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## Supply management in the system of corporate social responsibility (CSR)

**Abstract**

The article reveals the essence of such a sphere of entrepreneurial activity as Supply Management. In modern business, supply management is understood as a complex and integrated activity to generate all information about the company's in- and out-deliveries. An important aspect of supply management is the implementation of the concept of corporate social responsibility (CSR), which is an integral feature of modern civilized business. The implementation of CSR in the field of supply management is a very important direction for creating a positive image of any company.

**Keywords**

corporate social responsibility (CSR), supply management, logistics, supply chain management

**1 Formulation of the problem**

The axiom of modern business development is the need for constant development and improvement of existing technologies and management practices. An important vector of this development is the increased attention to social problems, which is manifested in the spread of the concept of corporate social responsibility or social responsibility of business (CSR). Social responsibility becomes not just a separate action, it is a clearly expressed focus of the company's activities, penetrating all its spheres and directions. Such a systematic introduction of the CSR concept into business activity requires its theoretical comprehension and practical development, including its implementation in certain areas of entrepreneurial activity, for example, such as supply management.

**2 Analysis of scientific research**

The theoretical origins of the CSR concept in the system of entrepreneurial activity are laid down in the works of M. Allais, F. Burley, G. Bowen, M. Weber, P. Drucker, R. Cantillon, B. Carloff, E. Carnegie, F. Kotler, K. Marx, G. Minza, A. Smith, D. Ricardo, J. Schumpeter and other scientists. Classics are G. Bowen, K. Davis, A. Carroll, laid down in the 60 years of the twentieth century, the basic concepts of the theory of social responsibility.

At present, the concept of CSR is further developed in the economic science and practice of many countries, these problems are developed by R. Akkerman, U. Buffet, Yu. Blagov, E. Grishnova, A. Kolot, L. Lapteva, etc. [2; 3; 4; 5]

The aim of the article is to study the processes of dissemination of CSR (Corporate Social Responsibility (CSR)) to all spheres of business management, including- and in supply management.

**3 Statement of the main material**

Commitment to the principles of social responsibility is an integral feature of the business management system in the modern business practice of the most successful companies in the world. The concept of corporate social responsibility (CSR) is without exaggeration one of the most humane systems of views formed in the sphere of enterprise economics. The CSR concept focuses on the implementation of financial and economic activities without causing damage to people, nature and society, as well as to participate in solving important social and economic issues in modern conditions. This concept unites many related spheres of activity, it becomes normal, usual practice of doing business of any modern, civilized, balanced development enterprise.

Any company in the modern globalized world strives to use the best world practices of doing

business in order to be in line with current trends. An important feature of modern civilized entrepreneurial activity is the desire to adhere to the principles of social responsibility, which in itself can become a strong competitive advantage, both in national and global markets.

Under corporate social responsibility, this type of management and functioning of the company is understood when all its activities are permeated by social obligations (and most often - voluntary ones) to all internal and external counterparties: employees, partners, the state, civil society institutions. The most common definition of CSR is the responsibility of those who make decisions to those to whom these decisions are directed; this is a rational response of the organization to the conflicting expectations of all stakeholders (stakeholders), aimed at the stable development of the company.

At the end of the XIX - the beginning of the twentieth century, various models of social responsibility are actively emerging, which was due to the exacerbation of social and labour relations, which were previously determined solely by the interests of employers. The emergence of the socialist countries also contributed to increasing the attention of business to the social problems of its staff. An important circumstance is also the need to justify the activities of a large corporate sector in front of the public.

60<sup>th</sup> years of the XX century became a period of rapid development of the concept of CO, serious discussions began on the interpretation of this concept, understanding of its nature. At the end of the last century, deeper research has already been carried out, resulting in the formation of a variety of alternative concepts, and there has been an expansion of the understanding of the essence of CSR.

The twentieth century has come to us together with the acceleration of the processes of globalization, the expansion of information and communication technologies (ICT), ecologization, and socialization. As a result, the social responsibility of business becomes a non-alternative form of its development and the norm of life. In parallel with this, the idea of stable development is developing and becoming popular in science and practice, and reporting systems are taking into account environmental standards. Thus, the concept of social responsibility is gradually expanding and begins to include not only a purely social, but also an obligatory ecological component.

An important event was the appearance in 2010 of the ISO-26000 standard "Guide to Social Responsibility" [1], in which "social responsibility" is seen as the responsibility of the enterprise for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour conducive to sustainable development, health and well-being of society;

taking into account the expectations of stakeholders; Compliance with current legislation and consistent with international standards of conduct; integrated into the activities of the whole enterprise and implemented by him in the practice of relationships."

The evolution of the concept of corporate social responsibility can be presented as follows: from individual aspects of economic responsibility to a broader understanding of responsibility, which also includes legal, ethical, philanthropic and environmental aspects. Modern perception of CSR assumes a complex, integrated approach to the activities of companies, providing for a systemic expansion of the functioning capabilities for the purpose of stable development.

