


Considering that there are a number of theoretical and practical works, there is no single authoritative definition of the term "social responsibility of business". Information from scientific literary sources and electronic resources makes it possible to understand that the concept of "social responsibility of business" is not fully investigated and represents an unsolved part of the problem of implementation in modern economic conditions.

The aim of the article is to explore approaches to defining the definitions of "social responsibility of business" and "environmental responsibility" as a component of social responsibility, to give examples of social responsibility’s implementation in Ukraine.

The main part

Questions of social responsibility are considered in all spheres, namely: economic, ecological, social, political. In the 17th century, a great economist and philosopher, A. Smith, proposed a classical economic model of business, according to which the needs and desires of a society can be satisfied with the unlimited interaction of individuals and organizations in the market. Acting for mercenary reasons, people will produce and supply goods and services in order to profit and meet the needs of other people [1].

Expressed by A. Smith more than 200 years ago, the
position of the 21st century is the basis for a free market economy. However, even A. Smith acknowledged that the free market was not always ideal, and stated that participants in the market should act honestly and fairly with each other in order to achieve the ideals of a free market [1].

The social responsibility of the business was understood as the company’s economic responsibility for doing business and maintaining profitability, while the famous "invisible hand" of the market automatically transforms personal interests into common ones. As a strong supporter of this theory, Milton Friedman often mentioned ("Capitalism and Freedom", 1962). Often, people quote his idea that "there is one and only one social responsibility of the business world – to use its resources and to engage in activities aimed at increasing profits, provided that it adheres to the rules of the game, that is, it participates in an open, free competition without deception and fraud". Friedman especially did not like the term "social", which for him is politically associated with socialism [2].

Many other economists who support this concept to some extent (M. Porter), but with closer examination it is possible to see that their thought is not only economically oriented, but also implies moral responsibility in the form of honesty and ethics.

Michael Porter: "...enterprises engage in corporate charity activities in order to avoid scandals, and in order to be loved. This is a dangerous route. Companies need to move away from protective measures in the direction of preventing the integration of social initiatives into a competitive business strategy. In general, I think business should be proud of what it does: business makes the economy work. Money comes from business – not from governments. Business should not try to solve all social problems. It should focus on the most significant business operations, and this is what I call corporate competitive contexts. At the same time, business needs to coordinate the challenge from shareholders and activists"[3].

A. Carroll argues that the firm should be judged not only for economic success, but also for non-economic criteria [4]. In order to play a proper corporate civil role, the firm must perform the following duties:

- economic – to receive sufficient profit for their own share capital to satisfy shareholders; to provide products that are worth the money paid for it, to satisfy the buyers; create new jobs and new tangible assets for their business, encourage innovation;
- lawfull – to obey the law;
- ethical – to be moral, honest, fair, to respect people’s rights, to avoid causing harm or social injustice, to prevent harm to others;
- philanthropists – to carry out useful activities for society [5-6].

The problems of social compliance of business as a modern philosophy of behavior and the concept that shapes society, the company in relation to its activities for sustainable development, efficient investments in human capital were reflected in the monograph of O.P. Goguli and I.P. Kudinova [7].

Increasing social responsibility of public authorities as a factor for improving the functioning of government is presented in the writings of O. Melnichenko [8] and V. Loli [9].

L. Korchenko, V. Novikov and A. Nikitjuk in the joint work "On the power of the authorities within the framework of the concepts of "sustainable development" and "social responsibility", the model of "sustainable development of society" based on the ideology of management in the field of quality, factors of social and takes into account the role of the power management system in socio-economic development [10].

In the works of T. Mamotova, the issues of social responsibility of the bodies of municipal government in the context of ensuring the sustainable development of the territories were considered, as well as the creation of mechanisms for adaptation of international standards of corporate social responsibility to the conditions of application in Ukraine [11].

Savchenko L. in his dissertation, solved the problem of determining the role of social responsibility in establishing the principles of a democratic society in Ukraine at the transitional stage [13]. The author discloses polyfunctional content of social responsibility of public administration as a system-forming principle of the modern social state, image characteristics of power institutions and officials, and a means of solving social problems [12].

