SOCIAL RESPONSIBILITY OF ECONOMIC ENTITIES: ECONOMIC NATURE AND ESSENCE

Urgency of the research. At the present time, there is a considerable increase in research in the field of social responsibility of economic entities, which is primarily due to environmental and social problems exacerbation, and as a result, the emergence of new theories and the concretization of the existing ones, which in turn necessitates clarifying the terminology and systematizing the accumulated theoretical base.

Target setting. Of particular importance is the social responsibility of business and its implementation principles, as today’s factor of creating the image and reducing the social risks of economic activity, acquires in the formation of competitiveness of domestic business entities in the context of addressing such issues as enhancing domestic agrarian production quality to enter foreign markets and gaining leadership positions in domestic markets, in ensuring the socioeconomic development safety of the domestic economy, and the like.

Actual scientific researches and issues analysis. Among the scientists, in whose works the foundations of business entities social responsibility are laid, it is necessary to note such foreign scientists as: Dzh. Hreison, K. Devis, P. Druker, E. Karneh, M. Kramer, K. Levin, R. Frimen, V. Khoier, F. Khusek.

Uninvestigated parts of general matters defining. The published scientific works do not reflect the peculiarities of social responsibility notion and determining its role in ensuring the strategic development of economic entities, there is a need to form the economic basis for implementing the mechanisms of socially-oriented programs at all levels of institutional management.

The research objective. The objective of the study is to determine the essence of social responsibility as a basic element of the system of social and economic security of the enterprise and the state.

The statement of basic materials. The article deals with the concept of social responsibility and its role in ensuring the strategic development of economic entities, the need to form the economic basis for implementing the mechanisms of socially-oriented programs at all levels of institutional management is pointed out, the benefits of business entities obtained through the introduction of social responsibility principles are identified, listed aspects of practical nature of socially responsible business implementation in a market economy form a system of effective management and key principles for the implementation of the country’s fundamental social policy.

Conclusions. The results of scientific research have shown that the innovative basis of perception and activation of responsible socio-economic relations is embodied in the framework of a nationwide program of transition to an innovative development model, which is the only way to enter the era of sustainable development.
world markets and strengthen the country's economy.

**Keywords:** social responsibility; system; economic security; social security; innovative development model.

**Urgency of the research.** The social responsibility of business entities is an integral part of their operating activities, which affects the value of business assets through strengthening the reputation, image of the company, brand, bettering product quality, increasing customer loyalty and employees, protecting the environment and the like. Shifting the focus of activities to maximize profits and improve profitability to address social issues under current conditions is becoming a key factor in achieving economic success and strengthening competitive positions in the capital markets, goods and services, and labor. One of the main elements of the company's sustainable development strategy is its social responsibility. From this perspective, creating additional competitive advantages for business, contributing to its rapid development is a key task.

**Target setting.** The foundations of economic security social component that are undeveloped in the domestic practice, lack of its scientifically sound principles, levers and instruments, the inadaptability of world experience to the peculiarities of the economic development of domestic business, necessitate a comprehensive economic study of these issues.

Under current economic conditions, the social responsibility of economic entities is a system of approaches to solving social and economic issues of the country's development and should become the basis for the formation of a system of values. Its main importance is to create a sustainable socioeconomic system by satisfying its own interests in the external and internal environment and maximizing the positive consequences for all its participants. Social responsibility of business entities is an essential tool to enhance the enterprise reputation, public confidence, investment attractiveness, capitalization and business competitiveness. Necessity of research of bases and forms of realization of social responsibility of economic entities is caused by the absence of fundamental and systematic theoretical and methodological developments in this field.

**Actual scientific researches and issues analysis.** Social responsibility of business entities is an important element of national security. The development level of economic security system determines the development level of the social environment, finds its expression in the development of the individual, social institutions and society as a whole, has a direct impact on the entrepreneurial activities results. Among the scientists, in whose works the foundations of business social responsibility are laid, it is necessary to note such foreign scientists as: Dzh. Hreison, K. Devis, P. Druker, E. Karnehi, M. Kramer, K. Levin, R. Frimen, V. Khoiber, F. Khaiiak. Great contribution to the development of this issue was made by national scholars: I. Akimova, T. Hnatieva, I. Hryshova, L. Hrytsyna, Zh. Derii, A. Kolot, A. Kondyrina, T. Kosova, V. Lysohor, S. V. Melnyk, O. Mytiai, O. Stepanova, Iu. Saienko, A. Chukhno, T. Shabatura.

**Uninvestigated parts of general matters defining.** Previously published scientific works do not reflect the whole peculiarities of the social responsibility category and its role in ensuring sustainable development of economic entities. Crisis phenomena in the economy led to the emergence of restrictions on the sales markets of products, found themselves in the rapid growth of prices for primary products. Gaps in domestic practice of the basics of business social interaction with external environment, the regulatory impact on the level of social responsibility of business entities, the lack of scientifically based principles, levers and instruments, the adaptation lack of world experience to the peculiarities of the economic development of domestic business necessitate a comprehensive study of the issue of business social responsibility.
The research objective. The purpose of this study is to determine the essence of social responsibility as an important element in the system of social and economic security of the enterprise and the state, which is a prerequisite for the development of socially-oriented space in Ukraine.