In the process of development and the increasing spread of the concept of social responsibility, a large number of terms characterizing this phenomenon appeared, as well as their interpretations. In scientific research on these problems, different concepts are used. "Social responsibility of business", "corporate social responsibility", "corporate citizenship", "corporate social activities", "business ethics", etc. reveal different aspects and types of social responsibility. In general, they all express the main essence - it's business management taking into account the needs of its own personnel, the community and the environment.

The social responsibility of the company begins with the designation of the main landmarks in strategic documents: in strategy, mission, objectives, strategic and current plans. If the company adopts a socially responsible strategy, it means that it is focused on reducing and preventing negative consequences, not only achieving economic, but also social and environmental results of its activities. In modern business practice, this choice of the company and its implementation are a real competitive advantage. At the same time, it should be noted that the effective dissemination of CSR involves not only the social responsibility of business to society, but also the responsibility of the state for creating optimal conditions for its functioning.

In modern conditions, the idea of social responsibility permeates the whole system of managing business, with both strategic and current management. In addition, any functional area of business (production, supply, marketing, personnel, etc.) also implements CSR ideas in accordance with its functions. Accordingly, CSR is also being implemented in such an important area as supply management.

Supply management has gradually developed into a separate segment of activity in the evolution of economic science and practice. The theoretical origins of the concept of "Supply" were first laid down by Adam Smith. In his well-known work "The

Study of the Nature and Causes of the Wealth of Nations" (1776), categories of supply and demand, their equilibrium are defined. Later, already in the XIX art. Alfred Marshall justified the concept of market equilibrium with the appropriate graphic interpretation.

In real business practice, the term "supply" (delivery) has been used for a long time - as a purposeful activity for the acquisition and delivery of raw materials, fuel, components and other materials necessary for the production process. At the end of the 20th century, the term "logistics" appeared which is understood as the process of managing the movement of goods and services to the consumer. As a result of the evolution of all these concepts, an understanding of the complexity of the activities to ensure the production process with all the necessary components has been formed.

Recently, the term "Supply Chain Management" was introduced, first proposed in 1982 by Oliver Keight. In the future, this concept was significantly advanced [6], and the term "supply chain management" became widespread, and, in fact, is the main one in modern practice. In this formulation - "supply chain" and "supply chain management" - the emphasis is not simply on the movement of resources, but rather on the construction of a logical chain of this movement. The supply chain is the network between the company and its suppliers for the production and distribution of specific products. Supply Chain also represents the steps taken to deliver products and services to the consumer.

In the modern sense, Supply Chain Management is a comprehensive integrated activity for planning and managing all information flows about raw materials, materials, products and other components necessary for the company's production process.

Supply Chain Management includes not only the functions of finding and delivering the necessary materials. Its functions are much broader, since all activities are included in the overall objectives of the company's strategy, is subject to specific goals of reducing costs and increasing the overall economic result. Invariably, as part of the overall strategy, supply management also includes goals such as meeting the demand for the enterprise's products and improving its quality. That is why the implementation of the principles of social responsibility becomes an important aspect of supply management.

Supply Chain Management includes many directions and aspects, such as finding and identifying possible partners, finding and identifying possible sources of supply of necessary materials and components, supply logistics, finding optimal transport corridors, etc. The practice and theory of supply management are

changing in the modern world, together with the emergence of new technologies and methods of communication. Traditional methods are replaced by those based on the latest information and communication technologies (ICT), as well as those that take into account the principles of social responsibility as much as possible.

It should be noted that, despite the widespread and substantiated concept of CSR in economic theory and practice, its aspects in Supply Chain Management still do not sound enough. It can be noted only occasional statements about the need to take into account the impact on the environment, reducing CO<sub>2</sub>, etc. Nevertheless, in modern conditions there is a clear need to justify the inclusion of social responsibility aspects in the entire supply management system in the company. Problems of formation and features of the concept of socially responsible supply management, its place in the CSR system require more in-depth research.

Understanding of modern realities forces to make changes in approaches to the role of supply in the system of economic relations. Socially responsible supply management can include the strategies of enterprises, which include various programs and projects, actions aimed at protecting the environment, helping to solve other socially important issues. Supply increasingly includes a social aspect in its sphere of activity: tracing the quality of products and services, selecting suppliers and products in terms of high environmental standards, protecting the environment in their daily activities, etc. The internal aspect of social responsibility is also important: attitude to the personnel of your company.

Socially responsible Supply Chain Management brings the company the following economic, direct and indirect benefits: improving product quality, a new level of business management, improving reputation, financial performance indicators. In our time, the number of offers of goods and services is growing rapidly, their range is expanding ever more. There is a huge amount of advertising affecting consumers, the competition among manufacturers and suppliers is becoming more acute. In order to increase demand, companies are trying to find and use the most effective methods of promotion, increasing sales and creating loyal consumer groups.