O.F. Novikova, M.E. Deych, O.V. Pankova and others highlight the results of an expert survey of Ukrainian scientists and educators on the issues of social responsibility of the individual, society, business and the state [14]. Regulatory tools for the reference of social responsibility of business in the system of the national economy are sufficiently systematically developed in the scientific work I. Tsaryk [15]. In the scientific research of T.R. Antoshko, P.V. Krush, Yu.V. Tyulenov social responsibility is defined as a new civilized degree of development of society and business, which allows us to find consensus between the corporate interests of the corporation and the positive expectations of society [16].

Okhrimenko O., Ivanova T.V. reveal the mechanisms of social responsibility’s formation at the level of relations between employers and employees, contractors, corporations and power structures. The attention was paid to non-financial reporting, methodological approaches to assessing the effectiveness of social responsibility were presented and strategic directions of the development of social responsibility development in Ukraine were presented [17].

Each organization has its own definition, but they also have a common basis: the social responsibility of business is how companies manage the business to create a positive impact on humanity. Different definitions of organizations are presented in tab. 1.
Table 1. Definition of business’ social responsibility

<table>
<thead>
<tr>
<th>Organization</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business for Social Responsibility (BSR)</td>
<td>Means “the achievement of commercial success by means of respect for moral values and respect for people, communities and the environment”.</td>
</tr>
<tr>
<td>International Business Leaders Forum (IBLF)</td>
<td>Understanding SRB as “promoting responsible business practices that benefit business and society and helps to achieve social, economic and environmentally sustainable development through maximizing the positive impact of business on society, while minimizing its negative impact”.</td>
</tr>
<tr>
<td>From the Green Book of the European Union (2005)</td>
<td>Means &quot;the integration of social and environmental aspects into the daily business activities of enterprises and their interaction with stakeholders on a voluntary basis&quot;.</td>
</tr>
<tr>
<td>World Business Council for Sustainable Development (WBCSD)</td>
<td>The definition of SRB as “a business commitment to promote sustainable economic development, working with the workers, their families, the local community and society as a whole to improve the quality of their lives”.</td>
</tr>
</tbody>
</table>

*Source: compiled by the authors according to materials [3]*

More generally, social responsibility for business (SRB) is the concept of engaging social and environmental aspects of business activities on a voluntary basis and interactions between different stakeholders (groups of influence):

— SRB covers both social and environmental aspects – this is the contribution of the business to achieving the goals of sustainable development, which involves balancing the economic, social and environmental goals of society, integrating them into mutually beneficial regulations and approaches;

— SRB is not and should not be separated from the company’s business strategy – it is not an add-on or an add-on to business, but a way to improve the company’s performance both in the short and long term;

— Social responsibility is voluntary;

— For the implementation of SRB it is important how companies interact with internal and external groups of influence (employees, clients, communities, public organizations, government agencies, etc.) [3].

Over the last decade, international documents focus on environmental issues and sustainable development, with the special emphasis on environmental accountability, environmental awareness, thinking and culture. In Ukraine, an ecological policy is formed as a separate branch of social responsibility, taking into account the basic principles of sustainable development [18].

In 1991, the Law of Ukraine "On Environmental Protection" was adopted, which stated in particular that environmental safety is a state of the environment, which prevents deterioration of the ecological situation and the emergence of a danger to human health.

Enterprises, institutions and organizations whose activity is related to the harmful effects on the environment, regardless of the time they are put into operation, should be equipped with facilities, equipment and devices for the treatment of emissions and discharges or their disposal, reduction of the influence of harmful factors, as well as devices control over the quantity and composition of pollutants of the pelvis by the characteristics of harmful factors [19].

Responsible attitude towards the use of natural resources is one of the key components of corporate social responsibility and an important factor in sustainable development of the company.