The statement of basic materials. The existence of various types of social responsibility from the point of view of Western theorists and practitioners is not only natural and necessary, but also extremely important for the existence and development of the subjects of management. Measures of the impact of social responsibility of business at the national level are, first of all, the effectiveness of state programs of economic and social development, the viability of strategic long-term programs in which it is not only the development of the economic and natural resource potential of enterprises, but also the development of labor resource, labour market and environment protection and improvement of living standards in depressed agricultural areas. In modern scientific literature [1-3], business social responsibility is defined as the main principle in the interaction between the state, business and society, which provides, first of all, participation in state’s social programs, social security of labour potential of economic entities and production, and product competitiveness increase.

The systematization of existing scientific approaches to the definition of “social responsibility” and identifying its role in ensuring the strategic development of economic entities in Ukraine require a comprehensive analysis of the immanent characteristics and natural features of the economic category from the standpoint of specific features of enterprise economic relations, increasing the competitiveness of priority sectors of the national economy and the like.

In recent years, scientific discussions about the nature and essence of social compliance of business entities are being actively pursued in the scientific space [1-12]. A significant stock of theoretical knowledge has been accumulated, considerable practical experience of socially responsible behavior of business entities has been gained in foreign literature, since in developed countries it is regarded as an indispensable tool for managing enterprise activity and as a potential to increase additional profitability of assets, the acquisition of additional benefits that directly affect the market value of business entities, with the simultaneous effect of mitigating socio-economic problems.

Nowadays a transformation of Ukraine’s economy, significant changes in the production structure are taking place. Therefore, there is an objective need to study the immanent characteristics inherent to social responsibility of business entities as a complex economic category, and the adaptation of successful foreign experience to the domestic conditions for national economy’s development. Only based on scientifically sound approaches to the study of the social responsibility of business entities one can assess the impact of social investment on socio-economic processes in Ukraine and design positive changes in the competitiveness indicators of individual business entities, enterprises and domestic products acquires timeliness and relevance in the context of entering the world markets.

Issues of business entities social responsibility are increasingly becoming a subject of discussion in the research of domestic scientists [13-15], which is caused by tectonic changes in economic relations between the state, business structures and society. Today, the emphasis in the interaction of state authorities with agribusiness entities has shifted significantly towards self-regulation and a greater understanding of society needs and the growing social role in economic relations. On the other hand, business structures are the first to gradually move from unsystematic charity to more complex, strategic forms of interaction with the public and the authorities, acquiring signs of social responsibility and responses to society, owners, personnel and the state.

Social responsibility of economic entities is the current activity of the company aimed at increasing the value of business assets through strengthening the reputation, image of the company, brand, customer and employee loyalty, transparency and public accountability in business practices and the like. Thus, the principles of social responsibility in the organizational and economic realm of the practical implementation of modern value-oriented corporate management concepts dominate in the scientific works of Shabatura T. S., which define the content of the definition of social responsibility, and consider it in the context of the globalization of the international economy as a unified part of production management quality [16].

In general, business social responsibility is a vital and universally recognized lever for gaining competitive advantages in economically developed countries. The owners of domestic companies are
beginning to realize that the prosperity of their business directly depends on the manufactured products quality, production standardization, environmental cleanliness and successful territorial development and development of the social and economic sphere.

The best world experience clearly demonstrates that social tasks should be decided not only by the state, but business entities also should activate social investments in socially active processes, since the wealth of a society depends on responsibility at all levels of socioeconomic relations, each of the subjects of "business management". The economic stability and competitiveness of the national economy and its individual branches and subjects is achieved through the cooperation of state institutions and civil society based on the strategic development of socially responsible business entities.

In recent years, as a result of transformation and economic imbalances of the national economy, organizational and economic mechanisms for solving social and economic issues have been developed. But, in the context of Ukraine's strategic development goals, they have proved to be ineffective, and therefore new tasks arise in the aspect of socio-economic development of economic entities that cannot be solved without the cooperation of the whole society, cooperation between the state and business entities.

While fully sharing this scientific approach to assessing the nature of economic entities social responsibility, we consider it necessary to emphasize the fundamental need to form the economic basis for implementing mechanisms for socially-oriented programs at all levels of institutional management.

The aggravation of the financial and economic crisis prompts scientists to search for effective mechanisms for managing business processes, the market value of business entities and the intellectual potential of economic structures. In modern conditions of accounting for the influence of socio-intellectual factors in the enterprise's value potential, social responsibility acts as a basic factor in ensuring profitability and competitiveness of business structures development [18].

The economic nature of modern business social responsibility is clearly manifested in the context of integration processes strengthening and the convergence of the scientific and theoretical foundations for the implementation of the breakthrough strategy to world markets [19].

The modern European model of business social responsibility is based on three areas of initiative manifestation - economy, employment and the environment.

However, what benefits from the principles of social responsibility are obtained by business entities can be seen from the following figure (Fig. 1).