In such a situation, consumers find it difficult to identify the best product. An important benchmark may be a well-known brand, as a guarantee of product quality. At the same time, consumers increasingly opt for products that not only satisfy the necessary needs, but also contribute to improving the environment. The problem faced by modern companies is that traditional approaches to doing business in general become less successful, which is reflected in a decrease in the effectiveness

of enterprise performance. Therefore, modern companies in order to stay on the market must include some new "chips", new goals and benchmarks that take into account the changing psychology of consumers.

The experience of successful international companies shows that the leading brands build trustful communications with the consumer, based on public social values. Target audience, formed as a result of a clear social orientation, becomes a supporter of the company, which, in turn, contributes to the achievement of high economic results. That is why Supply Chain Management is closely interrelated with another important area - marketing. The task of the latter is to inform potential consumers about the company's social responsibility not only in general, but also in such a sphere as supply. The fact that the company uses only high-quality and environmentally-friendly components in the production of its products or services should be an unchanged part of all marketing strategies and communications.

The formation of appropriate communications becomes an essential component of the activity of potential leaders in the market. An extremely important aspect of CSR is concern for the state of the environment due to the exacerbation of environmental problems related to basic human needs for quality food and water, clean nature. Therefore, the implementation of CSR in the company's activities, among other things, necessarily includes the implementation of a marketing policy that covers all aspects of internal and external social responsibility of the company, emphasizing its aspiration for promising and healthy consumer requests, for environmental protection.

The CSR system includes goals, tasks, subjects and objects, types and forms of manifestation. All these components can be determined as a whole for all activities, and in separate areas. Let us try to open this system in the context of supply management in modern business.

Realization of the concept of social responsibility in the company means to guide the behavior of the subjects in accordance with socially significant values, principles, norms that meet the interests, ideals and objectives of the society and the needs of balanced development. The foundation of social responsibility is not the material, but rather the moral aspects - the internal culture of people, the values that prevail in society and in a separate company.

Therefore, as the goal of socially responsible Supply Chain Management, it is necessary to consider the provision of all the company's activities with such resources that allow to achieve maximum economic results, to form strategic competitive advantages based on the principles of social orientation and balanced development in

the long term.

The tasks of socially responsible supply management are:

- 1) approval of the values of social responsibility in the company, their implementation in all business processes, corporate culture, including the entire supply management system;
- 2) the formation for the external stakeholders and the whole society of the company's positive image, such as that which is maximally oriented towards the environment, environmental protection, use of secondary resources and alternative energy;
- 3) building relationships with internal stakeholders on the principles of social responsibility;
- 4) implementation of the best world practices of civilized business management and supply management;
- 5) to achieve a significant reduction in costs, high economic performance of the company in combination with social results.

CSR entities are companies of different forms of ownership and organizations, as well as company personnel. For each subject of responsibility there is a certain group of stakeholders affected by its activities, and with respect to which the subject assumes a voluntary obligation to act responsibly. Accordingly, social responsibility has internal and external aspects. The internal aspect concerns the personnel of the company: recruiting personnel, building a system of relations in the company based on the principles of trust, transparency and responsibility of everyone.

The external aspect of socially responsible Supply Chain Management provides for:

- 1) the designation of social responsibility as an objective function;
- 2) the implementation of the objectives of social responsibility in the process of selecting the possible supplies, as well as their suppliers;
- 3) introduction of the practice of responsibility for the discharge of duties taking into account social responsibility;
- 4) communicating to the public the best practices and experience of the company in the implementation of the principles of corporate social responsibility.

In general, socially responsible Supply Chain Management can be viewed as a concept of combining and harmonizing the interests of the company, consumers and society as a whole. The company must determine and satisfy the needs, interests and wishes of the target market more effectively than competitors. This effectiveness in the modern understanding necessarily includes ecological (use of materials harmless to human

health and materials that do not harm the environment and other resources) and social (promoting the welfare and quality of life of consumers) aspects. An example of socially responsible attitude to the process of Supply Chain Management can be the activities of the company Azkond, established in 1997 in Azerbaijan and focused on the international market. The company is engaged in designing, engineering, supplying equipment and commissioning of HVAC, cooling, heating, water supply and sewerage systems, fire extinguishing and smoke removal in industrial and civil buildings. The main principle of the company is the implementation of activities that cause long-term trust in customers, involving the use of materials and technologies that promote the creation of a healthy indoor microclimate, increase the efficiency and comfort of all the company's personnel.

#### 4 Conclusions

A distinctive feature of modern business is the spread of the concept of corporate social responsibility (CSR), penetrating all areas and activities of any successful company. An important area for the implementation of the CSR concept in modern business is the sphere of Supply Chain Management. At the same time, the conceptualization and justification of the theory and practice of disseminating CSR in the field of supply management requires further development. In particular, the understanding of supply management as an integrated system integrated into the overall management of a company requires careful consideration of such elements as its strategy, the definition of goals, tasks, tools, long-term and short-term plans, stages and mechanisms for achieving the objectives.

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