Companies strive to adhere strictly to all requirements of the legislation in the field of environmental protection, consistently develop and implement effective systems of environmental management, focusing on the best world experience.

Environmental responsibility of an enterprise is important for the image of the enterprise, it is the level of pollution of the environment, minimization and utilization of waste, rational use of land. Under present conditions, no country in the world is capable of solving its environmental problems independently, they all need clear and coherent decisions and coordination on an international legal basis.

The solution of these problems is possible only under conditions of international cooperation, which is carried out on a multilateral basis.

The forms of such cooperation are the organization of scientific and practical meetings; creation of international organizations; the conclusion of official agreements and agreements that coordinate the joint efforts for the protection of nature, as well as the activities of international public parties and organizations [20]. The list of environmental organizations is presented in tab. 2.

The most important instruments for conducting global environmental policies are international environmental conventions, agreements, resolutions, conferences on environmental protection and sustainable management of nature [21].

Every year, measures are being taken in Ukraine to minimize environmental outbreak and improve living conditions, taking into account the current situation as a result of recent events.

On April 26, 2016, the International Environment Forum "Environment for Ukraine" was held, with the assistance of the Ministry of Ecology and Natural Resources of Ukraine. The main activity of the Forum was a roundtable on the topic: "Cooperation between the institutions of the natural reserve fund and the media. Environmental protection propaganda—the current state, problems and prospects". The main purpose of the round table is to establish cooperation between the media and the institutions of the nature reserve fund of Ukraine [22].
Table 2. List of environmental organizations in the world

<table>
<thead>
<tr>
<th>Organization</th>
<th>The purpose of an organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNEP – the Environment Program of UN</td>
<td>Intergovernmental program, created on the initiative of the Stockholm United Nations Conference on the Environment (1972) and the decision of the UN General Assembly (1973).</td>
</tr>
<tr>
<td>World Meteorological Organization (WMO)</td>
<td>United Nations Special Intergovernmental Authority in Meteorology. Founded in 1950. It is a United Nations component body for monitoring the state of the Earth's atmosphere and its interaction with the oceans.</td>
</tr>
<tr>
<td>United Nations Educational, Scientific and Cultural Organization, UNESCO</td>
<td>An international organization, a specialized United Nations institution that, in cooperation with its member states in the fields of education, science and culture, contributes to the elimination of illiteracy, the training of national personnel, the development of a national culture, the protection of cultural monuments, etc.</td>
</tr>
<tr>
<td>World Health Organization (WHO)</td>
<td>United Nations Specialized Office. The WHO has 194 countries.</td>
</tr>
<tr>
<td>European UN Economic Commission (EEC UN)</td>
<td>One of the 5 regional commissions of the United Nations, which is part of the system of subsidiary bodies of the UN Economic and Social Council.</td>
</tr>
<tr>
<td>International Maritime Organization (IMO)</td>
<td>An international intergovernmental organization, a specialized UN agency, serves as a vehicle for cooperation and exchange of information on technical issues related to international merchant shipping.</td>
</tr>
<tr>
<td>International Atomic Energy Agency</td>
<td>Leading international governmental forum for scientific and technical cooperation in the field of peaceful use of nuclear technology.</td>
</tr>
<tr>
<td>Roman club</td>
<td>An international nonprofit non-governmental organization that brings together scientists, economists, senior civil servants from international organizations, former heads of state and government from all five continents that address the topical humanitarian challenges – political, economic, social, environmental, technological and cultural – and their analysis and forecasting in the context of &quot;world issues&quot;.</td>
</tr>
<tr>
<td>Greenpeace</td>
<td>An international environmental organization founded in 1971 in Canada. The main task of the organization is to promote ecological revival and attract the attention of people and authorities to the preservation of nature.</td>
</tr>
<tr>
<td>World Wide Fund for Nature</td>
<td>An international non-governmental organization dedicated to nature conservation, research and the restoration of the natural environment.</td>
</tr>
<tr>
<td>International Climate Change Organization</td>
<td>The group, created jointly by the World Meteorological Organization and the United Nations Environment Program in 1988, to assess scientific information on climate change and formulate realistic strategies for responding to these changes.</td>
</tr>
<tr>
<td>International Council for the Study of the Sea</td>
<td>An Intergovernmental Scientific Organization, established in 1902 in Copenhagen, Denmark, to organize and conduct coordinated fisheries and oceanographic studies in the Atlantic Ocean and adjoining seas (primarily in the North Atlantic) and to develop proposals for their rational use.</td>
</tr>
<tr>
<td>International Union for the Conservation of Nature (IUCN)</td>
<td>An international organization whose goal is to preserve natural resources.</td>
</tr>
</tbody>
</table>