*Fig. 1. Benefits of business entities, obtained through the introduction of social responsibility principles practice *

* Formed on the basis of [13]
Discussions about the advisability of introducing foreign experience of social responsibility in the activities of domestic business are among the most urgent, which is due to the following main reasons.

Firstly, the idea of social responsibility realization presupposes the expansion of constructive partnership between the state and private business. At the same time, we are talking about the evolution of their cooperation to a new level, which, in addition to the economy, also includes the social sphere.

Secondly, within the framework of the above mentioned process, the business itself is developing rapidly, what is more in the direction of increasing its participation in society life.

Thirdly, this issue is vital since we desire to reach the level of world’s developed countries, which means the need to take not only the technical achievements of a modern developed society, but also technologies in the field of preventing social conflicts and achieving public consensus.

The results of recent studies show that the sphere of realization of business entities social responsibility, business structures, regions and the country as a whole is inextricably linked with the economic foundation of its provision. Such an economic basis, according to Hrishova I. Yu., is the financial and investment flows of business entities, which in the short run provide growth in the volume of net profit, part of which is spent on social policy implementation, in the long-term form potential for increasing the value of existing business entities [20].

Practical implementation of the concept of economic entities social responsibility based on the processing of the most modern principles and methodological approaches to the organization of domestic agribusiness requires the adoption of innovative solutions by management and a change in the thinking of owners and management. The shift in emphasis on maximizing profits and increasing profitability to address social issues and intellectual capitalization of production under modern conditions is a prerequisite for achieving economic success and strengthening competitive positions in the market. Therefore, according to Atamanchuk Yu. M., a fundamentally important function of socially responsible entrepreneurship is the introduction of its principles in the formation of a business management system [21]. Such an opinion is shared by H. M. Zaykina, who examines the social vector of the enterprise system through the prism of the economic efficiency of its functioning and increasing the development level of modern socio-economic structures management [22].

Conducted scientific studies have shown that the very idea of socially responsible business is relatively new to domestic agro-industrial groups. Along with this, the innovative basis of perception and activation of responsible social and economic relations is embodied in the framework of the national program of transition to an innovative development model, which is the only way to enter the world markets and strengthen the country’s economy. As Hnatieva T. M. notes, the social factor and an intellectual resource capitalization are one of the key issues of Ukraine’s innovation system formation [23]. Mytiai O. V. shares this approach to the transformation of the national economic system and assesses the solution of the problem of the transition of the Ukrainian economy to the investment-innovative model through a range of development and adoption of fundamentally new socially-oriented management decisions in the direction of assessing the potential opportunities for the development of agrarian enterprises [24].

- The scientific-theoretical and methodical plane of a socially-oriented enterprise must be supplemented by applied spheres of their implementation. Practical actions of socially responsible business we see in the following aspects:
  - Firstly, it is a conscientious business practice which, as a company's policy should be replicated with its internal and external interaction;
  - Secondly, it is environmental protection and resource saving. Virtually any production of one degree or another affects the environment, so corporate social business should implement comprehensive initiatives to reduce the harmful impact on it.
  - Thirdly, it is the region development. The entrepreneurs must remember that the success of their business depends on the tension level in the region where they work. Therefore, the policy of socially responsible companies should consider social programs for residents of the business region, which include support for socially disadvantaged groups of people, support for childhood and adolescence, support for the preservation and development of housing and communal services and objects of cultural and historical significance, and others.
Fourthly, it is the development of personnel aimed at training and professional development, using motivational wage schemes, providing employees with a social package, creating conditions for recreation and leisure, supporting proper internal communications in the organization, and involving employees in making managerial decisions.

**Conclusions.** These aspects of the practical nature of the implementation of socially responsible business in a market economy not only form an effective management system and key principles for the implementation of the country's solid social policy, but also create the necessary prerequisites for solving the strategic task of ensuring the competitiveness of products and economic security of the country.

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- The creation and promotion of a full-fledged policy of corporate social responsibility with the support of the state gives the state itself a huge bonus - enhancing and strengthening the country's image.
- The country's image certainly consists not only of the very fact of having social responsibility, but of the consequences that it brings:
  - The output of a larger number of Ukrainian companies in the listing on world exchanges;
  - The inflow of foreign investment into the country's economy, on account of stability and sustainability factor;
  - Increasing the level of non-commodity production and transfer of technologies;
  - Improving social stability in the regions of the country with the voluntary businesses assistance;
  - Solving environmental problems of production.

All this, of course, takes time, but from the final result, the state as the beneficiary will receive such dividends.

Business entities, working in the field of social responsibility, will also receive a number of advantages and non-financial incomes that will ultimately affect their profits, namely:

- The possibility of attracting investment capital for socially responsible companies is higher than for other companies;
- The development of human resources and competencies helps to avoid staff turnover and attract the best specialists in the market.

These aspects comprehensively form the dominant foundations for ensuring a high level of competitiveness of domestic agrarian production and increasing the level of its financial and economic protection against latent risks and threats. The implementation of any business initiatives objectively requires increasing the volume of high-quality investment flows, the synchronous movement of which allows business entities to maximally protect their cost potential from the threatening factors of the external and internal environment.

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