Source: compiled by the authors according to materials [20]

In Odessa, a business forum of the international format Odessa.Info.Biz-2016, which gathered representatives of business, scientific and expert environment, representatives of diplomatic services and European donor organizations, was held. The purpose of the forum is to help businesses learn about current trends in high technologies, preservation of cultural and historical heritage and green technology. Based on the experience of the agricultural sector in China, one of the Ukrainian IT companies has developed a software package that can translate traditional agriculture into a powerful agribusiness, able to predict, analyze all agrocomplex processes, and control product quality. Other members of the forum offered interesting technical innovations for agriculture including a real case of use of "Google Glasses" for farmers [23].

The decision to develop ISO 14000 standards was the result of the Uruguay Round of World Trade Agreement negotiations and the Rio Earth Summit in Rio de Janeiro in 1992. ISO 14000 standards are being developed by the Technical Committee 207 (TC 207) of the International Organization for Standardization (ISO) taking into account the internationally accepted standards for management systems. The ISO 14000 system is oriented not on quantitative parameters (emissions, concentration of substances, etc.) and not on technology (requirement of use whether or not to use certain technologies, the requirement to use the "best available technology") (table 3). The main subject of ISO 14000 is the environmental management system. Typical provisions of these standards consist in the fact that the organization must comply with certain procedures, certain documents must be prepared, designated responsible for certain areas of environmentally significant activity.

The standards of the ISO 14000 series do not include any "absolute" requirements to the organization’s environmental impact, except that the organization must declare its commitment to comply with national environmental legislation and national standards in a special document (environmental policy) [20].
At the international level, issues of sustainable development and corporate social responsibility concern the so-called "Eight Global Initiatives": The UN Global Compact; Conventions of the International Labor Organization (ILO Convention); Guiding Principles of the Organization for Economic Cooperation and Development for Transnational Corporations (The OECD Guidelines for Multinational Enterprises); ISO standards for the 14000 series (environmental management systems); standards of social and ethical reporting of the series AA-1000 (AccountAbility 1000); The Global Reporting Initiative (GRI); The Global Sullivan Principles (GSP); SA 8000 Social Accountability Standard (Social Accountability 8000), based on which ISO 26000 has been developed [25].

GRI standards are the latest version of GRI reporting for 15 years of change and ongoing dialogue with stakeholders. Standards are based on the GRI G4 Guide, the most widely used Sustainability Reporting Guide in the world, and have an improved format and a new modular structure. The new GRI standards will eventually replace the G4 Manual, which will be discontinued on July 1, 2018.

With the involvement of business, trade unions, government, investors, civil society, academia and practitioners of sustainable development, the Global Steering Committee on Standards in Sustainable Development (GSSB), a fully independent standard setting body, developed the GRI Standards. GRI standards are a set of 36 modular standards that facilitate corporate reporting on topics such as greenhouse gas emissions, energy and water use, and labor practices. The new format allows GRI to update individual topics in accordance with market needs and sustainable development, without requiring a change in the entire set of GRI standards. GRI standards focus on materiality – focusing on topics that are the most significant impact of the organization and are most important to interested organizations – supporting sustainability reporting tailored to each individual company. GRI standards are available for free download on the GRI website, along with detailed documents that reflect all changes from G4 to GRI standards [26, 27].

In Ukraine, CSR has not enough attention. But there is a large percentage of companies that gain experience in foreign companies and improve their business or directly in Ukraine open offices of foreign enterprises. It would be appropriate to give examples of corporate social responsibility that are being implemented by such companies as Metinvest, Kernel, Concern "Galnaftogaz", Kyivstar, Procter & Gamble. Table 4 provides examples of social responsibility at Ukrainian enterprises. Particular attention and, as a separate direction, environmental responsibility are highlighted.

### Table 3. List of the ISO 14000 series’ standards

<table>
<thead>
<tr>
<th>Series</th>
<th>Title of the series</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO 14001</td>
<td>Environmental management systems. Requirements and guidelines for application.</td>
</tr>
<tr>
<td>ISO 14004</td>
<td>Environmental management systems. Guidelines on the principles, systems and means of functioning.</td>
</tr>
<tr>
<td>ISO 14015</td>
<td>Ecological management. Environmental assessment of areas and organizations.</td>
</tr>
<tr>
<td>ISO 14020</td>
<td>Ecological labels and declarations. Basic principles.</td>
</tr>
<tr>
<td>ISO 14031</td>
<td>Environmental management. Evaluating environmental efficiency.</td>
</tr>
<tr>
<td>ISO 14062</td>
<td>Ecological management. Integration of environmental aspects into the design and development of products.</td>
</tr>
<tr>
<td>ISO 14064</td>
<td>Measurement, quantitative measurement and reduction of greenhouse gas emissions.</td>
</tr>
</tbody>
</table>

*Source: compiled by the authors according to materials [24]*

### Table 4. Social Responsibility at Ukrainian Enterprises

<table>
<thead>
<tr>
<th>No</th>
<th>Enterprise</th>
<th>Corporate Social Responsibility</th>
<th>Environmental liability</th>
<th>Use of international standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LLC &quot;Metinvest&quot;</td>
<td>CSR is based on the integration of social, economic and environmental components of sustainable development into the company’s strategy and operations.</td>
<td>Aspire to organically integrate the principles of environmental protection into the strategic goals and objectives of the group as a whole.</td>
<td>GRI, application level B +; principles of the UN Global Compact. An independent audit by Ernst &amp; Young, a leading audit firm, was held.</td>
</tr>
</tbody>
</table>
| 2  | LLC "Kernel"        | – preservation of the environment; – responsibility as an employer; – good neighborliness      | – "green" energy from husk of sunflower; – waste treatment, water treatment              | ISO 22000
ISO 9001
GRI + B1
GRI + B3
GRI + B4 |
Social and environmental responsibility is low in Ukraine, despite its long existence. One can observe that the practice of compiling and presenting non-financial statements is limited to medium and large enterprises. Reports are executed according to different standards, that is, there is no uniform form.

The activities of the Metinvest Group companies due to sector specificity have a significant impact on the environment. The desire to minimize this impact in order to achieve a targeted improvement in environmental performance.

Annually at the Metinvest Group companies develop and implement environmental programs aimed at reducing existing and potential environmental impacts. In addition to traditional environmental measures, enterprises are keen to introduce new technologies that help prevent contamination and exploit waste in a recycling cycle.

Projects aimed at combating global climate change have a special role in nature conservation. The company carries out inventory of emissions, implements the mechanisms of the Kyoto Protocol, participates in international initiatives and research projects [28].

Kernel is a vertically integrated national company operating in the agro-industrial sector of Ukraine since 1994. It produces sunflower oil, distributes bottled oil in the country, exports oil and grain, provides services for storage of grain and oilseeds on elevators, and also has agricultural production. Kernel for the preservation of the environment and this is particularly evident in such activities as: "green" energy from sunflower husk, waste processing, water treatment [29].

"Concern Galnaftogaz" consistently supports and develops the reputation of the company, which besides its active position in the market, besides implementing the best world standards and practices in Ukrainian business and business environment, is active in public life, actively supports the public sector, cultural and sports life of our society. In May 2007, "Concern Galnaftogaz" joined the United Nations Global Compact, officially announcing its support for ten principles in the area of human rights, labor relations, environmental protection and the fight against corruption. With regard to environmental liability, this is reflected in: eco-system, green office, Euro 5, electric charge.

The Green Office is the concept of organization’s management, which aims to reduce the negative impact of the company’s activities on the environment and promote the rational use of resources. During the taking care of the owners of transport’s most ecological type – electric cars, since December 2014, installed on its 38 gas stations, devices for the high-speed charging of electric vehicles on the main highways of Ukraine [30].

P&G pays great attention to social responsibility. The company is always looking for the best combination of economic progress, social development and environmental protection in order to provide a better quality of life for future generations.

P&G has a long-standing commitment to improving the quality of its products, their packaging, as well as the impact of their global operations on the environment. Proposes efforts to combat this problem under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC) and encourages all nations to seek consensus [31].

Corporate social responsibility "Kyivstar" is doing business in harmony with society, voluntarily undertaking the company and actively participating in the social and economic development of Ukraine. Responsibility of the company is based on the mission, vision, values and ideas of Great Customer Care. "Kyivstar" seeks to succeed in business solely by way of promoting the development of society and the country.

For "Kyivstar", the social responsibility of business is a complex concept, the main components of which are environmental protection: the provision of services environmentally friendly, compliance with environmental legislation and minimization of
environmental impact through the rational use of resources.

Representatives of local authorities are involved in the elaboration of company’s environmental projects format, resulting in flood initiatives that most respond to the needs of Ukrainian cities in cleaning and landscaping.

Since 2009, the company has started implementing the "Green Office" program by adopting the Environmental Protection Regulations. This is one of the main corporate documents that regulate the company’s environmental activities. In accordance with the Regulation "Kyivstar" introduced an Environmental Management System that takes into account the requirements of the International Standard ISO 14001.

Fulfillment of obligations: transparent and ethical business conduct in accordance with the legislation, full payment of taxes, contribution of the company to the social and economic development of the country.

Corporate responsibility "Kyivstar" is implemented in accordance with the Corporate Social Responsibility Concept adopted in 2009 and in accordance with the principles of the UN Global Compact, to which "Kyivstar" joined in May 2006 [32].

We see that Ukrainian companies have more developed charity and participation in social programs. Not yet sufficient in Ukraine is applied:
— audit of social responsibility;
— practice of social responsible investment;
— social responsibility to employees;
— involvement in the life of the public;
— reporting companies;
— development of sectoral standards of social responsibility;
— assessment of the level of social responsibility in companies;
— introduction of subdivisions in enterprises for social responsibility;
— undeveloped regulatory framework of CSR.

Conclusions

Social responsibility of business has become an important part of the development of both society and business. CSR is a concept of engaging social and environmental aspects of business activities on the basis of volunteering and interaction between different stakeholders.

There are a number of problems the solution of which will improve the company’s place on the market, and to do this, you need to make every effort. The introduction of CSR will improve business processes, increase employee motivation and productivity, improve economic performance, company reputation, competitiveness, increase investment attractiveness.

In the future, it is necessary to pay more attention to this issue and to specify the definition of the concept, to formulate certain algorithms for their implementation at the enterprises.

Abstract

In recent years, the problem of business’ social responsibility attracts a lot of attention. Many scholars’ works find their place in the disclosure of the essence of "social responsibility", the further perspectives of organization and implementation problems.

Considering that there are a number of theoretical and practical works, there is no single authoritative definition of the term "social responsibility of business". Information from scientific literary sources and electronic resources makes it possible to understand that the concept of "social responsibility of business" is not fully investigated and represents an unsolved part of the problem of implementation in modern economic conditions.

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There are a number of problems the solution of which will improve the company’s place on the market, and to do this, you need to make every effort. The introduction of CSR will improve business processes, increase employee motivation and productivity, improve economic performance, company reputation, competitiveness, increase investment attractiveness.

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